

**MINUTES OF
LAKEFRONT MANAGEMENT AUTHORITY
REGULAR MEETING OF THE COMMERCIAL REAL ESTATE COMMITTEE
HELD ON THURSDAY, OCTOBER 15, 2020**

PRESENT: Chair Robert Watters
Vice Chair Thomas Fierke
Commissioner David Francis
Commissioner Wilma Heaton
Commissioner Bob Romero (*entered at approximately 2:45 PM
and left at approximately 4:05 PM)

STAFF: Louis Capo – Executive Director
Madison Bonaventure – Assistant to the Executive Director
Daniel Hill – Director of Engineering & Operations

PUBLIC: Gerard Metzger – Legal Counsel to the LMA
David Jefferson “Jeff” Dye– Legal Counsel to the LMA
Al Pappalardo – Real Estate Consultant to the LMA, P.C.I.
Nick Asprodites– Blue Crab
Ken Battles –River Soleil, Inc.
Jordan Brimer- Schubert’s Marine
Jon Brisbi - Brisbi Development
Kerry Cuccia– Boathouse Owner
S. Drouilhet – Boathouse Owner
Todd James – Broadmoor, L.L.C.
Dwight LeBlanc – Boathouse Owner
Steven Massicot – Oceana USA, L.L.C.
Charles Marsala– Self
Rick Mickler –Property Owner Assn.
Faison Morrison– Self
Liz McAlpine – Self
Richard Provensal – Southern Yacht Club
Alva See – New Orleans Design Group
Rick Sinclair – Boathouse Owner
Marian Wallis– Self
Jenny Wang– Boathouse Owner

The Regular Meeting of the Commercial Real Estate Committee of the Lakefront Management Authority met on Thursday, October 15, 2020, in the Lakefront Airport Terminal Building, 2nd Floor Conference Center, 6001 Stars and Stripes Blvd., New Orleans, Louisiana.

Chair Watters called the meeting to order at 2:35 P.M., and Commissioner Fierke led in the pledge of allegiance.

Opening Comments:

None

Adoption of Agenda:

Commissioner Fierke offered a motion to amend item No. 5 under Old Business from “Motion to approve the request to extend the deadlines for permits, approvals, and the completion date for the project under the lease with Oceana USA, L.L.C.” to “motion to **recommend** approval of the request to extend the deadlines for permits, approvals, and the completion date for the project under the lease with Oceana USA, L.L.C.” The motion was seconded by Commissioner Francis and was unanimously approved.

A motion was offered by Commissioner Fierke, seconded by Commissioner Francis, and was unanimously approved, to adopt the agenda as amended.

Commissioner Heaton confirmed with legal counsel that the item would need to be considered by the full Board. Gerard Metzger, Legal Counsel to the LMA, confirmed that was the case.

Approval of the Minutes:

A motion was offered by Commissioner Fierke, seconded by Commissioner Francis, and was unanimously adopted, to approve the minutes.

Director’s Report:

Louis Capo, Executive Director, explained that staff’s items would be covered during the meeting.

Public Comment:

Charles Marsala, of 231-233 N. Roadway, said he recently found out about the proposed high-rise condo development. He said that he did not understand why Oceana USA, L.L.C. should be given an extension on a project that should not be approved. He said that recently floodgates have been closed repeatedly, and he had concerns about the safety ramifications if the density increased in the areas outside of flood protection.

Commissioner Romero entered the meeting.

Kerry Cuccia, of 8106 Breakwater Drive and President of the Boathouse Owners’ Association, said that he met with Steven Massicot of Oceana USA, L.L.C. in August of 2018 at which point he heard the condo development proposal. He said Mr. Massicot said that they had utmost concerns for residents in the area, and there would always be disclosure. Mr. Cuccia said it was his understanding that there would be at least 30-60 days of lead time before the company would come before a regulatory body, but he said he never heard from Mr. Massicot so he assumed they tabled the project. He said he did not know the project was advancing until the Director of Municipal Yacht Harbor found out and told him. He said the stakeholders should know about the project plans well in advance.

