

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE COMMERCIAL REAL ESTATE COMMITTEE MEETING
SEPTEMBER 8, 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, September 8, 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 1:32 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 Wilma Heaton
Commissioner Joe Hassinger

FURTHERMORE PRESENT:

Robert E. Smith Lupo

STAFF:

Louis Capo, Executive Director
Sharon Martiny, Non-Flood

ALSO PRESENT:

Gerard Metzger
Albert Pappalardo
John Jopez
Adolph Ringen
Steve Nelson
Jonathan Brisbi
Ron Carter
Chuck George

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Hassinger offered a motion to approve the minutes of the Real Estate Committee from July 14, 2011, seconded by Commissioner Heaton and unanimously adopted.

REPORT ON CURRENT REAL ESTATE ISSUES

Mr. Capo informed the Committee that Ms. Polly Eagan, the Authority's realtor, has reduced the asking price of three boathouses on West Roadway. Two properties, boathouse W-1 and W-6, have an asking price of \$30,000. They were in the \$60,000-\$70,000 range prior to this reduction. Commission on the sale of that boathouse will not be lower than \$1,500. If another realtor would come, that would be split \$750 between the two realtors. The asking price for the old Quibodeaux boathouse is \$97,000 reduced from \$149,000.

Commissioner Trask noted the reason for the price reduction is because the real estate market is not good at the moment and we are trying to find a market for these properties. Mr. Capo added that it is the improvements the Authority is

selling; if we don't have them in commerce we are not getting a reasonable rate for the properties. Ms. Eagan receives quite a few calls on the properties. This Authority's rates are compared to the City of New Orleans' rates at the Municipal Boathouses. This Authority's rates are higher but the boathouses are in the inner harbor and protected versus the City's marina which is in the outer harbor.

NEW BUSINESS

1) Discussion and approval for the Authority's reversionary rights regarding the former U.S. Coast Guard Lighthouse site

Mr. Charles Curtis addressed the proposed letter to representatives of the U.S. Coast Guard in which the Management Authority asserts its reversionary rights to two parcels of land on the New Basin Canal at Lake Pontchartrain which formerly held the Lighthouse and the United States Coast Guard station. The station has now moved to Bucktown and the Lighthouse is gone. As the property is no longer being used by the Coast Guard it reverts to the Management Authority as the successor to the Orleans Levee District Board pursuant to the Acts by which the Coast Guard acquired the property. This letter asserts those rights and requests that the property be returned to the Management Authority by the Coast Guard. We are requesting authority to send this letter to the Coast Guard representatives and have the property returned to the Management Authority. Commissioner Hassinger moved that the Committee recommend to the full Board to give the Executive Director authority to send the letter to the Coast Guard, seconded by Commissioner Heaton and unanimously adopted.

2) Discussion and approval regarding a proposed lease for 6504 Spanish Fort with Creative Finishes Studio

Mr. Pappalardo advised of a lease proposal from Ms. Jane Drew to operate Creative Finishes Studio in the 895 square foot space at 6504 Spanish Fort Blvd.

Ms. Drew is a Lake Vista resident and has been a decorative painter for 12 years. Ms. Drew is a stocker for Annie Sloan Chalk Paint and is requesting to lease the space to sell the paint, teach painting workshops and paint furniture. Ms. Drew would take the space as is.

Mr. Pappalardo noted that the existing carpet would be removed and Ms. Drew intends to replace the lavatory sink with a janitorial sink to clean her supplies and brushes. There will be protections in the lease and she will provide information relative to what is disposed of down the drain in accordance with all applicable laws and ordinances.

Ms. Drew added that she is (doing business as) an LLC. The proposed lease would be with the LLC. Mr. Pappalardo informed that the lease rate would be \$14.00 per square foot which amounts to \$1,044.17 per month. Commissioner Heaton moved to recommend to the full Board approval of the lease at 6504 Spanish Fort, seconded by Commissioner Hassinger and unanimously adopted.

