

**MINUTES OF
LAKEFRONT MANAGEMENT AUTHORITY
REGULAR MEETING OF THE COMMERCIAL REAL ESTATE COMMITTEE
HELD ON THURSDAY, MAY 20, 2021**

PRESENT: Chair Robert Watters
Vice Chair David Francis
Commissioner Tom Fierke
Commissioner Sean Bruno

ABSENT: Commissioner Bob Romero

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

ALSO
PRESENT:

Gerard Metzger- Legal Counsel to the LMA
Al Pappalardo– Real Estate Consultant to the LMA
Raven Bailey – Muscular Therapy, Inc.
Nick Jackson – M3A Architects
Ray Landeche – Resident
Preston Lee – LF4 Hospitality & Commercial Development, LLC
Thomastine Lee – LF4 Hospitality & Commercial Development, LLC
Tom Long – Lake Vista Resident
William McElroy – M3A Architects
Ed Renton – Boathouse Tenant
Michael Ridley – Muscular Therapy, Inc.
Monte Shallet - Lake Vista Resident
Mary Adams Thomas – Alpha Management & Consulting

The Regular Meeting of the Commercial Real Estate Committee of the Lakefront Management Authority met on Thursday, May 20, 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 Watters called the meeting to order at 2:35 P.M. and led in the pledge of allegiance.

Opening Comments: None

Adoption of Agenda:

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

A motion was offered by Chair Watters, seconded by Francis, and was unanimously approved to hear New Business Item No. 1 before the staff reports and presentation item. All were in favor. The motion carried.

Approval of the Minutes:

A motion was offered by Commissioner Bruno, seconded by Commissioner Fierke to approve the minutes of February 11, 2021. Commissioner Fierke abstained. All others voted in favor, and the motion carried.

New Business:

1) Motion to recommend approval of an amendment of the lease of Orleans Marina Boathouse Site W-9 with Edward L. Renton, Jr. to add three additional 5-year options to renew, commencing on July 1, 2021, and if all three options are exercised then the lease would expire on June 30, 2036, in consideration of the payment of \$12,000.00 for the three additional 5-year renewal options.

Al Pappalardo, Real Estate Consultant to the LMA, advised the Committee that the lease was held by Mr. Ed Renton who was in attendance. He explained that his lease was expiring June 30, 2021. He further explained that in 2008, the LMA had extended the opportunity to tenants to extend their lease with either three (3) 5-year options – for a total of 15 years - to renew or six (6) 5-year options to renew – for a total of 30 years. Mr. Renton had chosen the former. He said that staff had extended him another lease option that would expire when the other boathouse leases would expire in 2036. He said the consideration for the lease options was offered at \$12,000.00 which Mr. Renton has accepted.

Commissioner Fierke clarified that the \$12,000 payment was for consideration of the lease extension only and was not the value of the lease payments. Mr. Pappalardo and Director Capo clarified that it was for consideration of the extension only.

A motion was offered by Commissioner Francis, seconded by Commissioner Fierke, and was unanimously adopted, to recommend approval of an amendment of the lease of Orleans Marina Boathouse Site W-9 with Edward L. Renton, Jr. to add three additional 5-year options to renew, commencing on July 1, 2021, and if all three options are exercised then the lease would expire on June 30, 2036, in consideration of the payment of \$12,000.00 for the three additional 5-year renewal options.

Director's Report:

Director Capo advised the Committee that staff would be receiving bids for the Lake Vista Roof Renovations Project soon, and the project would seek to remove the old roofing material, replace

the material, and resolve issues with the flat roof design. Chair Watters asked if the project was going to be covered with insurance proceeds. Director Capo advised that the issues with the roof were not eligible for claims.

He advised the Committee that there would be a few lease renewals and possibly a new potential lessee for unit 6504 at the Lake Vista Community Center (LVCC).

He advised that rents at the LVCC were on schedule and paid with exception of two tenants who were delinquent: a hair salon and dance studio. He suggested that if they continue to be resistant with rent payments, then he will confer with legal counsel on next steps. Chair Watters asked if they were open for business. Director Capo said they were, and they cited extenuating personal circumstances as reasons for delinquent payment. Chair Watters commented that unfortunately the LMA could not operate like other commercial landlords, and since it was a state agency it needed to collect rent.

Commissioner Fierke asked about the cost of the roof. Director Capo said that they were originally advised that the roof would cost over \$200,000, and he anticipated that there may be significant material increases. Commissioner Bruno asked about the solicitation for the work. He advised that the job was publicly advertised and welcomed more exposure for solicitation for bids.

He said told the Committee that several professional service agreements would be coming to the Committees next month for a vote for recommendation, including Mr. Pappalardo's contract.

