

**MINUTES OF
LAKEFRONT MANAGEMENT AUTHORITY
REGULAR MEETING OF THE COMMERCIAL REAL ESTATE COMMITTEE
HELD ON THURSDAY, AUGUST 26, 2021**

PRESENT: Chair David Francis
Vice Chair Sean Bruno
Commissioner Wilma Heaton

ABSENT: Commissioner Thomas Fierke
Commissioner Bob Romero

STAFF: Louis Capo – Executive Director
Madison Bonaventure – Asst. to the Executive Director/Board Secretary
David Martin– Director of Engineering & Operations

ALSO

PRESENT: Gerard Metzger- Legal Counsel to the LMA
Al Pappalardo– Real Estate Consultant to the LMA
Darren Alcus – Boathouse Lessee
Greg Alcus – Boathouse Lessee
Raven Bailey – Muscular Therapy, LLC
Jordan Brimer – Crescent City Marine Group, LLC/Schubert’s
Michelle Brimer – Crescent City Marine Group, LLC/Schubert’s
Chris Hodgins – Sailboat Bay Apartments
Leo Hodgins – Sailboat Bay Apartments
Ray Landeche – Lakeshore Resident
Tom Long – Lake Vista Resident
Alva See – New Orleans Design Group
Mickey Weiser – Crescent City Marine Group, LLC/Schubert’s

The Regular Meeting of the Commercial Real Estate Committee of the Lakefront Management Authority met on Thursday, August 26, 2021 at the New Orleans Lakefront Airport Terminal Conference Center located at 6001 Stars and Stripes Boulevard, New Orleans, Louisiana, 70126. The Committee met after notice was posted and sent to the public and media.

Chair Francis called the meeting to order at 4:45 P.M. and led in the pledge of allegiance.

Opening Comments: None

Adoption of Agenda:

A motion was offered by Commissioner Bruno, seconded by Commissioner Heaton, and was unanimously approved, to adopt the agenda.

Approval of the Minutes:

A motion was offered by Commissioner Bruno, seconded by Commissioner Heaton to approve the minutes of July 15, 2021.

Public Comment:

Ray Landeche said that Fat Boy's Pizza was planning a development near the Lakeshore subdivision. Mr. Landeche requested that the Lakefront Management Authority review the plans for the development.

Darren Alcus advised the Committee that he was a Boathouse tenant (W-17). He explained that the Boathouse had been in his family since the late 1950s, and the boathouse has been maintained and rent has been paid timely. He was concerned about the condition of his boathouse because its neighbor, which shares a common roof and other elements with his own, was abandoned and was beginning to fail. He informed the Committee that his stepbrother lives in the structure and was concerned for his safety. He asked if there were plans for safe demolition of W-18.

Mr. Metzger reminded the Committee that the Authority was in litigation regarding W-18 because its neighboring boathouse collapsed into it. At the time when the litigation began, it was not known that W-18 was in danger of collapsing or injuring other structures. Mr. Metzger recommended that a structural engineer evaluate the situation.

Commissioner Heaton offered that David Martin, Director of Engineering and Operations, could coordinate with Mr. Alcus to have the site inspected and to discuss the new issue with the Chair of the Legal Committee.

New Business:

- 1) **Motion to recommend a contract with Roofing Solutions, LLC for an amount not-to-exceed \$407,448.00 for the Lake Vista Community Center Roof Renovations (Re-Bid) for Base Bid and Alternate 1.**

A motion was offered by Commissioner Bruno, seconded by Commissioner Heaton, and was unanimously adopted to recommend a contract with Roofing Solutions, LLC for an amount not-to-exceed \$407,448.00 for the Lake Vista Community Center Roof Renovations (Re-Bid) for Base Bid and Alternate 1.

Alva See, of New Orleans Design Group, introduced himself to the Committee. He advised that Roofing Solutions, LLC was the lowest responsible and responsive bidder. He said that the bids were close in price. He advised that materials and labor prices have spiked as a result of COVID-19 and other storm events. He also advised that roofing materials have been difficult to source.

