

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
Minutes of the Commercial Real Estate Committee Meeting
Tuesday October 13, 2015 – 12:00 P.M.

The regular meeting of the Commercial Real Estate Committee of the Non-Flood Protection Asset Management Authority was held on Tuesday, October 13, 2015 at 12:00 p.m., in the 6920 Franklin Ave., 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 12:14 p.m. and led in the pledge of allegiance.

The roll was called which constituted a quorum.

Present:

Chairman Eugene Green
Comm. Glenn Higgins
Comm. Leila Eames

Staff:

Cornelia Ullmann – Chief Operating Officer
Sharon Martiny – Administrative Assistant
Charles Dixon – Marina Director

Also Present:

Al Pappalardo – Real Estate Consultant
Jim Martin – DEI
Erin Rotolo – Re-Max
Tom White – Fairview Realty
Mrs. Myrna Davis

Adopt Agenda

Comm. Eames moved to adopt the Agenda, seconded by Comm. Richard. Motion passed.

Approval of Prior Minutes

Comm. Higgins moved to approve the August 2015 minutes, seconded by Comm. Motion passed. Comm. Higgins moved to approve the September 2015 Joint Marina/Commercial Real Estate Committee minutes, seconded by Comm. Eames. Motion passed.

Old Business

1) Discussion regarding boathouses on West Roadway

Mr. Pappalardo advised that boathouses W-19 and W-20 will be demolished via a resolution which was passed to authorize an emergency contract be signed for demolition. The contractor is awaiting the required permits and the Coast Guard will be put on notice. Boathouses W-15 and 16 are in very poor condition and should be demolished as those boathouses have not been occupied or repaired since Katrina. Boathouses W-11, 12 and 13 were demolished two years ago and the lessee is in the process of transferring that lease to another party who will rebuild. The Authority adopted resolutions to allow for that transfer and for new construction to begin at the end of this year.

Mrs. Davis represented that she has been unable to obtain insurance for W-11, 12 and 13 because there is no structure on the premises, and requested to move forward with obtaining a lease on Boathouse N-16. The insurance agent advised if coverage was purchased on an existing structure, it would not be as difficult to obtain insurance for W-11, 12 and 13. Deep South examined the structure of W-16 on water and Davy Shoring examined the structure on land. Ms. Davis related that W-16 is a sound structure, but needs gutting and renovation.

The COO advised that Boathouse W-14 is leased by Whitney. At the request of Fairview Realty, a resolution was passed to permit the transfer of Boathouses W-11, 12 and 13 from Fairview Realty to Tekie-Kai Holdings, Inc., subject to certain deadlines for architectural plans and plan approvals. A resolution was also passed for Boathouses W-14 (Whitney requested transfer), 15 and 16 (NFPAMA controls these leases), but is now expired. Mrs. Davis advised that plans would be submitted in December 2015 as the architect is currently working on those plans. Chair Green suggested addressing the insurance issue to move forward with Boathouses W-11, 12 and 13 which would give the Authority the opportunity to develop three vacant boathouses, especially as those boathouses are owned by one party (Fairview), unlike W-14 which required Whitney Bank and W-15 which has a tax lien. Whitney Bank may have an active agreement with another party to purchase on Boathouse W-14. It is Whitney's decision to request to transfer the lease Boathouse W-14 and that is not within the Authority's control.

Chair Green advised that the Authority recommends demolition of Boathouses W-19 and 20, and recommended staff meet with owners of Boathouses W-17 and 18 due to possible issues arising out of the demolition of the adjacent boathouses. W-15 and 16 are apparently in poor condition, and the Authority has an opportunity to develop W-15 through 20. Personally, the Chair expressed that he was not in favor of the Authority moving forward on W-16 until demolition and potential buy out of other boathouses has been solved. Boathouses W-11, 12 and 13 are on the table due to the Authority's obligation to Fairview Realty as they requested those boathouses be transferred to Tekie-Kai Holdings (Ms. Davis' company). The Chair requested that Ms. Davis' insurance agent put in writing her concerns. The COO and Real Estate Consultant are requested to determine how to resolve issues and allow Mrs. Davis to move forward with development of W-11, 12 and 13, which could have long term benefits. Insurance issues should be rectified before addressing Boathouse W-16. The Authority will make available to Mrs. Davis Boathouses W-11, 12 and 13 subject to plans being delivered to the Authority's architect and approved at the deadlines previously requested, which shows the ability to move forward. Mrs. Davis noted that the cost to rebuild W-11, 12 and 13 is approximately \$550,000.

Mr. White advised that all papers were signed for Mrs. Davis to assume the lease, but Mrs. Davis must first purchase insurance before the lease is transferred by the Authority. Fairview Realty has paid the lease since November of 2014, but has recently come to a stumbling block over insurance issues with Mrs. Davis.

Mrs. Davis added that obtaining the insurance policy is not an issue; the \$1 million/\$3 million is the issue. The COO suggested meeting with the insurance agent to determine what the requirements are to obtain the insurance for Mrs. Davis. Chair Green noted for the record that the Authority would employ the services of the insurance agent of record to assist with the insurance and requested the insurance company provide a written document stating what is required to obtain the insurance.

