

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE COMMERCIAL REAL ESTATE COMMITTEE MEETING
JUNE 9, 2011 – 1:30 P.M.

The regular monthly meeting of the Commercial Real Estate Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, June 9, 2011 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 Trask called the meeting to order at 1:30 p.m. and led in the Pledge of Allegiance.

The roll was called and a quorum was present.

PRESENT:

Chairman John Trask
Commissioner Stanley Brien
Commissioner Joe Hassinger

ABSENT:

Commissioner Wilma Heaton

FURTHERMORE PRESENT:

Chairman Robert E. Smith Lupo

STAFF:

Louis Capo, Executive Director
Sharon Martiny, Non-Flood
Charles Dixon – Marina Manager

ALSO PRESENT:

Gerard Metzger
Albert Pappalardo
Nick Asprodites
Jack Panno
John Hottgreve
Mickey Weiser
John Brimer

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Brien offered a motion to approve the minutes of the Real Estate Committee for April 7, 2011, seconded by Commissioner Hassinger and unanimously adopted.

UPDATE ON CURRENT REAL ESTATE ISSUES

Mr. Capo informed that Mr. Charles Dixon, Marina Manager, is going to advise of a Cox Cable matter that was approved at the Marina Committee meeting on June 8, 2011. Cox Cable, in order to provide service to the Marina, Sailboat Bay Apartments and Peninsula Condominiums, will need to do a crossover as opposed to the cable going underground. Two lines will go on the 200 block right across from the Orleans Marina Harbor Master's office. The other one will coincide with Entergy's crossover.

Mr. Capo noted that Nancy Decures, the CPA firm in the Lake Vista Community Center, just renewed their lease for another 3 years and took the 3 year option. It is at the same rate of \$14.00 per square foot.

OLD BUSINESS

1) Discussion of fuel dock and café at New Basin Canal on Parcel 2E

Mr. Pappalardo informed that the discussions with Lakeview Landings, LLC, represented by Mr. Jack Panno and Mr. Nick Asprodites, began back in late 2009 on the 55,000 square foot parcel that is for lease just south of Landry's Seafood House. Those discussions were reduced to a letter of intent in March of 2010 with the concept of placing a fuel dock, day store and café at the site, along with fuel pumps serving the landside on the street. It would be a fuel station for automobiles as well as boats at the area on New Basin Canal. Since March of 2010, Mr. Panno and Mr. Asprodites have been trying to get approval from the various regulatory authorities to construct on the site. This is the first new economic development that the Levee District has had along the New Basin Canal with the exception of the Southern Yacht Club which was rebuilt about 1½ years ago.

Mr. Nick Asprodites stated he and Mr. Jack Panno were proposing a full service fuel dock on the facility to take care of the marine and land side when necessary. We will have a dock built as per our arrangement to provide a bulkhead which will enhance the property as part of the first phase. The second phase is the fuel dock. The biggest issue is dealing with FEMA regarding the elevation. That is where the café will be. FEMA would like our fuel station the same way. It is unfeasible to do that. We think we have a plan that would work if the city will agree with it, FEMA agrees with it and if FEMA agrees, the city will agree so we are working with that little issue. That is our big sticking point which has caused some problems. We are ready to move ahead but that is something we have to deal with. Chairman Trask questioned where they were on trying to get that issue resolved. Chairman Lupo stated that there were meetings in his office with Dpty. Mayor Cedric Grant and he has spoken with the FEMA regional representative on this issue. FEMA does not have any problem with the fuel dock/fuel supply facility being at dock level. Obviously, the café has to be raised up 16 or 17 feet. Chairman Lupo explained to Cedric Grant that this is a problem not only for South Shore Harbor and the Orleans Marina but to the New Orleans Marina as well. If you want to have facilities that are functionally dependent upon being on a dock level, then this does not make any sense to have a ship store 17 feet up in the air. Everybody understands this and everybody is comfortable with it and the city's safety and permits agrees with the concept but if they would give a permit right now to this operation, FEMA in objection to that, would not be able to stop the permit being granted but they would be able to come back and tell the city that flood insurance will not be able to be sold in Orleans Parish or we are going to change the rating for everything in Orleans Parish. They have that kind of leverage. Cedric Grant has put together an appeal package to FEMA to try to get FEMA to understand that this does not make any sense. My argument to the FEMA representative was that you can go anywhere on the Florida coast and ship stores are at dock level. Why is New Orleans any different between being outside flood protection, inside flood protection? It is a water related service so we are trying to make that argument. The gentlemen are ready to move forward with the fuel facility and the café and continue to work toward getting permission to do the ship store at dock level.