Mr. See recommended approval and offered to answer any questions.

Commissioner Heaton confirmed that the project was accommodated in the capital budget. Director Capo advised that was the case. She thanked Mr. See for working closely with staff.

- 2) **Motion to recommend approval of a lease of Suite 6504 in the Lake Vista Community Center with Muscular Therapy, LLC, for a term of five (5) years, commencing on September 1, 2021, for a monthly rental of \$1,267.91 during the five (5) year term of the lease, with a rent credit of \$634.50 per month over the first forty (40) months of the term of the lease, totaling \$25,380.00, conditioned on repairs and improvements to be made to the leased premises by the lessee within six (6) months of the commencement date of the lease, subject to the prior written approval and final approval after completion of the Director of Operations and Engineering and Executive Director of the Lakefront Management Authority, and under the standard terms and conditions for leases in the Lake Vista Community Center.**

A motion was offered by Commissioner Heaton, seconded by Commissioner Bruno, and was unanimously adopted to recommend approval of a lease of Suite 6504 in the Lake Vista Community Center with Muscular Therapy, LLC, for a term of five (5) years, commencing on September 1, 2021, for a monthly rental of \$1,267.91 during the five (5) year term of the lease, with a rent credit of \$634.50 per month over the first forty (40) months of the term of the lease, totaling \$25,380.00, conditioned on repairs and improvements to be made to the leased premises by the lessee within six (6) months of the commencement date of the lease, subject to the prior written approval and final approval after completion of the Director of Operations and Engineering and Executive Director of the Lakefront Management Authority, and under the standard terms and conditions for leases in the Lake Vista Community Center.

Mr. Metzger advised the Committee that he, Mr. Pappalardo, and staff had been working on the issue for about three months. He advised that he and Mr. Pappalardo found it to be a good opportunity for the rehabilitation of the outdated unit. Mr. Metzger advised that Mr. Pappalardo could advise on how he determined the rent credit rate based on how much the tenant would spend. He acknowledged that this had been done multiple times in the past.

Mr. Pappalardo provided the detail and the rationale for the rent credit.

- 3) **Motion to recommend approval of a lease of Orleans Marina Boathouse Site N-22 with Lyndon J. Saia for a term of five (5) years, commencing on July 1, 2022, with two (2) 5- year options to renew, for an annual rental effective on the commencement date of the lease of \$9,060.48, with CPI adjustments of the annual rental rate during the two option terms, in consideration of the payment of \$12,000.00.**

A motion was offered by Commissioner Bruno, seconded by Commissioner Heaton, and was unanimously adopted to recommend approval of a lease of Orleans Marina Boathouse Site N-22 with Lyndon J. Saia for a term of five (5) years, commencing on July 1, 2022, with two (2) 5-year options to renew, for an annual rental effective on the commencement date of the lease of \$9,060.48, with CPI adjustments of the annual rental rate during the two option terms, in consideration of the payment of \$12,000.00.

Director Capo said that the proposed lease was similar to those which had just been approved by the Board (Mr. Renton and Mr. Candies' leases). He advised that the new lease would begin on July 1, 2022 and would expire on June 30, 2037 making it consistent with the majority of the boathouse leases. As of July 1, 2022 Mr. Saia's annual rent would increase to \$9,060.48 and

would be subject to consumer price index (CPI) increases. Staff and consultants recommend the lease.

Mr. Pappalardo advised that the Board had indeed passed similar leases.

4) Motion to recommend approval of a Lease with Crescent City Marine Group, Inc., for a term of ten years, commencing on September 1, 2021, with two (2) ten-year options to renew, for an annual rental of \$150,125.00, with CPI and appraisal adjustments of the rent during the term of the Lease.

A motion was offered by Commissioner Bruno, seconded by Commissioner Heaton, and was unanimously adopted to recommend approval of a Lease with Crescent City Marine Group, Inc., for a term of ten years, commencing on September 1, 2021, with two (2) ten-year options to renew, for an annual rental of \$150,125.00, with CPI and appraisal adjustments of the rent during the term of the Lease.