2) South Shore Harbor update on "The Landing Fest"

Marina Director Chuck Dixon advised that the Landing Festival producer went above and beyond what was asked of them. Crowds were not as good as anticipated due to adverse weather. The South Shore Harbor leasehold grounds were cleared of approximately 10 dumpsters full of debris and greenery. Marina promenade lights have been retrofitted and the new lighting should reduce costs for electricity. All parking lot lights work. The entire concrete surface was pressure washed and painted. A welder mended fencing that was broken during Katrina and all trim was painted. The COO noted that Lakefront Airport also received revenue from a separate parking agreement. Security was effective and no complaints were received from marina tenants.

New Business

3) Discussion regarding request to transfer Boathouse N-30

Mr. Pappalardo informed the committee that a request to transfer Boathouse N-30 (320 S. Roadway) was received. An offer has been made along with the acceptance and all appears to be in order to transfer this boathouse lease. The amount of the transfer is \$110,000 and the Authority will receive a transfer fee in the amount of \$8,800. The sellers are Jay and Cheryl Pittman and the buyer is Mr. Harry Barkerding.

Comm. Eames moved to approve the transfer Boathouse N-30, second by Comm. Higgins. Motion passed.

4) Discussion regarding priorities for BP settlement funds

Comm. Higgins noted that the Marina Committee had a bathymetric survey performed at South Shore Harbor and Orleans Marina to determine the level of silt in those areas and the need for de-silting. Additional slips are needed on the New Basin Canal, and repair work on docks must be completed.

Comm. Green requested South Shore Harbor parking lot be striped and high power lines be installed to accommodate larger yachts.

5) Discussion regarding Capital Outlay requests

Chair Green noted the Capital Outlay Resolution includes repairs to the Lake Vista Community Center, as well as utilities brought to the North Peninsula which is a part of the South Shore Harbor development. Mr. Dixon advised that high power is needed for big yachts at South Shore Harbor Marina. The request was made to FEMA after Katrina, but FEMA advised it could not because as utilities were not there pre-storm. Larger cable down must be in place for larger 90-foot yachts. Due to recent developments, South Shore Harbor will soon become a destination, not just a marina and it can be expected that more transient accommodations will be requested. Larger slips in South Shore Harbor Marina will cost approximately \$100,000. Chair Green noted that larger slips would be a potential revenue generator and would enhance the profile of the Harbor. People in this area are moving to larger boats.

Mr. Dixon advised that the North Peninsula should be raised 16 feet to provide additional flood protection to the Marina. Raising the Peninsula would also attract boats into South Shore Harbor Marina as tenants would feel more secure. The Peninsula is like a levee, built to withstand winds and wave action from Lake Pontchartrain. The North Peninsula of South Shore Harbor Marina is not a wall; it is currently 12 feet high.

The COO noted that the Capital Outlay Request included \$15 million for installation of utilities to the Peninsula. Mr. Dixon advised that FEMA originally allotted \$690,000 to raise the Peninsula. More dirt was placed on the Peninsula and surpassed the \$690,000 FEMA budgeted. The dirt came from capping the seawall and O.L.D. paid to move the dirt from Lakeshore Dr. to the Peninsula. FEMA is of the opinion that the Authority received the fill for free and the only potential costs might be transportation costs to move the fill. Comm. Green requested \$630,000 to raise the Peninsula. This will be treated as a Commercial Real Estate request.

Commercial Real Estate Capital Outlay requests are: funding for repairs to Lake Vista Community Center, funding to deliver power to the Peninsula, and funding for demolition of the police station. To date, Comm. Heaton received \$1 million in matching funds from O.L.D. and a \$1 million line of credit for the police station.

6) Discussion regarding North Peninsula

Mr. Pappalardo noted that the North Peninsula was built at the same time as South Shore Harbor Marina with the intent to include various commercial properties, hotels and commercial buildings, along with a corresponding network of finger piers. South Shore Harbor came on stream in 1987 and did not take off

as expected. Riverboat gaming arrived in the 1980's and South Shore Harbor hosted the first gaming boat in Louisiana (Star Casino). The majority of the development over land was out of commerce at that time. The cost to bring utilities to the North Peninsula (\$15 million) has been a major stumbling block to any major developer looking at the site. Katrina brought new FEMA guidelines with respect to elevation of structures in V-zones (velocity zones) outside of flood protection. There are parties interested in developing the Peninsula (16.7 acres). One concern is how to develop the Peninsula. It is crucial the landowner get the right infrastructure to service the Point. The first major event was held at South Shore Harbor this past September and the Authority hopes to build on that with the respondent for the long-term lease. With improvements and money for the utility infrastructure, the Peninsula would be a marketable site. Chair Green noted that the Peninsula is a potential development that can enhance South Shore Harbor and the future concert venue.

7) Update on Lake Vista Community Center

The COO advised that Bell Roofing provided a roof report and the roof is in serviceable condition. Core testing will include estimates for repair. Plumbers do not see drainage or leaking issues that would cause sinkage. Jim Martin (DEI) advised that cores will be drilled in several spots outside and in the suite to determine how much of a gap is between the soil and the slab and if the soil is good. DEI will obtain the services of a surveyor to take elevations. There are also structural issues. All services will be put together and a report will be prepared.

Announce Next Meeting

Chairman Green announced that the next Commercial Real Estate Committee meeting is scheduled for Thursday, November 5, 2015 at 1:30 p.m.

Adjournment

Comm. Eames offered a motion to Adjourn, seconded by Comm. Higgins and unanimously adopted. The meeting adjourned at 1:37 p.m.