

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE COMMERCIAL REAL ESTATE COMMITTEE MEETING
THURSDAY OCTOBER 9, 2014 – 2:30 P.M.

The regular monthly meeting of the Commercial Real Estate Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, October 9, 2014 at 2:30 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.

Chairman Green called the meeting to order at 1:32 p.m. and led in the Pledge of Allegiance.

The roll was called which did not constitute a quorum and the meeting became informational only.

PRESENT:

Chairman Eugene Green
Commissioner Dieter Hugel

ABSENT:

Commissioner Greg Ernst
Commissioner Romona Baudy

STAFF:

Louis Capo - Executive Director
Sharon Martiny - Non-Flood

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Chris Fenner – Stuart Consulting

APPROVAL OF AGENDA

Due to lack of quorum, the Agenda was not approved. The meeting is informational only.

APPROVAL OF PRIOR MINUTES

Due to lack of quorum the minutes of the June 5, 2014 Commercial Real Estate Committee meeting were deferred.

OPENING COMMENTS

Chairman Green welcomed Commissioner Hugel to the Real Estate Committee and noted there would be discussion regarding the South Shore Harbor Marina Peninsula.

NEW BUSINESS

1. Discussion regarding feasibility of developing the South Shore Harbor Marina Peninsula

Al Pappalardo, Real Estate Consultant, prepared background information on the Peninsula for ideas relative to the development of the Peninsula and the former Bally's Terminal Building. The Peninsula was created in the 1980s for future high rise commercial use in conjunction with South Shore Harbor Marina. Due to the oil bust during that time period the north Peninsula was never established. The southern part of South Shore Harbor Marina became Bally's Casino, which provided a healthy revenue flow until Hurricane Katrina. There are no utilities on the north Peninsula site and DEI estimated it would cost \$8-\$13 million to bring water and electricity to the Peninsula. The cost would be incumbent on the

developer or the Levee District. That number has not been updated since the 1990's. It is a beautiful Peninsula, but the utilities are located at the juncture near the Airport and would have to be pulled to the Peninsula.

This property will return revenue to the Authority well into the future. The property is currently zoned Maritime Mixed Use, which allows for commercial marina, residential marina and restaurants. It is unclear whether major heavy commercial hotels or high rise condominiums are included through conditional use. Marina Mixed Use is a zoning classification under the new zoning code the City is preparing to pass. There are charts stating the permitted uses such as retail and restaurants. The peninsula is wide enough for high rise condos and hotels, but it is unclear if this would be allowed under a conditional use. The Peninsula is approximately 150 feet wide. Due to possible height restrictions and the proximity to the Airport, the FAA would have input on any construction. Although the north Peninsula is in a "V" zone and outside of flood protection, the area could be developed residentially with apartments or single family housing.

Chairman Green suggested that the north Peninsula development be the next Request for Proposal sent out by the Authority.

The South Shore Harbor Terminal Building is out for RFP and responses are due October 31, 2014. There have been 10 downloads for the RFP. There will be approximately 4½ acres available for commercial development, and the parcel includes 150 parking spots. The north Peninsula has the potential to continue what is built on the redevelopment of the Bally's site. The Peninsula is a beautiful site with beautiful views and tremendous development potentials.

Chairman Green suggested that the Authority submit a Capital Outlay request for \$15 million for utilities on the north Peninsula. Proposals for Capital Outlay are due November 1, 2014 and the requests will be brought before the Board at the October 23, 2014 Board meeting.

2. Discussion regarding the Walter Weddell Hangar Alternate Projects

Chris Fenner, Stuart Consulting, informed that the Authority has a PW for the Walter Weddell Hangar destroyed by Hurricane Katrina. As the Hangar will not be rebuilt, there is a pot of money, approximately \$2-\$3 million in available funding, to use on other projects. Each Committee will request projects to be added to the list of alternates and the Board will approve the final list at the October 23, 2014 full Board meeting. The list currently contains a transient boater's facility, to excavate the built up silt near the South Shore Harbor entrance, the build-out of Hangar 101 (second floor) and Lake Vista Community Center repairs. The final three projects were significantly down the line and would be good projects for private development.

The priority of the Airport Committee is the build-out in the Airport Terminal for Customs, which will cost approximately \$400,000. Drawings were sent to Alton Davis for review to get an estimate on build-out costs. Customs will not be a manned facility and would require a holding cell, search room, processing area and waiting area with everything contained in the Customs space. The Authority will supply desks, chairs, computers and software. As flights arrive, Customs would need advance notice to meet at the Airport and will have a Global Entrance program at Lakefront Airport.

There are transient boat slips at South Shore Harbor, but there are no shower facilities or a laundry room. As FEMA funds would be used for the facility it will have to be built according to FEMA standards. FEMA funding would be approximately \$825,000.

There is another grant application for the transient boater facility under Wildlife & Fisheries. The Boating Infrastructure Grant I (BIG1) has an estimated cost is

\$282,000. The grant is a 75/25% match with Wildlife & Fishers coming up with a maximum of \$100,000. The transient facility can be built at grade level if using state BIG grant funds. The Marina Committee's top project was silt build-up removal and the transient boaters' facility is the number two project.

The build-out of Hangar 101 could generate additional revenue for the Non-Flood Authority. The second floor of Building 101 is not conducive for multi-tenant use. Staff could be moved to Hangar 101 and the offices at the Lake Vista Community Center could then be rented to generate additional income. The Community Center has a subsidence problem and structural cracking, which prevents two offices from being rented. Those areas would be repaired and put back into commerce. Rental rate for the Community Center is \$15 per square foot and there is approximately 3,000 square feet that cannot be used. Chairman Green stated that he would favor the Customs build-out for Customs, the Lake Vista Community Center repairs and the second floor Hangar 101 build out. Those are my top three priorities. The Customs build out is \$400,000; Lake Vista Community Center repairs are \$350,000, and the Hangar 101 build-out is \$735,000.

Chairman Heaton suggested taking 8,000 s.f. of bottom floor space from Hawthorne to use for staff, which would take the place of building out Hangar 101.

3. Discussion and approval of transfer of Boathouse N-33

This boathouse in Orleans Marina is currently leased to Mr. Mark Marzoni who has two units; N-33 and N-34. Mr. Marzoni purchased N-34 in 2006 and N-33 in 2013. When N-33 was purchased, a new lease combined both leases into one leasehold and extended the lease until 2037. Mr. Marzoni recently requested to split the leases, sign N-33 and retain N-34. If the leaseholds are divided a fee of \$8,000 will be charged along with the transfer fee of 8% of the sale price. An Agreement to Purchase was sent and the sale price is \$150,000. Mr. Marzoni's lease will be amended to delete N-33 from the leasehold. A new lease for the new N-33 tenant will be signed for the remaining term of the Marzoni lease. Mr. Marzoni nor the purchaser has appeared and the Committee cannot vote on a recommendation. Staff would recommend this. The closing for the boathouse is October 24, 2014.

ANNOUNCEMENT OF NEXT MEETING

Chairman Green announced the next scheduled Commercial Real Estate meeting is scheduled for Thursday, November 6, 2014 at 1:30 p.m.

ADJOURNMENT

Due to a lack of quorum there was no adjournment. The meeting ended at 2:25 p.m.