Mr. Asprodites informed that this facility is not only going to be a fuel dock it is going to be a complete boat store where you can stop in and get anything you need for your boat such as ice and beer. It will be full service with the possibility of some repairs. The café will be 17 ft. in the air meeting all of the FEMA standards and codes. It is an open air concept where you can sit down and have old style New Orleans seafood. That is the plan for the café. We are ready to

go; if the FEMA issue gets solved we can move forward and get this done. It is a big investment and it is taking time and we understand that it takes time. We are going to ask you all to work with us while we try to put all of this together and get the lease going. Mr. Pappalardo stated for the record what needs to be done is to have an understanding with the developers that the Authority is going to be ready to sign a lease and I am having a little difficulty understanding whether we want this to go forward with or without FEMA approval. Once a lease is signed, the Authority wants to see shovels. It does not make any sense to move forward with a development like this if FEMA can pull the plug. Mr. Panno commented that they could not commit on the lease without FEMA approval. We are not prepared to sign a lease when we don't know what we can do with it.

Chairman Lupo questioned if they were willing to move forward on just the café and the fuel dock. Mr. Asprodites stated that they will not allow the fuel delivery at ground level. The dispenser system is at ground level but the cash register is 17 feet up in the air so you can't see, which is a big issue. Chairman Lupo stated that anything that had to do with fuel delivery could be at dock level as the plans show everything related to fuel delivery being in this one structure. Mr. Asprodites informed that he was told there could be a 100 square foot blow away facility but you would not be able to get the equipment in there. Chairman Lupo suggested showing plans that are phased showing a 10X10 blow away building which is phase one and phase two is for the whole structure. Mr. Panno stated they could not do that. Mr. Pappalardo stated that this meeting becomes informational and any questions could be asked regarding the facility but until that issue gets resolved, the Authority is on hold. Chairman Lupo added that the Authority is not interested in making a lease for another café. The Authority is interested in bringing infrastructure to the marina which is fuel delivery on a first class basis. The Authority is not interested in going forward with a lease that just has you building a café. Mr. Asprodites stated that he did not want to do that either, I want the fuel. I guess my big concern is a boat store, per se, you don't want to put that 18 feet in the air, you can't do that. If you do a repair, you cannot have your equipment 17 feet in the air. I don't know of anybody that has ever repaired a boat that is in the air. Chairman Lupo noted that the gentleman with FEMA said a boat repair is functionally dependent on being at dock level. Mr. Asprodites commented that a boat store would not be functionally dependent on being at dock level. Chairman Lupo stated that unfortunately, the architect made a mistake putting on the plan "convenience store" originally, but that has all been changed now. Mr. Asprodites noted that "convenience store" was a first impression and it was a glitch. Chairman Lupo stated there is not anything the Committee could do at this point. Mr. Asprodites questioned if they are confident that this can be done. Chairman Lupo stated they are not confident this could be done. Whenever you are dealing with a federal agency no one is confident until you have it signed in blue ink. They won't even take it in black ink. Mr. Asprodites stated that he was hoping to move forward as he was ready. Chairman Lupo informed that it is not in the Committee's hands. Mr. Asprodites advised that he would work on the issue next week and do some other things with FEMA and talk to him again. Will that work with the City? Chairman Lupo stated that he is pretty sure that Pail May would love to do this, but his problem is that he is worried that if he gives you permission, FEMA has already threatened him with other things. Mr. Asprodites added that the only thing you can do, and I look at it this way, this is state property; correct? I do not need the City to build it. I need a permit from them to get electricity, that is really what the permit is about. You know how much diesel fuel I am going to have. I can run my own generator. I don't need anybody. I could be self-sufficient, I don't need anyone. I could do that as rotten as that would be. Chairman Lupo stated that this Authority would not give you permission to do that. Mr. Asprodites noted that was the point, we can do something if push comes to shove because you have one anyway.

Mr. Panno noted that they had a 90 day permit for a temporary building. If we run into too much of a problem, one option could be to put in the fuel dock and

the temporary building and not commit to the café side of the project and build a fuel dock. If we can extend that 120 days, it would give us some time. Mr. Pappalardo noted for the Committee that Parcel 2E has been available since well before Katrina. We have looked at developments on this site prior to Katrina and because of various reasons primarily because of the lack of a bulkhead we could never get a developer to pull the trigger on it. The concept of having what these gentlemen want to place on the New Basin Canal on Lakeshore Drive is not new, it is historic in concept. Some time ago, there was a Gulf station next to the Hong Kong Restaurant that served both the water and land side that subsequently went under the brand of Chevron. Until that station went down we had a service station in addition to Schubert's that serviced the water side as well as the land side. Since that service station went down, there is no landside service station, with the exception of the service station at Rockery, in this entire area. There is a historic precedent for having a service station that will service land side as well as water side near that location. This truly represents the first example of economic development for the Levee District on the New Basin Canal. Because of the odd configuration of that site I would not be in favor of going forward with just the fuel without the café because of the parcel of land that would be left over if they could not move forward with the ship store. This is a fairly decent size parcel but because of the configuration it has to be leased as a single development. Hopefully the city will recognize how important it is for economic development. Everything about the project works. It works in a historic nature for the Lakefront and the West End. One hundred years ago when West End was very popular they didn't have FEMA and that is the bottom line in this presentation. Mr. Pappalardo stated that this is one of those bureaucratic hang-ups and the Authority is going to run into this problem with any developer that comes forward at the site. This was a good informational meeting regarding what is proposed to be built there.