3) Presentation and discussion by Capt. Johannes Schild regarding Pontchartrain Express, Inc. proposed development located on the former Hong Kong site

Capt. Schild stated that the Pontchartrain Express project was started 1½ years ago. A survey reflects that there are approximately 5,000 people, most from the North Shore, who are willing to ride the ferry and approximately 1,000 people are willing to go to Harrah's or the French Quarter via ferry to avoid the Causeway and a possible DWI or accident. The Pontchartrain Ferry will have a shuttle bus to deliver people to their house once the ferry docks.

The Pontchartrain Express will employ approximately 25-30 people and will indirectly create approximately 50 jobs. Pontchartrain Express will pay \$50,000-\$60,000 per year for use of the docks. The ferry can transport people if there is a

problem on the Causeway or in case of bad weather. New Orleans would be the first fast ferry service and will have wifi for cell phone, text and computer usage. Passengers may opt to have a glass of wine or coffee and read the newspaper and relax in a safe environment while being transported by the ferry. Shuttle service will provide trips downtown, the Airport, Ochsner Clinic, Elmwood Park Business Center and the University of New Orleans.

Capt. Schild addressed possible sites for the ferry dock including the area of the Hong Kong, Schubert's Marine, the Pennick Dock and a 400 foot vacant spot between Landry's and Benson's dock. Capt. Schild also referred to the dock near Transoceanic and Schubert's and stated that they were willing to sublease the area. Capt. Schild added there were 200 parking spots across from Landry's which would accommodate parking along with parking and availability near the Southern Yacht Club and the Municipal Yacht Harbor.

Chairman Lupo commented the presentation is full of sites that are not available or under the control of this Authority. Comments made about available docks operated by this Authority that can be subleased are against state laws. No tenant of this state agency can sublease. The 400 foot vacant space referred to earlier is under lease negotiations with another party.

Capt. Schild addressed the Hong Kong area and the site adjacent to Frank DiAmico's property which has 50 parking spots. Chairman Lupo advised that this space is available but the 50 parking spots are across from the Hong Kong and the Lighthouse Condominium site. Parking is available within one block of the Hong Kong site. That space has an 85 foot dock between the Hong Kong and DiAmico. The Pontchartrain Express ferry boat is 80 feet long

Capt. Schild then addressed Schubert's Marine. Chairman Lupo advised that Schubert's Marine is under lease for certain purposes and Schubert's is not allowed to sublease that space. This Authority requires that Schubert's Marine operates under the conditions granted in the lease.

Capt. Schild then referred to the Pennick Dock. Chairman Lupo informed that the Pennick Dock is owned and operated by this Authority. In order to operate a viable marina there must be a place for transient boaters so that dock is not available. The parking there has to do with the Marina and the Southern Yacht Club which is dedicated parking for another lease.

Commissioner Hassinger questioned how many passengers per day were needed for the ferry operation to break even. Capt. Schild informed that approximately 200-250 people per day would be needed to break. Capt. Schild generated a survey that contained questions relating to where people wanted to go and the final destination. Capt. Schild stated that the price was not listed on the survey but was available on the website. Chairman Lupo noted that the staging of busses shuttling people back and forth is important on a major four lane thoroughfare. The site plan previously presented left questions in the minds of the people in that meeting. It is important that this Authority does not do something that negatively impacts other businesses or the community. Chairman Lupo questioned how many trips would move 400 people per day across the lake. Capt. Schild informed this would take approximately 8-10 trips in the peak hours. Capt. Schild stated that they received the permits from the Corps, U.S. Wildlife & Fisheries and the Dept. of Natural Resources and Wetlands along with permits for the docking and operating facility and lease for the property across the lake.

Chairman Lupo addressed the turning basin requirements and stated that an 80 foot boat is pretty substantial for a right of way in the canal and suggested Capt. Schild find out what the right of way is in the New Basin Canal.

Chairman Lupo advised that South Shore Harbor Marina has adequate parking, dock spaces and a turning basin that you could turn a 300 foot boat. Capt. Schild stated that South Shore Harbor does not lead directly to the Causeway or interstate and commuters wish to be at work and home as soon as possible. South Shore Harbor is out of the way.

