

**MINUTES OF
LAKEFRONT MANAGEMENT AUTHORITY
JOINT COMMERCIAL REAL ESTATE AND LEGAL COMMITTEE MEETING
HELD ON THURSDAY, AUGUST 22, 2019**

PRESENT (CRE): Chair Leila Eames
Commissioner Roy Arrigo
Commissioner Wilma Heaton
Commissioner Robert Watters
Commissioner Paul Pablovich

PRESENT (LEGAL): Chair Robert Watters
Commissioner Roy Arrigo
Commissioner Thomas Fierke

ABSENT (LEGAL): Vice Chair Stanley Cohn
Commissioner Esmond Carr

STAFF: Louis Capo – Executive Director
Sarion Granger – Human Resources Analyst A

ALSO, PRESENT: Gerry Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant, P.C.I.
Jay Ginsberg – Counsel
Mike O’Connor – Vice President of Mississippi River Bank
Mike Bush – President of Mississippi River Bank
Michael Mayer – MG Mayer
Matthew Sharpe – Attorney for the New Orleans Saints
Chais Sweat – President of Lakeshore Homeowners Association
Jonathan Brisbi – Member of Brisbi Development
Matt Miller – B.H.B.M.
George Brisbi – Member of Brisbi Development
Joudon Brimr – Schuberts Marine
Nick Asprodites – Blue Crab
Tom Long – T.L.C.C.
Steven Messicot – Owner of Messicot Group
Bob Tusa – Banker from Homebank
David Halpern – Blue Crab
Joseph Riccobono – Owner of Sala Nola

The Joint Meeting of the Commercial Real Estate and Legal Committee of the Lakefront Management Authority met on Thursday, August 22, 2019, in the Lakefront Airport Terminal Building, 2nd Floor Conference Center, 6001 Stars and Stripes Blvd., New Orleans, Louisiana.

Commissioner Watters called the meeting to order at 2:35 p.m.

Opening Comments: None

Adoption of Agenda:

A motion was offered by Commissioner Fierke, seconded by Commissioner Arrigo, and unanimously adopted, to adopt the agenda.

Public Comments:

Commissioner Waters deferred the public comments until the Committee's discussion of the items.

New Business:

- 1) **Motion to recommend approval of settlement negotiated by the Attorney General's Office of the claim against Mary Salzer for reimbursement of demolition costs for Orleans Marina Boathouse N-41 (LEGAL):**

Louis Capo, Executive Director, advised that the lease states that the tenants are responsible for the cost of demolition. He explained that Mary Salzer offered \$11,290.50, which is approximately one-half of the allocated cost of demolition of the Orleans Marina Boathouse N-41. Mr. Metzger and Mr. Capo countered the offer and Ms. Slazer offered \$16,000 (cash). The Attorney General's Office is recommending the approval because Ms. Salzer is retiring soon, and they don't believe that forceful action through garnishment or seizure of property is a viable option. Mr. Metzger stated that the staff recommends accepting the approval of the settlement.

- A motion was offered by Commissioner Fierke, seconded by Commissioner Arrigo, and unanimously adopted, for the Committee to approve the settlement negotiated by the Attorney General's Office of the claim against Mary Salzer for reimbursement of demolition costs for Orleans Marina Boathouse N-41.

2) **Discussion of the lease with Westend Resources, Inc., D/B/A Mayer's Yacht Services (LEGAL):**

Gerry Metzger, Legal Counsel, advised that the Westend Resources, Inc. has a lease that includes five, five-year renewal options. The last lease was signed on July 10, 2009 for a five-year renewal option until June 2014. The renewal option had to be exercised by written notice at least 90 days prior to the renewal date of April 1, 2019. He explained that the last renewal option wasn't exercised, so the lease expired on April 1st.

Commissioner Fierke asked when they noticed that the lease wasn't renewed. Mr. Metzger responded that he met with Mr. Mayer in May and was unaware that he had failed to renew the lease. He stated that this issue was placed on the agenda because Mr. Mayer and the Bank's attorney wanted to approach the Board and request waiving the renewal notice requirement.

- Mike Mayer, Mayer Inc, apologized to the Committee and accepted fault for his poor judgement. Mr. Mayer explained that his core customer base dwindled, which resulted in the crumbling of his business. He stated that he has been speaking with a company about coming in and buying part of Mayer, and they will operate the business together. Mr. Mayer explained that he hasn't presented this idea to the Board yet, because the company hasn't put up any money yet. He advised that he is confident that he can take care of the short-term needs, and he believes that the Bank will support him. Mr. Mayer suggested a twelve-month arraignment that allows him to get all his business affairs sorted out. Commissioner Pablovich asked whether Mr. Mayer can make his delinquency current and provide some assurance to the Committee that he can meet a twelve to twenty-four-month obligation. Mr. Mayer assured that he could.
- Mike Bush, President of Mississippi River Bank, advised that the money that was given to the Lakefront Management Authority was raised by the bank. He explained that a lease must be given to a new tenant for the bank to make value of their assets. Commissioner Heaton explained how the Agency has limited funding. There are two possible options; waive the renewal and extend the lease or terminate the lease and allow the property to go back out to public bid. Commissioner Arrigo advised that he is concerned about the precedent that will be established. Al Pappalardo, Real Estate Consultant, recommended that the Agency audit all their businesses and determine the best uses for each individual business. Chair Heaton questioned the insurance liability on the property. Mike O'Connor, Vice President of Mississippi River Bank, responded that the property is uninsured. Mr. Bush explained that the bank has approved the money to pay the insurance, however, the bank wasn't going to pay the insurance or the defaulted interest if the lease wasn't going to be renewed.