Mr. Metzger advised that staff and consultants had been working on the new lease issue the past several months, and the new rental rate was based on the improvements and on the ground of the leased area. He said it was quadruple net lease, and the improvements were reverting by operation of the law except for the underground storage tanks which the tenant was retaining (including liability, maintenance, and insurance).

Commissioner Heaton asked if the tenants were in compliance with environmental requirements regarding the tanks. Director Capo and Mr. Metzger confirmed they were.

5) Motion to recommend approval of an amendment of the Lease with Sailboat Bay Apartments, L.L.C to cancel the Third Amendment to Lease and remove certain property from the leased premises and cancel the obligation of the lessee to pay the rent specified under the Lease for the property removed from the leased premises, with all other terms and conditions of the Lease to remain unchanged and in full force and effect.

A motion was offered by Commissioner Bruno, seconded by Commissioner Heaton, and was unanimously adopted to recommend approval of an amendment of the Lease with Sailboat Bay Apartments, L.L.C to cancel the Third Amendment to Lease and remove certain property from the leased premises and cancel the obligation of the lessee to pay the rent specified under the Lease for the property removed from the leased premises, with all other terms and conditions of the Lease to remain unchanged and in full force and effect.

Director Capo explained that there was an area located in the vicinity of the new slips at Orleans Marina that the amendment would remove from the leased premises. It would allow more convenient access for Orleans Marina tenants, so staff recommended it.

Chair Francis asked if a walkway was already established. Director Capo confirmed there was.

6) **Motion to recommend approval of a Lease of Boathouse W-21 Site, located at Municipal Address 7301 W. Roadway, with John Testa, for development of condominiums, commencing on September 1, 2021, for a term of fifty (50) years, with two additional options to renew, for a maximum lease term of 99 years, for an annual rental of**

Commissioner Heaton made a motion to defer the item. She explained that the lease had several amendments and transfers over the years and based upon legal counsel and the LMA's real estate consultant's recommendation a new lease was proposed. She was advised by them that there was some missing information, and the item would return to the Committee the following month when the item was ready.

The motion was seconded by Commissioner Bruno. All were in favor to defer the item.

7) **Discussion regarding and RFP/Q for the 6701 Stars and Stripes Boulevard site.**

Director Capo showed overhead photographs of the area and described the elements. He advised that the terminal building for the old Bally's casino gaming boat, when built in the late 1980s or early 1990s, was built below base flood elevation (BFE) at 11.5 feet. He indicated that the BFE was 13 feet.

Director Capo and the Committee discussed the portable elements left behind by the former tenants and their possible uses for marina tenants.

He explained that some months back he, Commissioner Robert Watters, RCL Consultants, Mr. Pappalardo and the Director of Engineering and Operations, toured the terminal building and grounds. It was their conclusion that there were some considerable challenges with rehabilitating the terminal building, and demolition of the building should be an option for the developer given the costs and efforts to rehabilitate in the RFP/Q. He discussed the images and issues with the property with the Committee.

Commissioner Heaton said to the Committee that staff needs direction so they and consultants could write an appropriate RFP/Q in order to obtain a developer for the property, and the LMA should work with a developer to seek a project that would be compatible with the market forces, marina operations, and marina tenant needs.

Chair Francis suggested that multiple developers may need to be involved and more information was needed regarding the best use for the property.

Chair Francis and Commissioner Heaton offered that the Committee review relevant materials and make a recommendation to the full Board. They agreed that a standard RFP may not be appropriate.

Chair Francis felt the Committee needed to greater understand the needs of the organization before an RFP was drafted and issued.

Announcement of next Commercial Real Estate Committee Meeting:

- 1) Thursday, September 16, 2021 – 3:30 P.M.

Adjourn:

A motion was offered by Commissioner Bruno, seconded by Commissioner Heaton, and was unanimously adopted to adjourn the meeting. The meeting was adjourned at 5:28 PM.