The Committee answered Mr. Cuccia by explaining that other stakeholders, such as the Municipal Yacht Harbor, had been kept apprised of the project's progress.

Richard Provensal, of 8654 Pontchartrain Blvd, said he was the commodore of the Southern Yacht Club. He said that he had concerns about the density that the condo development could bring to the area considering the plumbing issues the area has been experiencing. He said he also has concerns about the traffic density as well.

Dwight LeBlanc, of 115 North Roadway, said that he had not been notified by a public body that the project was going to happen, and he was not sure of all the details. He said it was his understanding that the Sewerage and Water Board of New Orleans has attempted to put in water lines. He said he heard that the condo development would have an elevator for vehicles, and he does not understand how the project would be viable. He asked that the LMA consider denying an extension.

The Committee offered to give some background information to the public and expressed their mission to be transparent.

Commissioner Heaton explained the LMA needed smart development because the agency only receives .49 mills which covers only a quarter of its expenses. She said that there are checks and balances in place and permission was granted during public meetings to Oceana USA, L.L.C. to develop the land if they could get proper permits from the City of New Orleans, the Flood Protection Authority, and the U.S. Army Corps of Engineers and any others required for the project. She explained that the Board was not aware of the variances that were needed to gain permits for the project at the time.

Gerard Metzger, Legal Counsel to the LMA, said that the amendment to the lease ratified in 2017 provides that the tenant has 36 months to file applications for the construction permits, and the tenant had a 99-year lease. He said that no official plans have been submitted to the Board for their approval.

Chair Watters asked about the rent rate. Mr. Metzger said that the rent is \$32,000 annually collected quarterly in \$8,000 installments. Mr. Metzger explained that the lease is a ground lease with escalation clauses.

Rick Sinclair, of 119 North Roadway, said that he was representing other boathouse owners in an unofficial capacity. He expressed concerns about parking and traffic density if the development came to fruition.

The Committee discussed the location of the potential development and the approximate size of the parcel (approximately 12,500 square feet) and includes water bottom.

Steven Massicot, a representative of Oceana USA, L.L.C., addressed the Committee. He explained that Mr. Cuccia and himself did meet before, and he informed him that the process was moving slowly. He said it was not his intention to deceive community members. He said that his

firm met with Councilwoman Guidry's office and that his firm is required to go through the Neighborhood Participation Process (NPP) mandated by the City of New Orleans. He said that the NPP required his firm to meet with 10 city representatives in 2018. He said that his firm must also go through the Coastal Use Permitting Process through the U.S. Army Corps of Engineers.

Commissioner Heaton said that the project was also delayed as other governmental agencies questioned the Orleans Levee District's ownership of the parcel and wanted to lay claim to the land.

Mr. Massicot said that the Coastal Use Permit takes approximately 18 months, and other state-level reviews needed to take place. He said that his firm must undergo other city permitting processes including the receipt of a Zoning Determination Letter. He said that the use conforms to the city's zoning, but the proposed structure design does not conform. He said that his firm also went through the city's Design Advisory Committee (DAC). He said all those actions must be taken so they can make an application for construction. He said that other issues that slowed their firm's progress was the city's cyberattack and the COVID-19 pandemic. He said that after the cyberattack, his firm's files were no longer available to the city, so his firm had to resubmit documentation.

He said that the firm has also invested in geotechnical studies and a team of international designers who specialize in waterfront locations. He said the design may be modified to accommodate pandemic concerns.

He stated that the parking capacity of 74 spaces exceeded the minimum required by the code. He said that the current building design includes 52 units. He said that the unit quantity may decrease, but it will not increase. He said that the building is planned to be 5 stories tall.

He said that they could not control the approval process. He said there were 2 commitments they had to make which was to commence the construction application process within 3 years and to complete the project by 2029.

