

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY  
MINUTES OF THE COMMERCIAL REAL ESTATE COMMITTEE MEETING  
MONDAY NOVEMBER 17, 2014 – 10:30 A.M.

The regular monthly meeting of the Commercial Real Estate Committee of the Non-Flood Protection Asset Management Authority was held on Monday, November 17, 2014 at 10:30 a.m., in the Lake Vista Community Center, 2<sup>nd</sup> 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 10:32 a.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

**PRESENT:**

Chairman Eugene Green  
Commissioner Romona Baudy  
Commissioner Dieter Hugel

**ABSENT:**

Commissioner Leila Eames

**STAFF:**

Cornelia Ullmann – Chief Operating Officer  
Sharon Martiny - Non-Flood  
Chuck Dixon – Marina Director

**ALSO PRESENT:**

Gerard Metzger – Legal Counsel  
Al Pappalardo – Real Estate Consultant  
Lynn Long – Neighborhood Association  
Nick Asprodites – Lakeview Landings  
Dwight Williams – Lake Pontchartrain Basin Foundation  
Tom Long – Orleans Marina  
Kenneth Labbe' – Labbe Construction

**APPROVAL OF AGENDA**

Commissioner Hugel offered a motion to approve the Agenda, seconded by Commissioner Baudy and unanimously adopted.

**APPROVAL OF PRIOR MINUTES**

Approval of the minutes of the June 5, 2015 Commercial Real Estate Committee meeting were deferred.

**OLD BUSINESS**

**1) Update and status regarding responses to the Request for Proposal for the former Bally's Terminal Building at South Shore Harbor Marina and discussion of the steps to evaluate the proposals**

Mrs. Ullmann advised of a meeting with the developer and advised that no representative is present from the architectural firm. Committee members received all information regarding the proposal and Mr. Von Kurnatowski will have someone present at the full Board meeting.

One response was received to the Request for Proposal to lease the former Bally's Terminal Building. The response was a redevelopment plan for all landside property at South Shore Harbor. The proposal includes a state-of-the-art amphitheater for live performances, an open air community market space, an entertainment water park, fuel dock and marina supply shop, terrace boardwalk to view the boats traveling in the Harbor, fishing facilities and zip lines. A two

story building will extend within the inner bulkhead and there will be a fuel dock and a marina store. The existing Terminal Building will include a restaurant on the upper floor with an open market on the ground floor. The proposed lease term is 50 years with a single 50-year option. The total lease term of 100 years may exceed the allowable term of 99. If all elements of this proposal come to fruition and are developed, South Shore Harbor can become a multi-use commercial development and the major venue and destination it was originally intended to be.

The developer is requesting additional land, but the proposal appears to be responsive. The existing zoning as well as the proposed zoning under the draft CZO for the City of New Orleans does not include everything in the proposal so the developer will have to obtain conditional uses for some amendments to the zoning ordinance. The requested property is in the reclamation zone and the Board has plenary authority to enter a lease without a bidding process.

The Authority's concept was to use this parcel of property to jump start a fuel dock and marina store and at a later date seek developers for various individual shops, stores and retailers. This proposal accomplishes that all at one time, bypassing the need for individual developers. Chairman Green suggested the Board authorize Al Pappalardo to meet with the proposed developer and engage in negotiations.

Commissioner Hugel offered a motion for the Real Estate Consultant to begin negotiations with the developer, Studio Network, seconded by Commissioner Baudy and unanimously adopted.

**2) Update and status regarding the submission of the Capital Outlay request for utilities at the Peninsula and the estimate of \$15 million to secure those utilities**

The Capital Outlay request has been submitted to the State of Louisiana in the amount of \$15 million. This is an estimate of dollars needed to bring utilities to the Peninsula. It may be in the best interest of the Authority to find out if the State is interested in trying to develop the Peninsula as it would help to have an allocation of monies to bring utilities to the Peninsula.

**NEW BUSINESS**

**1) Discussion and approval of request by Kenneth C. Labbe' to lease office 6504 at the Lake Vista Community Center to Labbe' Construction Co., LLC**

This request from Mr. Kenneth Labbe' and Labbe' Construction Company is to rent an office at the Lake Vista Community Center. A Letter of Intent was received and the term is typical for prevailing rent in the Center, which is \$15 per square foot. Mr. Labbe' requests a one year lease with three one year options with the tenant paying utilities and telecommunication. A Lake Vista Community Center lease will be confected under Labbe' Construction Company, LLC.

Commissioner Hugel offered a motion to approve a lease request by Kenneth C. Labbe' for office 6504 at the Lake Vista Community Center to Labbe' Construction Co., LLC, seconded by Commissioner Baudy and unanimously adopted.

