

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
Minutes of the Joint Commercial Real Estate / Legal Committee Meeting
Tuesday May 10, 2016 – 2:30 p.m.

The joint meeting of the Commercial Real Estate and Legal Committees of the Non-Flood Protection Asset Management Authority was held on Tuesday, May 10, 2016 at 2:30 p.m., in the 2nd Floor of the Lake Vista Community Center located at 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 2:44 p.m. and led in the pledge of allegiance. The roll was called which constituted a quorum.

Present – Commercial Real Estate:

Chair Eugene Green
Comm. Leila Eames
Comm. Glenn Higgins

Present – Legal:

Chair Thomas Fierke
Comm. Leila Eames
Comm. Anthony Richard

Staff:

K.J. Schwingshaki – Executive Director
Sharon Martiny – Administrative Assistant

Also Present:

Al Pappalardo – Real Estate Consultant
Gerry Metzger – Legal Counsel
Jim Martin – DEI

Adopt Agenda

Comm. Fierke offered a motion to Amend the Agenda by deleting New Business Item No. 5 and to move all Old Business items and New Business Item No. 3 above Executive Session, seconded by Comm. Richard. Motion passed.

Approval of Prior Minutes

Comm. Higgins offered a motion to approve the April 6, 2016 Commercial Real Estate Committee minutes, second by Comm. Richard. Motion passed.

Comm. Richard offered a motion to approve the April 6, 2016 Legal Committee minutes, second by Comm. Higgins. Motion passed.

Executive Session

Discussion of options and strategies regarding legal issues and actions involving Orleans Marina Boathouse tenants W-2 through W-20

Discussion regarding Jose Garcia settlement – Boathouse W-21

Discussion regarding status of Mary Salzar – Boathouse N-41

Old Business

1) Discussion regarding amending By-Laws to change Board meetings to the fourth Thursday each month

Mr. Metzger advised that notice must be given 20 days prior to the meeting regarding the revisions. Amending the By-Laws requires a 2/3 vote. Notices were sent out on April 25, 2016 and the item was placed on the Agenda. Comm. Fierke moved to recommend to the Board to amend the By-Laws to change Board meetings to the fourth Thursday each month, second by Comm. Richard. The item will be placed on the May Board Agenda.

2) Update regarding Lake Vista Community Center building report

The E.D. advised that a link to view the extensive report was furnished to the CRE Committee members. Three separate studies were done: 1) Overall condition, including subsidence and floor 2) Roof, and 3) Core to view the soil beneath the sinking floor. Recommendations regarding repairs and costs were included in the report. Jim Martin (DEI) advised that the major systems of the building are in satisfactory condition. The building is serviceable and not in any danger. There are roof issues that need to be addressed, some may be under warranty. Eustis did a core in suites showing extreme differential settlement. The cost to fix the floor is six figures. Sidewalks have settled dramatically compared to outer walls. Various portions of inner floors have settled at odd angles indicating a connection to the grade beams around the outside, but not a firm connection. The floor on the east side is very unlevel, but not structurally bad. Minor issues include a window that needs replacement. Parking lot issues are due to sub surface plumbing/drainage problems. The drain lines could be videoed to determine underlying issues. There has been no severe flooding around the site, but there is erosion of the sub surface parking lot causing the concrete to have differential settlement. The vertical crack in the bricks is aesthetic. For the record, the building appears to be structurally sound. No invasive inspection was performed. I defer all liability questions regarding uneven concrete and the parking lot to the Authority's legal counsel. Liability issues regarding the parking are not as concerning as liability issues with the sidewalk, which has major deflection. DEI engineers found that reclaimed area from Robt. E. Lee north is not consistent. There are pockets of trees and pockets of organics, which make it possible that some spots on the eastern side of the building have garbage material in those pockets.