Commissioner Heaton said that residents had to deal with years of construction after Hurricane Katrina, and the new project makes them feel like they will have to deal with construction conditions all over again. She said that the full Board would hear the item.

Mr. Massicot apologized for not earning trust with the community. He said that the approval process requires them to meet with community members before applications can be made. He said he is not asking for the Board to approve the plans for construction but to extend the time frame for permissions due to force majeure items.

Rick Mickler, of 228 Lakeshore Parkway, said that city zoning is in place to be the gate keeper for the community. He said that Oceana USA, L.L.C. has put in a zoning variance request because it was his understanding that the building would be over the height limit.

Jordan Brimer introduced himself to the Committee as one of the owners of Schubert's Marine. He said he wanted to state for the record that his business was interested possibly leasing the site located at 424 South Roadway, formerly leased by West End Resources.

Commissioner Fierke offered a motion to amend the agenda to consider Item No. 5 under Old Business first under the section. Commissioner Francis seconded the motion. The motion was unanimously approved to amend the agenda.

Old Business:

1) Motion to recommend approval the request to extend the deadlines for permits, approvals, and the completion date for the project under the lease with Oceana USA, LLC.

Commissioner Heaton said that the item would be placed on a future full Board agenda for additional discussion.

Chair Watters said that the LMA was a state commission and must pursue the interest of the state and the investment it owns while considering public interest. He said that it is ultimately up to the City Planning Commission to decide if the project is acceptable.

The motion was deferred.

2) Update on Lake Vista Community Center projects and vacancies.

Al Pappalardo, Real Estate Consultant to the LMA, said that Lake Vista Community Center (LVCC) units 6516 and 6504 were available. He said that 6516 was formerly leased to the yoga studio which opted not to renew their lease. He said 6504 is leased to Labbe Construction, who expressed that they would not be renewing their lease in November 2020. He said the units are approximately 1,100 square feet and 900 square feet respectively. Mr. Pappalardo added that there are 16 units in the LVCC.

Commissioner Heaton said that the unit formerly used by OLDPD as an interim police station may be available for leasing if they no longer need the facility, but the LMA would need to consult with them.

Chair Watters asked how the LMA was marketing the units.

Director Capo said that the units have historically been marketed by putting up signs in the vacant units. Chair Watters said the units could be marketed on Zillow or Craigslist cheaply or for free.

Chair Watters asked if the LMA could have real estate agents show the units. Mr. Metzger and Mr. Pappalardo confirmed that the agency does not use real estate agents because it does not pay a commission. Chair Watters asked if the agency was prohibited from paying a commission. Mr.

Pappalardo said it was his understanding that the agency could not. Mr. Metzger said he would confirm.

Daniel Hill, Director of Engineering and Operations, said that the LMA has budgeted about \$300,000 in its capital budget to renovate the LVCC. He said that an assessment was conducted to evaluate 3 priority items for the entire facility:

- ADA compliance
- Fire suppression system
- Roof assessment

He added that while the elevator is in working order, the elevator does require frequent maintenance and will need to be repaired soon.

Mr. Alva See introduced himself to the Committee as the Principal of New Orleans Design Group. He explained that his firm was brought in to look at the issues at the LVCC. He said that the LVCC has a historic value as construction began in 1946. He said the building has community value as a center for commerce at the lakefront. He said his firm considered a life cycle cost and noted that over all the building is in good condition for its age.

Commissioner Heaton said that the LMA has a CEA with the Secretary of State's office to provide an early voting location at the LVCC.

He said that renovations were made in the 1990s to add the elevator to the building but that was the last time substantial renovations were made. Mr. See showed photos and descriptions of the roof's poor condition and recommended that the roof be repaired.

Mr. See said that the roof could be repaired in phases. Mr. See explained that with some remediation the building could be serviceable for years to come.

Commissioner Fierke asked if there were any special considerations for the building's renovation due to its age and historic value. Mr. See responded that the building may not be registered as a landmark. He said he was unsure if the agency would be eligible for tax credits. Mr. See recommended that the LMA's attorney look into the issue.