**2) Discussion of verbal request by Mrs. Davis to lease Boathouse W-15 and W-16, and to assume the lease from Whitney Bank of Boathouse W-14 and to demolish existing improvements and build new improvements**

This request is a verbal request from Mrs. Davis; there is nothing in writing to support the request to purchase boathouse W-14 from Whitney. There is a tax lien against the W-15 property in the amount of \$200,000. The property was damaged by Katrina and repaired thereafter, but has not been repaired since

Hurricane Isaac. The electrical and water utilities are joined between W-14 and W-15. These boathouses need to be torn down and redeveloped. Mrs. Davis requested to purchase W-14, W-15 and W-16, tear the boathouses down and reconstruct improvements. The tax lien on W-15 can only be extinguished if the improvements are demolished. The boathouses cannot be subleased. Whitney has indicated for two years that they would like to sell the boathouse, but the Authority lacks written documentation from both parties to bring this to the Committee.

Boathouses W-14 and W-16 are believed not salvageable but no engineer or architect has been retained to make that final determination. The boathouses were listed for three years on the market and the Authority received no offers. The cost of demolition is sufficient. There are two derelict buildings on top of the Authority's land and water bottoms which inhibit leasing. The boathouses need to be likely taken down so the land can be redeveloped.

Whitney will pay the 8% transfer fee to acquire W-14, which cost is in the neighborhood of \$40,000. Mrs. Davis has agreed in principle to demolish buildings on all three sites and rebuild improvements if that is the determination of professionals. The anticipated lease will contain a resolatory condition that Mrs. Davis will be in default if the boathouses are not demolished and rebuilt.

Chairman Green requested the issue be placed on the Agenda in December to be addressed.

**3) Tenant presentation by Nick Asprodites of Lakeview Landings (The Blue Crab) regarding request to rent paddle boards along the New Basin Canal**

**Nick Asprodites – Lakeview Landings**

Mr. Asprodites advised the he built Lakeview Landings and Lakeshore Marina and Fuel and is requesting clarification on the rental of paddleboards. The ship store can sell them, but not rent them. This has been a \$2 million project.

The lease allows for specific permitted uses on the New Basin Canal. This lease envisioned a standard restaurant as defined in the zoning code, a fuel dock and a day store. It has taken a longer time than was envisioned to get the fuel dock operational. There were problems with delivery of tanks and where to build the store. The developer apparently entered into an agreement with NOLA Paddleboards and was in the business of renting paddleboards, which is outside the permitted use in the lease. There has been no determination by the Coast Guard whether paddleboard use could present problems on the New Basin Canal. Rental of paddleboards may be beyond the four corners of the lease. The canal is regulated by the Coast Guard and the Authority has an obligation to ensure the uses of the navigable portion of the canal will not endanger the public. The lease indicates that there are uses that are allowed, but the next tenant may not be satisfied with just paddleboards. The Authority must provide equal protection for all tenants. Paddleboards are a legitimate item to be sold out of a ship store, but if someone gets hurt as a result of activities on Orleans Levee District property it is a different situation.

Paddleboards can be put in a navigable waterway governed by the Coast Guard as they are navigable devices. The Canal is a navigable waterway open to the public. The paddle board operation will be run out of and permitted by Lakeshore Marina and Fuel. Mr. Asprodites stated that when plans were originally submitted to the Levee District and the City paddleboards were in it. This was discussed previously with Mr. Capo. If this were to be an issue a different course would have been followed. Paddleboards are not listed in the original lease, which is a standard restaurant and a marine store lease.

Mr. Asprodites obtained a Certificate of Occupancy through the City which listed paddleboards. The permissible use of the leased premises is a restaurant, ship or day store containing 850 square feet for sales of food, products, beverages, lubricants and any other legally permitted goods. The Authority does not allow subleases. Mr. Asprodites indicated that the paddleboard rental is a separately incorporated entity, and is an issue that needs some discussion as this issue was never contemplated during lease negotiations. There are issues that need to be vetted regarding paddleboards. The lease is for Orleans Levee District land and the District controls what happens on that land.

Paragraph 7 of the lease addresses keeping the property free of any hazard to the public or the lessees guests, customers or suppliers. There is a concern to the Marina with boats coming in and out of the navigable waterway and people on paddleboards with poles. The issue is about safety of the boats and boaters that will be coming in and out, especially people on paddleboards. There are concerns regarding people possibly being injured.

The Authority did not grant permission for fly-boarding so there is no precedent. There was interaction to cease fly boarding in the Canal. The Coast Guard agreed it was a hazard in the New Basin Canal. Fly boarders are now picked up at the dock and brought to the Lake to fly board. Due to several complaints, there are no fly boarding demonstrations in the Canal.

After further discussion regarding the paddleboard issue, Commissioner Baudy offered a motion to deny the request, reluctantly seconded by Commissioner Hugel and unanimously adopted. Chairman Green noted that it has been moved and properly seconded that the commercial Real Estate Committee rejects the request of Lakeview Landings to rent paddleboats along the New Basin Canal.

Chairman Green requested Commissioner Baudy make a presentation at the Board meeting relative to the issues voted on today.

#### **ANNOUNCEMENT OF NEXT MEETING**

Chairman Ernst announced the next scheduled Commercial Real Estate meeting is scheduled for Thursday, July 10, 2014 at 1:30 p.m.

#### **ADJOURNMENT**

Commissioner Lupo offered a motion to Adjourn, seconded by Commissioner Green and unanimously adopted.

The meeting adjourned at 1:52 p.m.