

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE JOINT COMMERCIAL REAL ESTATE/
INSURANCE COMMITTEE MEETING
THURSDAY JUNE 11, 2015 – 1:30 P.M.**

The joint meeting of the Commercial Real Estate/Insurance Committees of the Non-Flood Protection Asset Management Authority was held on Thursday, June 11, 2015 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.

Chairman Green called the meeting to order at 1:37 p.m. and led in the pledge of allegiance. The roll was called which constituted a quorum.

PRESENT (Commercial Real Estate)

Chairman Eugene Green
Comm. Dieter Hugel
Comm. Romona Baudy

ABSENT:

Comm. Leila Eames

PRESENT (Insurance)

Chairman Dieter Hugel
Comm. Glenn Higgins
Comm. Eugene Green
Comm. Thomas Fierke

STAFF:

Cornelia Ullmann – Chief Operating Officer
Sharon Martiny – Administrative Assistant

ALSO PRESENT:

Al Pappalardo – Real Estate Consultant
Richard Rainey – Times Picayune
Tim Avegno – Eagan Insurance
Capt. Tom. White – Fairview Realty

ADOPT AGENDA

Comm. Green offered a motion to adopt the Agenda, seconded by Comm. Baudy and unanimously adopted.

APPROVAL OF PRIOR MINUTES

Comm. Hugel offered a motion to approve the May 21, 2015 Commercial Real Estate Committee meeting minutes, seconded by Comm. Fierke and unanimously adopted.

Comm. Hugel offered a motion to approve the May 2015 Insurance Committee meeting minutes, seconded by Comm. Fierke and unanimously adopted.

PRESENTATIONS

Al Pappalardo – Real Estate Consultant

History, usage, zoning and restrictions of Orleans Levee District Police station on Lakeshore Dr. at Elysian Fields

Chair Green advised that the former OLD police station is located at the corner of Elysian Fields and Lakeshore Drive. The Authority owns the building, but there is currently no use for the building. As Commercial Real Estate Chair I would like to see the building utilized at a better and higher level. The area is currently used as a parking depot for Metro Security, the firm providing security several subdivisions.

Mr. Pappalardo advised that the original 1960 plan for that property included use for a service station, which ESSO operated from the early 1960's until 1971. In 1974 (based on the April 1970 comprehensive zoning map) the site was zoned single family residential and marked for use by the O.L.D. Capt. Boudreaux indicated that O.L.D. Police moved into the building in early 1976 and utilized the building as its headquarters until January of 2012, at which time the building was turned over to the Non-Flood Authority. Inspections of the police station in 2012 and 2013 depict a building that is in very poor condition. In 2013 the Constable requested use of the building for a satellite office, but termites were discovered during a tour of the building with the Constable's contractors.

In the mid-80's a modular building was attached to the rear of the police station. Those two buildings joined together suffer from different grade elevations. It was later determined that the building was in such poor condition that it would not be in the best interest of the District to carry fire and flood insurance on the building as long as liability was carried. The Non-Flood Authority is not in a position to repair the building. A new comprehensive zoning ordinance goes into effect on August 14, 2015. The City Planning Commission advised that final publication is not available, but most permitted uses will remain the same. Those uses require approval of the landowner and the City Council. Governmental offices are permitted without action by the Council. Other permitted uses are a place of worship or a small group home. The land consists of 17,500 square feet. Chair Green advised that all of permitted uses should be allowed. A place of worship, convent or community center is something to think about. Today is the last day of the legislative session. Comm. Heaton attended that meeting and is of the thought that the Authority must do something with that property, and is out to get a Capital Outlay for the engineering or architecture side. Chair Green advised that the Committee will wait to see if Comm. Heaton was successful.

Mr. Pappalardo suggested offering the property on an RFP after the new zoning becomes law. There would be no confusion under the zoning. Currently, there is a gray area as old zoning applies and there may be differentials between the old and new zoning. Under existing zoning police stations are conditional uses under new governmental offices. Under new zoning police stations are permitted uses. It would be a lot cleaner to wait for new concrete zoning prior to issuing and RFP for that building. The prospective tenant would know exactly what they are dealing with. Comm. Green requested that this item be added to the August Commercial Real Estate Committee Agenda, unless there is a need to discuss something before that time.

The COO advised that Ann Duffy (Lake Oaks resident) had been contacted by the buyer of a certain lot that was marked for religious use. The buyer advised that condos would be placed in that area. Gerard Metzger, Authority counsel, forwarded correspondence to the purchaser advising of subdivision restrictions for that area and that the purchaser required a Letter of No Objection from the Authority. A response was received from purchaser's attorney stating that the church units lifted those restrictions in 1997 under articles permitted in the Civil Code. There is a great sense of unease with the residents in that area, and the homeowners association may pursue measures to stop the permits and have the opportunity to be heard. To date, no final determination has been made and nothing has been filed.