Commissioner Heaton expressed concern regarding the staging of the busses and stated that this Board has a responsibility to ask hard questions now regarding this issue. Capt. Schild informed that three shuttle busses would carry 25 passengers at a time to their destination and would depart in the mornings at 6, 8 10 and 12:00 noon. If the Hong Kong Restaurant site is redeveloped this would preclude Pontchartrain Express from using that dock space because the dock space is exactly 85 feet and the boat is 80 feet so it would not be possible.

Mr. Ron Carter, Lighthouse Harbor Condominiums, commented that the presentation months earlier advised this would be a commuter ferry which now sounds like it will be more for casinos, weekends and holidays. The Condominium Association has concerns because the Condominium parking lot will be closest to where the ferry will be and that parking lot will be used for overflow. Another concern of the Condominium Association is what disruption there would be in the area and how this operation is going to facilitate people getting off the ferry and getting on the busses. The Condominium Association supports the development of the area because it will enhance the neighborhood. The Condominium Association would support a business with the highest chance of success and one that would cause the least disruption to the neighborhood. A restaurant would be something that would be more beneficial with a higher chance of success. That would be the desire of most of the residents at the Condominiums.

4) Presentation and discussion by Mr. Jonathan Brisbi and Mr. Will Lizardi regarding their proposed development on the former Hong Kong site

Mr. Jonathan Brisbi with Tides, LLC is proposing a medium size restaurant serving traditional New Orleans style cuisine such as seafood, Italian and American. The waterfront in Orleans is not being utilized on behalf of the residents of the community or New Orleans as a whole to enjoy. We want residents of New Orleans and people from other parishes to enjoy what we have around here which is waterfront. This establishment will not be a shed or modular, it will be construction from the ground up to enhance property values. Target market is the surrounding population and tourism as well as local businesses. Upon lease security we intend to demolish the old Hong Kong that exists now and do whatever improvements possible under a site/work demolition permit. Regarding the financial arrangement, we have been in negotiations with Gulf Coast Bank and have received verbal approval for the SBA loan. There are also private investors with interest but whether that is needed will be addressed at that time. The schematic design and rendering has been issued and construction documents have verbal approval of three months to put out construction documents. Construction is scheduled for approximately 6-8 months provided there is no bureaucracy. Parking is based on a 3,000 square foot building with overflow parking as required by the City of New Orleans which is 20 additional parking spots. Tides, LLC is proposing a \$2.80 per square foot lease payment based on the square footage stipulated in the lease for a traditional West End style restaurant. The building will be elevated off of the ground to meet the flood elevations.

Chairman Lupo commented that when a restaurant row is developed, everybody feeds off of everybody. The concept of having Landry's, this establishment and the café associated with the fuel dock will create a synergy of being able to choose one restaurant if another one is full. That is what West End is all about; you might not know where you will wind up, but you are going to get good New

Orleans seafood. We can look at this as potential to redevelop what New Orleans remembers in the past and recreate that. It is great to see that you looked at the site plan and focused where you are going to go, how to use the property and what the requirements of the City and the State were going to be. It is nice for this Board to make a judgment based on the facts and the homework.

Chairman Trask informed that two potential tenants are vying for the same spot. Chairman Lupo commented that it is known what Tides, LLC is requesting but do we know what the other potential tenant is requesting. It is not known if the express ferry could even operate in the canal fairway. Commissioner Heaton added that from a business standpoint this Authority should not hold up Tides, LLC for an unknown. Chairman Lupo added that he is in the position where he would like to see the Authority's real estate consultant and attorney begin negotiations with Tides, LLC and bring back to this real estate committee.

Commissioner Hassinger moved to recommend to the Board moving forward with negotiations with Tides, LLC for the redevelopment of the old Hong Kong Restaurant, seconded by Commissioner Heaton and unanimously adopted.

ANNOUNCEMENT OF NEXT MEETING

Chairman Trask announced the next Commercial Real Estate meeting is scheduled for Thursday, October 6, 2011 at 1:30 p.m.

ADJOURNMENT

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

The meeting adjourned at 2:25 p.m.