

NON-FLOOD ASSET PROTECTION MANAGEMENT AUTHORITY
MINUTES OF THE COMMERCIAL REAL ESTATE COMMITTEE MEETING
DECEMBER 2, 2010 – 1:30 P.M.

The regular monthly meeting of the Commercial Real Estate Committee of the Non-Flood Asset Protection Management Authority was held on Thursday, December 2, 2010 at 1:30 p.m., in the Lake Vista Community Center, 2nd Floor, 6500 Spanish Fort Blvd., New Orleans, Louisiana after due legal notice of the meeting was sent to each Board member, the news media, and a copy of the call was posted.

Commissioner Hassinger (chairing for Chairman Trask) called the meeting to order at 1:37 p.m. and led in the Pledge of Allegiance.

The roll was called and a quorum was present.

PRESENT:

Commissioner Joe Hassinger (Chairing for Chairman Trask)
Commissioner Stanley Brien
Commissioner Wilma Heaton

FURTHERMORE PRESENT:

Chairman Robert E. Smith Lupo

ABSENT:

Chairman John Trask

STAFF:

Louis Capo, Executive Director
Sharon Martiny, Non-Flood
Rob Aucoin, Non-Flood
Vincent Caire, Non-Flood

ALSO PRESENT:

Mickey Weiser
Jordan Brimer
Jim Noel – First Bank & Trust
Charles Curtis
Albert Pappalardo
Gerald Metzger
Steve Nelson

APPROVAL OF AGENDA

Chairman Brien offered a motion to adopt the agenda, seconded by Commissioner Heaton and unanimously adopted.

APPROVAL OF PRIOR MINUTES

Commissioner Brien offered a motion to approve the minutes of the Real Estate Committee for November 4, 2010, seconded by Commissioner Heaton and unanimously adopted.

NEW BUSINESS

1. Acknowledgement of Assignment of Land Lease between J&J Partners and OLD

Mr. Capo referred to a photograph of J&J Partners and stated that Mr. D'Amico leased both J&J Partners and Six by the Sea at one time. Mr. D'Amico defaulted on Six by the Sea and the lease has been cancelled. We have a Judgment, including attorney fees, in the neighborhood of \$19,600. The leased property before the committee today is the J&J lease which is a 2 story building with a deck area and a swimming pool.

Mr. Curtis stated that Mr. D'Amico is the principal owner of J&J Partners and Six by the Sea, both L.L.C.'s. Six by the Sea defaulted on its lease. We sued for termination of the lease and back rent and obtained a Judgment for approximately \$19,600.

Mr. Jim Noel with First Bank & Trust noted for the record that the Agenda is technically inaccurate. Mr. Noel stated it is not an assignment of the land lease, it is a request for acknowledgement and agreement for a notice and cure period relative to a transaction that First Bank is involved in.

Mr. Noel stated that First Bank & Trust has underwritten a request to a borrowing entity which is a third party; not any of the entities involved in any lease with the Levee District. First Bank negotiated to add additional collateral to a particular credit facility with the third party borrower which includes a leasehold mortgage on the property leased to J&J Partners. First Bank is seeking to add collateral to the loan to do the leasehold mortgage on that property. First Bank is requesting acknowledgement that they are doing a leasehold mortgage with the opportunity to clear up a default if the lessee would have a default so under their documents First Bank could make certain that their mortgage and interest in those improvements stays intact. In essence, First Bank is trying to help by requesting if J&J Partners were to default, the bank be contacted for payment. I will get the insurance and do whatever we need. First Bank & Trust has no connection to the adjacent piece of property in which there is a Judgment. However, there is a borrower that is a third party entity; not Six by the Sea. Mr. D'Amico is the principal on the back end. It is not him, it is another L.L.C.

Chairman Hassinger inquired if Mr. Noel could help get the Judgment satisfied. Mr. Noel informed that Mr. Curtis asked him to pay the Judgment as First Bank & Trust. That is not something that Mr. Noel could do. Mr. Curtis explained the situation and the facts which were communicated to Mr. D'Amico. Mr. Noel advised Mr. D'Amico it was important he take care of his obligations.

Mr. Curtis confirmed and stated that he asked Mr. D'Amico to pay the Judgment prior to this meeting and Mr. D'Amico ignored that request. Mr. Curtis stated he contacted Mr. D'Amico regarding the lawsuit on Six by the Sea. Mr. D'Amico stated he would bring the past due rent current but he has not done so.

Mr. Pappalardo advised the lease with J&J Partners was not originally leased to Mr. D'Amico. The original owners were John Dane and John Gelpi, forerunners of Trinity Yachts. Mr. D'Amico (Six by the Sea, L.L.C.) leased the adjacent parcel with the intention of building condominiums on the site. The 25 year lease to J&J Partners commenced August 1, 1994 and expires July 31, 2019. Mr. D'Amico then felt he needed additional land and bought the corporation J&J Partners. Part of the asset of J&J Partners was the lease with the Levee District. His plan was to demolish the improvements on both locations. He came before the Board with several master plans for different condominiums he could put on the property. This was in the 2000's.

Mr. Pappalardo explained that after Katrina the condominium market went south. There is a business operating on the J&J site, which is legal. It is a reception hall type business and has been in commerce ever since. Last year Mr. D'Amico became delinquent in payment on Six by the Sea. Mr. Curtis contacted Mr. D'Amico and attempted to resolve the issues. The lease was put in default and a Judgment was obtained for approximately \$19,000. It originally came in the form of an assignment request. Mr. Pappalardo agrees that what Mr. Noel is presenting today is not a true assignment of the lease because the lease prohibits an assignment being granted. J&J Partners and former lessee Six by the Sea have an identical principal. Mr. Noel has another entity with a principal identical to the other two. There are nine years left on the lease. Mr. Pappalardo believes Mr. Noel is restructuring a financial matter and that is the request before the Committee.

Mr. Noel added the fact that in this restructure there is no new funding from bank to borrower. Mr. Noel is trying to increase the collateral base for the existing loan.

Chairman Hassinger advised that this matter be passed to the Board on December 16th and the Board will decide how to proceed.

Commissioner Heaton commented that Mr. D'Amico kept this property from the public by retaining control of the lease. No one else could develop or do anything for many years. When you are looking at the public's interest, you had a developer who tied up public land for a long period of time and now he is coming back. There is a different entity from a corporate perspective but Commissioner Heaton does not see good faith. It is something to consider because it is not our money; it is the people's money. We should see what the intent on this Judgment is because I don't have the urgency I would be inclined to have if that were handled.

Mr. Curtis stated Six by the Sea is a single purpose entity, the only asset being the lease which has been cancelled so Six by the Sea has no assets. Therefore, there is no way to collect on the Judgment.

Mr. Robert Bergeron, attorney in the closing on behalf of First Bank, stated that banks need good collateral and that is the situation here. The bank wants the opportunity to make good on the lease if Mr. D'Amico does not. The bank is simply trying to make sure it has enough collateral and not let the same thing happen again. The bank wants to step up and make good on it and take it over.

Mr. Capo suggested this be brought to the full Board with no recommendation. Chairman Hassinger agreed and a motion was called by Commissioner Brien, seconded by Commissioner Heaton and unanimously adopted that this matter be brought before the full Board with no recommendation.

ANNOUNCEMENT OF NEXT MEETING

Mr. Capo announced the next Real Estate meeting will be Thursday, January 13, 2011 at 1:30 p.m.

ADJOURNMENT

Commissioner Brien called for a motion to adjourn, seconded by Commissioner Heaton and unanimously adopted.

The meeting adjourned at 2:00 p.m.