

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE
JOINT COMMERCIAL REAL ESTATE / LEGAL COMMITTEE MEETING
THURSDAY AUGUST 4, 2016 – 1:30 P.M.**

The joint meeting of the Commercial Real Estate / Legal Committees of the Non-Flood Asset Protection Management Authority was held on Thursday, August 4, 2016 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.

Chair Green called the meeting to order at 1:43 p.m. and led in the Pledge of Allegance.

The roll was called which constituted a quorum.

Present (CRE):

Chair Eugene Green
Comm. Leila Eames

Absent:

Comm. Glenn Higgins

Present (Legal):

Chair Thomas Fierke
Comm. Leila Eames
Comm. Anthony Richard

Staff:

Ken Schwingshagl – Executive Director
Sharon Martiny – Administrative Assistant

Also Present:

Al Pappalardo – Real Estate Consultant
William Hall – Lighthouse Harbor Condo Assn.
Ed Gernon - Lighthouse Harbor Condo Assn.
Octave Rainey – Lake Willow Resident
Bob Tucker - Lighthouse Harbor Condo Assn.
Cliff Robinson – NOLA East

Adopt Agenda

Legal Chair Fierke moved to adopt the Agenda, second by Comm. Eames. Motion passed.

Approve Minutes

Comm. Eames moved to approve the July 2016 Commercial Real Estate meeting minutes, second by Chair Green. Motion passed. Comm. Eames moved to approve the June 2016 Legal Committee meeting minutes, second by Comm. Richard. Motion passed.

Presentations

None.

Old Business

1) Discussion regarding request by Edward Gernon for a lease extension for Lighthouse Harbor Condominiums

The E.D. advised of a letter received by Mr. Gernon requesting a meeting to negotiate the Lighthouse Condominium lease for additional time and for a change in the 20% CPI increase, as Mr. Gernon feels that amount is unreasonable.

William Hall (owner of Lighthouse Harbor Condos) noted that tenants are pleased with the many improvements along New Basin Canal and the addition of several new restaurants including the Blue Crab and Brisbi's. Mr. Hill advised that the lease for

Lighthouse Harbor was negotiated in the 1980's. At that time inflation was high, which resulted in the 20% CPI escalation clause. Other leases along New Basin Canal have a more reasonable CPI adjustment rate. It is Lighthouse Harbor's desire to control rising rental rates and keep the community viable in the future. The request of Lighthouse Harbor is to amend the lease so it is similar to other condominium leases along New Basin Canal and for a 15 year extension of that lease. There are 41 units in Lighthouse Harbor with prices ranging from \$320,000 (2 bedroom condo.) to \$400,000 (3 bedroom condo).

Al Pappalado, Real Estate Consultant, advised that the Lighthouse Harbor CPI rate is the common rate used at that time on all leases, and is three times higher than other tenants along the New Basin Canal. The long-term land lease was given in the 1980's, and was the result of improvements to the land. If the 20% increase is implemented in October, Lighthouse Harbor will be paying the highest rent of all tenants on the New Basin Canal: \$3.44 per square foot. Reducing the lease may require a legal opinion as per the Louisiana Constitution the Authority cannot give away anything of value. The lease is 40 years old and may require review by the Authority to ensure that the current insurance requirements are included.

Comm. Richard added that the Authority should seek legal advice and honor the tenant's request to the fullest to address the tenant's challenge in the near future. Comm. Fierke noted that the CPI increase would amount to a \$50 per month increase among all tenants. The lease is valid. The E.D. added that the 15 year lease extension was agreed to by Lighthouse Harbor and the lease was signed in 2001.

Chair Green advised that the Committee is not prepared to make a vote at this time due to concerns regarding current FEMA insurance requirements that may not be included in the lease. The matter will be deferred until September to give staff time to review the issue. Representatives of Lighthouse Harbor are invited to the meeting to further discuss future options.

2) Discussion regarding request by Jonathan Brisbi (Brisbi's Restaurant) regarding overflow parking area

The E.D. advised that Jonathan Brisbi (Brisbi's) is requesting the use of a certain parcel of land on New Basin Canal for overflow parking. The area would not be specifically intended for restaurant customers. The general public would be allowed use of the parking spaces. The parcel is 22,000 square feet on ½ acres of land. Junius Ship Shape is currently utilizing the area as it allows ingress and egress for current slip tenants. Mr. Pappalardo advised that converting this parcel to a parking lot at this time is not advisable as this area gives the Authority some flexibility with the RFP that was recently advertised for Parcel K (Grassy Knoll Area).

3) Discussion and review of survey of the Grassy Knoll area

The E.D. advised that the preliminary survey was received. There are issues that must be resolved involving a survey produced by Peninsula Condominiums that show two areas that Peninsula Condominium is claiming belongs to the Condominiums. The areas are not dedicated and that issue must be resolved. The current surveyor found nothing in the records regarding these two areas. The parcel was improved in the 1970's, and at that time the Authority was collecting rent for that parcel of land. This is an informational item. After the final survey is received and the issue is resolved, an RFP will be advertised for future development of the parcel.

4) Update regarding Lincoln Beach

Chair Green advised that currently there is no vehicular access to Lincoln Beach. Gerry Gillen (Flood Authority) advised that the floodgate can be moved, but there are issues with flooding in that area. There is currently no means to pump out flood water from the area. Lincoln Beach cannot be used as a boat launch due to the current configuration. Chair Green advised that the Authority will work closely with the City of New Orleans, and possibly enter into a Cooperative Endeavor Agreement to determine future possibilities for use of the Lincoln Beach site. Future access to the site should not be

an issue. Several parties have expressed an interest in submitting a proposal for development of that site.

5) Discussion regarding Capital Outlay requests

The E.D. advised that Capital Outlay requests are due by November 1, 2016. Each Committee will submit their request, which will be prioritized and later approved by the Board for submittal to the State.

New Business

None.

Executive Session

Gerard Metzger, Legal Counsel, advised that the Executive Session issues qualify for discussion in executive Session. Comm. Fierke offered a motion to enter into Executive Session, second by Comm. Richard. After a unanimous roll call vote, the Committees entered into Executive Session. The following items were up for discussion.

- 1) Discussion regarding Boathouse N-41 (Mary Salzar)
- 2) Discussion regarding Boathouses N-11, 212 & 13 (Fairview Realty)
- 3) *Richard Rubin v. NFPAMA, et al*
CDC No. 16-7682 Division "E-16"

After exiting Executive Session, Chair Fierke advised that no action was taken nor were any votes taken.

Announcement of Next Meeting

Chair Green announced that the next Commercial Real Estate Committee meeting is scheduled for Thursday September 1, 2016 at 1:30 p.m.

Chair Fierke announced that the next Legal Real Estate Committee meeting is scheduled for Thursday September 1, 2016 at 2:30 p.m.

Adjournment

Comm. Eames moved to adjourn, second by Comm. Richard. Motion passed.
The meeting ended at 2:55 p.m.