NEW BUSINESS

1) Request by Wholesalers Development Co., Inc. to transfer Boathouse No. N-29 to Matthews Vargas

Comm. Hugel offered a motion to amend the Agenda to discuss the transfer of Fairview Realty's boathouses (W-11, 12 and 13) to Myrna Davis and afterward to discuss contractual insurances, seconded by Chair Green and unanimously adopted.

Mr. Pappalardo advised that the Board passed a Resolution for a lease amendment for former boathouses W-11, 12 and 13, which was accepted and signed by the president of lessee (Fairview Realty). The amendment allowed reconstruction of improvements be extended until December 1, 2015. Prior to that amendment there was an obligation to restore the boathouses by December 1, 2014. Fairview Realty has been attempting to transfer the sites and the Authority was informed that Myrna Davis had an interest in these three sites. Fairview Realty is willing to transfer the lease on the three former boathouse sites to Mrs. Davis for the sum of \$1.00. Mrs. Davis would then assume obligations under that lease. Fairview Realty has been the lessee for many years. The boathouses are in poor condition and in 2013 Fairview requested and was allowed to demolish and rebuild the improvements. A lease amendment was agreed to and lessee was required to demolish and provide new buildings on the site. The first target date was missed, which was extended. The date was recently extended a second time until December 1, 2015. The COO advised that Fairview Realty has been paying the lease. Negotiations to turn the boathouses over to Mrs. Davis have been ongoing since Thanksgiving. Capt. White advised that the boathouses were demolished with the intent to rebuild, but boats have gotten bigger and do not fit in the boathouses.

Mr. Pappalardo advised that parties have agreed under the purchase agreement to transfer for the total consideration of \$1.00, and both parties will sign affidavits. Mrs. Davis would then acquire the properties. Development potential and parameters could be discussed when Mrs. Davis takes over the lease on the three boathouses. It is recommended that the transfer be approved and the new owner submit plans and specs to the Authority's architect for improvements on the three boathouse sites. Comm. Higgins recommended that the plans be approved by Authority's architect by Dec. 1, 2015.

Chair Green moved to approve the transfer of boathouses W-11, 12 and 13 from Fairview Realty to Myrna Davis with the caveat that Mrs. Davis submit plans, specs and estimated construction costs on each boathouses to the Authority's architect for approval by December 1, 2015, seconded by Comm. Hugel and unanimously adopted.

OLD BUSINESS

1) Discussion regarding Contractual insurances expiring 7/1/2015 per schedule (insurance)

Insurance Chair Hugel addressed a spreadsheet and two packages from Eagan Insurance Agency for property and casualty coverages.

Tim Avegno, Eagan Insurance, noted that most insurance coverages expire on July 1, 2015; except flood coverages which are listed at the bottom. Copies of proposals were provided and give more detail. Summaries were given for the coming year starting July 1, 2015 as compared to the past year. There is an 15-18% increase in premiums. Options were provided in the proposals and there is a waiver from the Insurance Commissioner's Office accepting the terms and conditions on the prior year's policies. That is necessary in the event of a named storm declared a disaster by FEMA. There is a \$20 million limit for named storms, which has also been approved. Not every named storm is declared a FEMA disaster so the question becomes if you buy more coverage for a named storm. Options regarding named storms and deductibles were discussed.

After discussion of insurance the following motions were passed:

Chair Hugel offered a motion for approval to increase general liability insurance to \$30 million, seconded by Comm. Baudy and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase fuel farm insurance, seconded by Comm. Higgins and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase general liability insurance, seconded by Comm. Fierke and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase marina general liability insurance, seconded by Comm. Fierke and unanimously adopted.

Comm. Fierke offered a motion to cancel all automobile liability policies so renewal will align with all other insurances on July 1, 2015 and to accept the new premium for liability coverage starting on July 1, 2015, seconded by Comm. Baudy and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase airport liability insurance, seconded by Comm. Higgins and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase Worker's Comp insurance, seconded by Comm. Higgins and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase Directors and Officer's insurance, seconded by Comm. Baudy and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase automobile liability insurance, seconded by Comm. Fierke and unanimously adopted.

Comm. Hugel offered a motion for approval to purchase airport liability insurance, seconded by Comm. Higgins and unanimously adopted.

Commercial Real Estate Chair Green requested that the spreadsheet be updated for the Board meeting.

ANNOUNCE NEXT COMMERCIAL REAL ESTATE COMMITTEE MEETING

Chairman Green announced that the next Commercial Real Estate Committee meeting is scheduled for Thursday, July 9, 2015 at 1:30 p.m.

ANNOUNCE NEXT INSURANCE COMMITTEE MEETING

Chairman Hugel announced that the next Insurance Committee meeting will be scheduled upon request.

ADJOURNMENT

Comm. Fierke offered a motion to Adjourn, seconded by Comm. Baudy and unanimously adopted. The meeting adjourned at 3:09 p.m.