Commissioner Romero inquired if grant money was available for the building. Mr. See said there may be federal grant moneys available. Commissioner Romero left the meeting.

3) Update on vacant parcels available for development on W. Roadway.

Director Capo said that there were 8 parcels (approximately 19,000 square feet) available for development. He said that an RFP was issued a few years ago but did not yield interested parties.

Chair Watters expressed that development may be a challenge in the current climate.

Mr. Pappalardo commented that the RFP was put out around the holidays and only for a short period of time. His suggestion was to issue the RFP after the first of the year and to keep it open for 3-4 months or even up to 6 months.

Chair Watters suggested that staff work with Mr. Pappalardo and to further develop the RFP for the sites.

Commissioner Fierke offered that the LMA remain open to all legal uses or highest and best use.

Mr. Pappalardo said that staff will present a revised draft at the next meeting.

4) Update on Boathouse W-21 Project.

Commissioner Heaton explained that the tenant, Mr. John Testa, nor his architect could attend the meeting, so he submitted a statement through his attorney:

Mr. Testa's preconstruction assessments remain unchanged from those previously submitted. Cost estimates for completing the project have been prepared. The City of New Orleans Department of Safety and Permits has informally confirmed that the development's design conforms to the Comprehensive Zoning Ordinance (CZO). Mr. Testa has received preliminary approval for financing from a local lender. Final approvals have been delayed by the COVID-19 pandemic and various stay-at-home orders. Upon approval of financing, his architect estimates that it will take 4-6 months to complete engineering and design work and 24 to 30 months to complete construction.

5) Status on the Transfer of the Lease from Tom Benson to Oceana USA, LLC for the property located at 7420 Lakeshore Drive.

Mr. Metzger said that after the Board approved the resolution to transfer the lease from Mr. Benson's estate to Oceana USA, L.L.C., he made contact with Mr. Sackett and gave him details on what his attorney needed to do to prepare the assignment of the lease. He said after a few revisions the assignment documents were completed by Mr. Sackett's attorney. Mr. Metzger learned that there was an erosion issue at the property, and Mr. Sackett's discovery of the issue caused him to delay the transfer.

He said that according to the conditions of the lease, Mr. Benson's estate must repair the erosion issue.

Chair Watters asked if the Benson estate has a positive covenant to repair the erosion issue. Mr. Metzger confirmed that it was their obligation.

Commissioner Heaton said the rent was current.

6) Discussion on the 8.671 Acre Seabrook Site located on Lakeshore Drive (formerly the Naval Reserve Site).

Mr. Pappalardo explained that a formal RFP that was issued in the latter part of 2017 and was issued for a short period of time with no responses.

He said the parcel is uniquely located near the universities. He said that that approximately 2.5 acres is developable and 4 acres that may be used for recreation due to the setbacks of the levees and the restrictions on what Lakeshore Drive may be used for. He said there is also a 1.5 acre overlay that must be used as dedicated parking.

He said the zoning is currently Education Campus (EC). He said there are still commercial uses that may be used under that zoning including restaurants, hotels, and residential dwellings.

He said it is outside of flood protection and must build to FEMA V Zone requirements like the restaurants at New Basin Canal. He added that Seabrook Boat Launch is located directly across the street.

Commissioner Heaton recalled that there was a covenant that obligated the LMA to offer the site to the nearby universities for development first. Mr. Pappalardo said that the last time the RFP was issued it was offered to the universities, but he was unsure if that one-time offer satisfied the requirement forever. He said that when the LMA reached out, the universities said that they did not want to develop the land.

Commissioner Fierke asked if there was a height restriction due to the proximity to the Airport. He suggested that staff consult with Bruce Martin, Airport Director, and the FAA.

Todd James, of Broadmoor L.L.C., introduced himself to the Committee. He said that in his experience the EC zoning designation must be changed because the EC designation is reflective of status of the nearby universities' designation of a campus and their respective master plans. He said that if the plot is not included in their master plan, he suggested getting the zoning changed.