The E.D. recommended that no repairs be made. The roof should be repaired as needed. The foundation is not bad compared to conditions in other parts of the City. No money should be spent leveling the foundation as long as the structure is safe. Cosmetic work such as paint and carpet should be completed to attract additional tenants. Suite 6513 could be used as the workshop for new maintenance personnel, who will be tasked with repairing the suite and removing the decorative bricks that have cracked. Suite 6521 has shared electrical and wiring that must be addressed before it is leased. Three options regarding the floors are: 1) Total excavation and re-pour the floor (Suites 6513 and 6521) - \$410,000; 2) Slab leveling via foam injection (\$160,000) or 3) Self-leveling underlayment – recommended - poured on top of the existing floor (\$37,000). The total cost to repair the roof (replaced in 2003) is approximately \$60,000. The investigation/coring of the roof by David A. Bell - Bell Roofing Co. may have voided the warranty. This work should have been done under the direction of Soprema. Comm. Higgins recommended that any roof repairs be done under the supervision of Soprema as to not risk voiding the warranty.

Mr. Martin advised that DEI was authorized to do this work. Former administration requested DEI not participate in certain areas of the testing to save on subcontractor's fees. DEI was not part of the roofing core work, just to review the report after the core was performed. Suite 6513 has architectural features such as the façade that can be removed to ensure the safety of personnel utilizing and repairing the suite. Al Pappalardo, Real Estate Consultant, recommended Suite 6521 be used for storage due to liability issues with the floor, and Comm. Eames agreed. Maintenance personnel can use Suite 6513 and determine if the floors in Suite 6521 can be leveled. Over time the combined HVAC and electric (Suites 6519 & 6521) can be separated. Suites 6513 & 6521 were the only suites investigated as both are vacant.

Comm. Green suggested a motion including the projects that need to be completed along with the funds being made available. The repairs to the Community Center originated from available funds from FEMA in the amount of \$350,000 for the Walter Wedell that was not rebuilt. DEI was allowed 10% to

provide recommendation and priorities regarding the necessary repairs. Comm. Richard moved to recommend to the full Board that maintenance use Suite 6513 as a workshop, second by Comm. Eames.

Comm. Green recommended that Suite 6521 is the far eastern suite in need of repair due to unacceptable floor grading and recommended to use this suite as a storage area. Chair Green moved to recommend to the Board that staff provide a report in approximately six months advising of the approximate cost to make 6521 rentable, second by Comm. Fierke. Comm. Eames opposed the motion. Mr. Pappalardo suggested the suite be examined to determine if the utilities can be separated. If the suite can be put into a configuration that is market acceptable, the floor can be leveled and the suite rented. Comm. Fierke noted that this was an informational item to the Board that the Joint Committee recommended staff be given six months to provide a plan outlining the renovation of Suite 6521.

New Business

3) Status of Landry's appraisal

The E.D. advised that Landry's 10-year appraisal was in December 2015, and Landry's has appointed their appraiser. Landry's lease requires a joint appraisal be provided every 10 years. The Authority has appointed Jeffrey Lutz to appraise Landry's. Landry's has appointed Park, McHenry to do their appraisal. Appraisals are due 30 days from April 25, 2016. If the appraisals are not within 10%, a third party appraiser will be required to provide a value. The new lease rate will be based on the appraised value of Landry's. Current rent is \$181,500 annually, and the last appraisal was completed in 2005. It is not guaranteed that the appraisal will go up. Mr. Pappalardo advised that the 2005 appraisal resulted in an increase of value. Landry's sued post-Katrina and fought the appraised value. The CDC judge agreed and ordered Landry's be reappraised and decreased due to Hurricane Katrina.

Comm. Richard offered a motion to proceed into Executive Session, second by Comm. Eames. A unanimous roll call vote was taken.

4) Motion to approve settlement with Jose Garcia regarding Boathouse W-21

5) Motion to approve settlement with Mary Salzar regarding Boathouse N-41

Upon exiting Executive Session, Chair Fierke advised that no votes or action was taken regarding any item discussed in Executive Session.

Announce Next Commercial Real Estate Committee Meeting

Chairman Green announced that the next Commercial Real Estate Committee meeting is scheduled for Thursday, May 5, 2016 at 1:30 p.m.

Announce Next Legal Committee Meeting

Chairman Green announced that the next Legal Committee meeting is scheduled for Thursday, May 5, 2016 at 2:30 p.m.

Adjournment

Comm. Eames offered a motion to Adjourn, seconded by Comm. Green and unanimously adopted. The meeting adjourned at 2:01 p.m.