

**MINUTES OF
LAKEFRONT MANAGEMENT AUTHORITY
COMMERCIAL REAL ESTATE COMMITTEE MEETING
HELD ON THURSDAY, APRIL 27, 2023**

PRESENT: Commissioner Howard Rodgers-Chair
Commissioner Adonis Expose
Commissioner Wilma Heaton

ABSENT: Commissioner Esmond Carr
Commissioner Monika Gerhart

STAFF: Louis Capo – Executive Director
Vanessa McKee – Assistant to the Executive Director
Adam Gulino – Director of Operations and Engineering
Helaine Millner – LMA SSH Staff
Natalia Carter – LMA Orleans Marina Staff

ALSO

PRESENT: Jeff Dye – LMA Counsel
Al Pappalardo - PCI
Nathaniel Phillips – Managing Partner Iberville Capital
Bane Shepard – Area GM, Signature Flight Support
Nick Asprodites
Sonja Duhe – President LPOA
Jonathan Schultz – Attorney for W-8 Boathouse Tenant

The Commercial Real Estate Committee of the Lakefront Management Authority met on Thursday, April 27, 2023, at the New Orleans Lakefront Airport at 6001 Stars and Stripes Blvd., New Orleans, LA 70126.

I. Call to Order

Chair Rodgers called the meeting to order at 4:42 PM

II. Pledge of Allegiance

Commissioner Heaton lead in the Pledge of Allegiance

III. Roll Call

Mr. Capó called the roll. (3) members were present and a quorum was established.

IV. Opening Comments – Chair Rodgers had no comments.

V. Motion to Adopt and Amend the Agenda

Mr. Jeff Dye advised the committee that there should be a revision to agenda item #2 under New Business. The lease transfer fee amount should be changed from \$4,400 to \$4,000.

Chair Rodgers called to adopt and amend the agenda.

A motion was offered by Commissioner Expose; seconded by Commissioner Heaton to adopt and amend the agenda.

Chair Rodgers called for discussion and comments. Hearing none, called for a vote. **All were in favor. The motions passed.**

Chair Rodgers called for a motion to adopt the amended agenda.

A motion was offered by Commissioner Expose; seconded by Commissioner Heaton to adopt and amend the agenda.

Chair Rodgers called for discussion and comments. Hearing none, called for a vote. **All were in favor. The motions passed.**

VI. Director's Report

Mr. Capó reported the following:

- He has authorized a survey for 424 S. Roadway (The old Meyers boathouse). Once the survey is completed, we will issue an RFQ.
- Verizon has approached LMA to put a tower over at Lake Vista Community Center. He spoke with Lake Vista's President, Paul Caboche who was excited about the news. The tower would be attached to the side of the building.

- He has been in touch with Flood Authority to discuss how their contract is set up and learned that their tower was recently bought out.
- He has been working with Verizon on the logistics and neighborhood aesthetics.
- He will report on the outcome as details are made available

VII. Public Comments - Limited to (2) Minutes

- No public comments.

VIII. New Business

- 1. Motion to recommend approval of a Lease of Orleans Marina Boathouse Site No. W-7 with EIV, L.L.C., for a term of five (5) years with two 5-year options to renew, with an initial rental rate of \$2.50 per square foot, totaling \$8,652.50, per annum, subject to CPI adjustments every five years, conditioned on the timely demolition of the existing improvements and the construction of a new bulkhead on the leased premises by the lessee, and subject to the restricted use of the leased premises as only a covered slip for docking motor vessels.**

A motion was offered by Commissioner Expose; seconded by Commissioner Heaton.

Jeff Dye discussed the parameters of the negotiations regarding the intertwined transactions of boathouse W-7 and boathouse W-8.

He explained that boathouse W-7 and boathouse W-8 are adjacent boathouses in Orleans Marina.

The W-8 boathouse tenant defaulted on their lease obligations in 2022. Director Capo authorized counsel to proceed with eviction proceedings on the tenant in W-8 whose lease was set to expire on June 30, 2023.

Mr. Dye stated that he filed eviction proceedings on the W-8 boathouse tenants in the summer of 2022.

Mr. Dye acknowledged that present today is Jonathan Shultz the attorney representing the tenants for the W-8 boathouse. He added that he and Mr. Schultz reached an agreement to allow time for the tenant to sell the improvements on W-8. It was in the best interest of the LMA to allow this transaction due to upon the conclusion of the lease the improvements would return back to LMA.