Chair Watters and Commissioner Heaton concurred that the zoning status may prevent developers from moving forward with that property.

Mr. Pappalardo asked for the acknowledgement of the Committee that they wish to issue an RFP for this site after the first of the year. The Committee agreed that staff and consultants move forward with additional research so an RFP may be issued.

New Business:

1) Update on property located at 424 S. Roadway formerly leased by West End Resources d/b/a Mayer's Boat Works.

Director Capo said that staff has worked toward obtaining insurance at the site and getting environmental and structural assessment of the site. He said after that information is gathered an RFP can be developed for the Committee's approval. Mr. Pappalardo said that there may be

some ADA-compliance issues and OSHA issues so that all must be evaluated before it is offered to a potential tenant.

Mr. Pappalardo said he and Director Capo said have considered adding additional water bottom to the leasehold (approximately 7,500-9,000 square feet) to further complement the site. He explained that the water bottom was made available after the demolition of multiple boathouses years prior.

Mr. Pappalardo explained that the site has been used for marine services for several years.

Commissioner Heaton said that interest has been generated over the site as the eviction process was public. She said that interested parties have suggested residential properties be placed there. The Committee expressed concern in the past about the lack of marine services in proximity to the marina. She said the use must be approved by the Board.

Chair Watters asked about Sintes, an adjacent tenant to the site. Mr. Pappalardo said that Sintes does have a boat lift and offers boat repair services. He said that Mr. Sintes came to staff to express that he wanted to extend his leasehold. He said that staff is currently obtaining an appraisal on the Sintes leasehold.

Commissioner Heaton asked if the LMA was obligated to remediate all the environmental issues left by the former tenant at 424 S. Roadway or could the LMA negotiate for the potential tenant to remediate the environmental issues. Mr. Pappalardo said that it may be possible, but it would need to be bonded. Mr. Metzger said it may be possible.

Commissioner Fierke asked about the status of Dr. Rubin's litigation against the LMA. Mr. Metzger said that it is still pending.

The Committee inquired about the status of Dr. Boos' proposal to remediate and sell his boathouse which suffered a fire late last year. Mr. Metzger said that staff has heard nothing further.

Daniel Hill, Director of Engineering and Operations, said that he is soliciting quotes to get a structural and environmental assessment of the 424 S. Roadway site. He said he also included evaluation of the crane on the site as it may pose a risk to the structure if not properly secured.

Chair Watters said it was the Committee's goal to move these projects forward so LMA properties may reenter into commerce.

2) Update on property located at 6701 Stars and Stripes Blvd formerly leased by Studio Network, LLC d/b/a Lakeshore Landing.

Chair Watters said he took a tour of the property with staff and saw the conditions at the site. He commented that there were several issues that needed to be addressed before an RFP was issued.

Director Capo said that in 2012 an engineering assessment was done before an RFP was issued. He said staff is working on obtaining an updated assessment.

He explained that the base flood elevation was 13 feet, and the former Bally's terminal was built at 11.5 feet. He said a new survey will inform a potential respondent about the building's condition.

He said the building has several environmental issues inside including cans of paint, barrels of oil and other materials. He said the environmental assessment will analyze these conditions.

He said once the assessments are completed, then staff can begin reformulating an RFP for the Committee's approval.

Chair Watters said that after his tour he concluded that the project is complex and will require a very significant investment of capital.

Director Capo said that the LMA's architectural consultant estimated that about \$10 million may be needed to reconstruct the site.

Chair Watters said that the site is a phenomenal opportunity.

Announcement of next Commercial Real Estate Committee Meeting:

- 1) Thursday, November 12, 2020 – 2:30 PM

Adjourn:

A motion was offered by Commissioner Fierke, seconded by Commissioner Francis, and unanimously adopted, to adjourn. The meeting was adjourned at 4:45 PM.