PUBLIC COMMENTS

Mickey Weiser – Schubert's Marine

Mr. Weiser stated that he was in shock listening to the proposal today as it sounds like the Authority has done everything but sign on the dotted line. Mr. Weiser informed that he came to the Authority several months ago asking for help and assistance. Schubert's problems are well documented with 40% fewer boats there and now the Authority is putting a company in direct competition with what little bit Schubert's is trying to hold on to. They want a marina store and fuel dock which Schubert's has. This proposal is in direct competition with one of your oldest and largest tenants (Schubert's) which will put another nail in Schubert's coffin. Schubert's could live with a restaurant or roadside fuel pumps but to take what was thought to be an exclusive arrangement of a fuel dock goes against everything we thought we had on West End. Mr. Panno and Mr. Asphrodites did not do enough market research because fuel sales are pathetic. There are weekends that Schubert's pumps \$100 worth of fuel but it is not consistent. It is feast or famine. Gas prices have put a dent in that. This will further hurt Schubert's economically. Mr. Weiser stated that this is the first Schubert's heard about such a proposal. Mr. Weiser requested the Committee reconsider giving the option of a waterfront marina store and fuel dock. Chairman Trask informed that if someone approached the Authority regarding leasing property, we don't really have much of a choice if they meet the terms of the lease. Mr. Pappalardo stated it has never been the position of this Authority to discuss private negotiations on real estate with anybody except the person that comes to us until such time as it becomes public. This is the first public meeting that this committee has had bringing forth this information.

Mr. Pappalardo advised that prior to Mr. Weiser becoming involved with Schubert's there was a gas station on the site directly across from Mr. Schubert's operation that operated a land side service station as well as the water side service station. There is nothing in Mr. Schubert's lease that gives exclusive rights for one type of operation on the New Basin Canal. Mr. Weiser requested permission from the Board to put a bar on the New Basin Canal which was turned down. Just recently Mr. Weiser advised he would like to place on the marina side a restaurant overlooking the marina. Mr. Capo and Mr. Pappalardo will make an appointment to discuss the restaurant. The Authority is not opposed to economic development. Mr. Pappalardo noted for the record that he took exception to comments made regarding Mr. Weiser not knowing about the proposal because he will not know about any property being leased unless he wants to lease it. Nobody else will know what is discussed until it goes public. That is the way the Authority does business. This Authority does not have an obligation to disclose what we are planning or who is approaching. Mr. Pappalardo also noted for the record that there is no exclusive in Schubert's lease for fuel or anything else. Presently, there are three boat repair facilities in the Orleans Marina. There are no exclusives and we don't keep anything in secret. The Authority was approached by these developers and we have been in discussions with them for a period of time. Had it not been for Katrina and FEMA regulations this would have been announced and developed about a year ago. This is the first time Mr. Weiser heard about this because this is the first time that it has been public in this committee and that is the appropriate context.

Mr. Weiser stated that he was verbally told there was an exclusive. It was not in writing and Schubert's has been operating under that premise. Jefferson Parish is attempting to put a fuel dock in the Coast Guard station which has been on the books for a while and will further erode Schubert's ability. Mr. Weiser stated he is all for economic development but there is not enough business to support two fuel docks. Mr. Weiser stated he may ask to shut the fuel dock down because it is not enough. Schubert's will keep it open as part of the condition of the lease but there is not enough to go around.

NEW BUSINESS

1) Lease for Lake Vista Community Center, 6510 Spanish Fort

Mr. Capo stated that the lease at 6508 Spanish Fort needs to be discussed. Currently the occupant of 6508 is the Southeast Louisiana Flood Protection Authority. They have been occupying space in this building since late 2007 or early 2008. When they occupied space in 6512 a lease was confected and we tried to have them sign the lease because at the time there was appropriated money in the budget but the lease was never signed. Subsequent they moved into 6508 and still pay no rent. Mr. Pappalrdo, Mr. Metzger and Mr. Capo have come up with a lease which is before this committee today. Mr. Lupo stated that in legislative discussions in Baton Rouge, the Flood Authority commented that all assets need to generate more income. Chairman Lupo thought it appropriate this comment was brought to their front door and Non-Flood meet with the head of the Flood side and present the concept of payment of rent. Commissioner Hassinger offered a motion authorizing Chairman Lupo to meet with the head of the Flood side to discuss rent for 6508 Spanish Fort, seconded by Commissioner Brien and unanimously adopted.

ANNOUNCEMENT OF NEXT MEETING

Chairman Trask announced the next Commercial Real Estate meeting is scheduled for Thursday, July 14, 2011 at 1:30 p.m.

ADJOURNMENT

Commissioner Brien offered a motion to adjourn, seconded by Commissioner Hassinger and unanimously adopted.

The meeting adjourned at 2:18 p.m.