The W-8 boathouse tenant put the boathouse on the market and attracted an interested buyer for the improvements. EIV, LLC purchased the improvements on W-8 subject to receiving a n Assignment of the Lease and a lease extension.

Mr. Dye explained that EIV, LLC would also like to purchase the improvements for the W-7 boathouse as well.

The W-7 tenant walked away from the lease after H. Katrina. This is a boatshed that has been out of commerce since 2006. There have been several unsuccessful attempts to lease W-7 since 2007.

W-7 and W-8 are intertwined due to the shared pilings, wall and shared substructural members.

EIV, LLC is interested in the following

- The assignment of the lease and a lease extension on W-8.
- A new lease on W-7 with the following conditions:
 - New lease must address any potentially hazardous conditions before June 1, 2023 (which is the start of hurricane season).
 - There are site conditions in W-7 that pose a risk to W-6. EIV, LLC has agreed to address and rectify the potentially hazardous conditions before June 1, 2023, by agreeing to the following:
 - Commence stabilization by demolishing the existing improvements no later than June 30, 2023.
 - Complete the demolition of W-7 by year-end of 2023.

- Hold Harmless and Indemnify the LMA and Orleans Levee District against any claims of liabilities of any kind resulting from improvements.
- Will at sole cost and expense construct a bulkhead and other improvements on the premises totaling no less than \$200,000 before the end of 2024. Those costs are to be paid for by rent credit.

Mr. Dye explained that the demolition cost will be subject to the rent credit. The improvement costs, however, will not be subject to the rent credit.

The lease premises will only be used as a covered boat slip. There will be interconnections between W-7 and W-8 but there will be no build-out of additional rooms or bedrooms.

The new lessee will configure a new roof over both W-7 and W-8

Once all work is completed, the resolution provides that there will be a consolidated lease for W-7 and W8.

Mr. Dye discussed the standard terms and conditions of the lease and the rent credit terms.

Mr. Metzger added, if the tenant wants to build out W-7, his rent will increase at the market rate of the boathouses in the Marina which is significant. The justification for this reduced rent lies in all of the other conditions and the condition of the property.

Commissioner Heaton commended staff on finding a resolution by working through the tedious and complicated details.

Chair Rodgers called for comments. Hearing none, called for a vote. All were in Favor. The Motion passed.

2. **Motion to recommend approval of the assignment of the Lease of Orleans Marina Boathouse Site No. W-8 and the sale of the improvements on the leased premises by Douglas Depp and Dixie H. Depp to EIV, L.L.C., conditioned on payment to the Lakefront Management Authority of the 8% lease transfer fee of \$4,000.00, the amendment of the Lease to add three, five (5) year options to renew in consideration of payment of \$12,000.00, and the payment of attorney fees and costs.**

Mr. Dye stated that he has given background for this motion on W-8. Mr. Shultz, who is the attorney for the tenants of W-8 was also present.

Commissioner Heaton reminded the committee that a motion was needed before the discussion.

A motion was offered by Commissioner Expose; seconded by Commissioner Heaton.

Mr. Dye briefed the committee on the transaction for W-8.

- The transaction is an Assignment of the current lease
- The transaction is valued at \$50,000
- The lease provides for an 8% transfer fee of \$4000.00 to the LMA
- Part of the agreement reached with Mr. Schultz is that his client will pay for the attorney's fees and costs the LMA incurred in the eviction lawsuit only. Therefore \$4,025.75 will be paid by Mr. Schultz's clients as part of the closing fees.
- The pilings and substructure of W-8 must be repaired prior to the Assignment of the lease and lease extension. If repairs are not complete by June 30th, the respective tenant will post a bond equal to 150% of the cost of that repair to which they have agreed. The respective tenant intends to complete the repairs. There was a piling survey completed August 2022.
- The LMA is due to receive \$4000 for the lease transfer and \$12,000 for the lease amendment, and \$4025.75 as reimbursement for attorney fees.

- The lease for W-8 will be at the market value for W-8 is currently \$4.17.

Chair Rodgers called for comments. Hearing None, called for a vote. All were in favor. The motion passed.

IX. Announcement of the next Commercial Real Estate Meeting

1. Thursday, May 18, 2023 – 3:30 P.M.

X. Adjourn

A motion was offered by Commissioner Expose; seconded by Commissioner Heaton. The meeting adjourned at 4:56 PM