- A motion was offered by Commissioner Fierke, seconded by Commissioner Romero, to renegotiate a five-year lease renewal. There were three oppositions. The motion did not carry.
- Commissioner Watters deferred until Board meeting on Thursday, August 29, 2019.

3) **Motion to approve transfer of Orleans Marina boathouse lease W21 (CRE):**

Commissioner Heaton advised that John Testa isn't at fault and she requested a timeline from him of when he could complete the project. Mr. Testa stated that he would file for a building permit subject to plans that were approved by the Board. He advised that his anticipation would be no longer than twelve months for completion from the date of the approved plans and permit. Commissioner Heaton asked if Mr. Testa would accept a condition to this approval that he will have the project completed in fifteen months. Mr. Testa responded that he is comfortable with the twelve months. He commented that he has a construction crew ready to complete the project. He explained that he must meet with the architect to approve the final plans, then he must file for a building permit. From the date that the permit is issued until the date of completion, Mr. Testa's advised that his anticipation is no more than twelve months. He commented that he already has the funding in place and that the architect will be done with plans in seven to ten weeks. Mr. Testa stated that he met with the contractors and their estimate is eight to twelve months without any issues.

- A motion was offered by Commissioner Watters, seconded by Commissioner Arrigo, and unanimously adopted, for the Committee to approve and ratify the transfer of the lease of Orleans Marina Boathouse No. W-21 to John Testa and assignment and subrogation of claims to outstanding rental owed by Jose Garcia to John Testa.

Executive Session:

A motion was offered by Commissioner Fierke, seconded by Commissioner Arrigo and unanimously adopted, for the Committee to convene in Executive Session to discuss a proposed LWCC settlement. The Committee convened in Executive Session at 3:37 PM.

A motion was offered by Commissioner Fierke, seconded by Commissioner Watters and unanimously adopted, for the Committee to return to regular session. The Committee returned to regular session at 3:51 PM.

Commissioner Watters reported that no action was taken during Executive Session.

Old Business:

1) **Discussion regarding assignment and amendment of the Benson dock lease on the New Basin Canal (CRE):**

Public Comments:

- Matthew Sharpe, Attorney for New Orleans Saints, advised that they are requesting an amendment and reassignment of the current lease. He stated that he met with the Authority's staff to discuss any questions about the Brisbi's rental proposal. Mr. Sharpe mentioned that there are approximately five years left on the current leasehold (December 31, 2025).
- Matt Miller, BHBM, stated that they met with the Authority's staff in June to address any concerns that the staff may have. The proposal was submitted on August 08, 2019 with the Saints organization. Mr. Miller explained that the amendment of the lease would be for a 50-year term with an additional extension which will extend the lease to December 31, 2094. He stated that they will pay the 5 years of rent. The construction project is anticipated to be completed in two years from the date of the approval.
- Jonathan Brisbi, BHBM, advised that construction will take fifteen months. He stated that he foresees that the preliminary designs will take about six months prior to that to acquire all of the necessary permits. He believes that they need a combination of eight to ten permits. Commissioner Fierke mentioned that they received complaints from tenants about parking. Mr. Brisbi commented that he acknowledged the parking issue and he is striving to make the parking better. However, he explained that the current parking plans meet the City's requirements.
- Chais Sweat, President of Lakeshore Property Owner's Association, advised that the development group reviewed the plans and they are very much in favor of this proposed development. He commented that they are very sensitive to the parking issue. He explained that building another parking lot isn't going to make much of difference or solve the current parking issue.
- David Halpern, Lake Vista resident, expressed his issue with the idea that two people can shake hands and make a deal about property that is owned and controlled by the Board without giving the public a chance to participate in a bidding process. Mr. Halpern quoted the lease, "that it is to be used for mooring purposes only, and it is not to be used for residential purposes." He explained that what's being proposed is a violation of the lease. He recommended that the property be put out to public bid. Commissioner Arrigo

explained that the Authority can't put a property up for public bid if the property has a current leaseholder. Mr. Halpern commented that he is thrilled that the Authority changed its name to Lakefront Management Authority.

- Chair Heaton stated that she is worried about the precedent that will be set. Commissioner Fierke questioned the possibility of the Saints being paid. Jonathan Brisbi responded that the proposal offers the Saints a reimbursement value of \$87,463 for their improvements that they added to the property.
- Nick Asprodites, owner of Blue Crab Restaurant, stated that he talked to Tom Benson about this property in the past and was told that he wasn't interested. He stated that he is concerned about access for the public, boats, safety issues, and parking. Commissioner Pablovich stated that he doesn't see any foul play from a business standpoint.

2) **Discussion regarding lease with J & J Partners, L.L.C., D/B/A Maison Du Lac:**

Chair Heaton stated that the lease expired on July 31, 2019. She believes that the Authority may end up in court. She suggested that Maison Du Lac return with a proposal for a capital investment to raise the property above base level evaluation and make it more attractive for the area. Commissioner Pablovich requested documentation.

Announcement of next Commercial Real Estate and Legal Committee Meetings:

- 1) **Thursday, September 19, 2019 – 2:30 PM (CRE)**
- 2) **Thursday, September 19, 2019 – 4:30 PM (LEGAL)**

Adjourn:

A motion was offered by Commissioner Arrigo, seconded by Commissioner Watters, and unanimously adopted, to adjourn. The meeting was adjourned at 4:51 PM.