Public Comment: None

Presentation:

Presentation by Alpha Management & Consulting Services, LLC and ROMI Holdings, LLC for potential leasing of the former Naval and Marine Reserve Facility located in the 5000 block of Lakeshore Drive, bounded by Leon C. Simon and Leroy Johnson Drive.

Chair Watters that a quorum was not present when the group originally made a presentation, and since it was such a significant piece of property in the LMA's care he thought it was wise to have them present with additional Committee members present.

Ms. Mary Adams Thomas introduced herself to the Committee as representatives of the prospective developers. She advised that their architect, Mr. William McElroy, would be making a presentation as well. Mr. Preston Lee, CEO of LF4 Commercial Development and Hospitality, LLC, introduced himself to the Committee and was enthused to present a project that his firm believed was a great fit for the property in question. Mrs. Thomastine Lee, President of LF4 Commercial Development and Hospitality, LLC, introduced herself to the Committee. She clarified that the presentation was to be made by LF4 Commercial Development and Hospitality, LLC and not ROMI Holdings, LLC.

Mr. William McElroy introduced himself to the Committee as the architect for the potential project. He mentioned that he had the opportunity to speak to Dr. Ray Belton, President of the Southern University, and he believed that that there may be an opportunity to enter into a

cooperative endeavor agreement when they expand their study programs as an adequate inventory of student housing may not be available.

He said that they had viewed the property and thought of various arrangements to design the property so that the 2.4 acres available for development was optimized. He advised that a south entrance to the development would be most appropriate. He explained the possible parking design. He indicated that there would be a registered parking deck to allow water to pass through in the event of flooding. He thought that two towers and an infinity pool for the development would be an interesting design concept. He showed various conceptual architectural designs to the Committee. He advised that he did not believe the noise generated from the New Orleans Lakefront Airport was going to be an issue for residents because it was a smaller general aviation airport. He thought it would be a unique spectacle instead.

He said they envisioned part of the development as a youth and possibly an adult day care facility. Commissioner Francis asked if the day care facility would be elevated to be above base flood elevation. Mr. Williams advised that it does not need to be as it was not considered a residence. He thanked the Committee for their time and endorsed Mr. Lee. He said they would like the Board to enter an agreement with them so they could begin to hire additional professional services to make the project come to fruition.

Commissioner Bruno asked him about his relationship with Dr. Belton and the Southern University system. He advised that it was a professional, collaborative relationship. Ms. Adams Thomas explained that she understood that the property had gone out for RFP with no responses, and she saw an opportunity to collaborate with the university.

Chair Watters said that after speaking to LMA legal counsel and consultants that the LMA would need monetary consideration for an exclusive agreement for what the group referred to as site control. He said he was aware that Gerard Metzger, the LMA's legal counsel, had prepared an agreement. Ms. Adams Thomas advised that her client had sent the agreement over to their attorney for review.

Mr. Lee asked the Committee to consider the number of jobs that would be created as a result of their proposed development. He said it was important the LF4 Hospitality & Commercial Development, LLC was on record as proposing the project.

Commissioner Fierke asked if the group was local. They advised that they were not, and they were from Jackson, Mississippi, but their consultant was local and their architect had completed work in New Orleans.

Chair Watters advised that he had reviewed the year-long agreement for them to perform their due diligence. He suggested that a 90-day provision be added so if the group decided that they did not or could not complete the project then all money could be refunded, and the agreement could be terminated.

Mr. Lee said after conferring with their legal counsel that they were not comfortable with the agreement because it was not a long-term lease, especially because of various issues such as

labor and material shortages. He explained that it was his group's desire to agree to a long-term lease.

Chair Watters countered that the due diligence period agreement that staff had offered was not congruent with a lease. He advised that the intent of the agreement was so that his firm and their experts could be sure that the project was feasible before committing to a long-term lease. Mr. Lee said they needed a long-term agreement, such as a 99-year lease. He advised that their financial backers were not comfortable with the short-term agreement. Chair Watters clarified that it was Mr. Lee's intention to negotiate a 99-year lease instead of entering into an agreement for a due diligence period. Mr. Lee confirmed that was the case. Chair Watters asked what would happen if Mr. Lee signed a 99-year lease and discovered a few months later that his project was not feasible and was obligated to the lease. Mr. Lee said the lease could be negotiated, and his firm would resubmit what their expectations were. He said his firm would be seeking incentives from the City of New Orleans, and they needed an agreement with the LMA to move forward.

Commissioner Fierke asked what the approximate cost of the development would be. Mr. Williams advised that it would be \$30 to \$40 million. Commissioner Fierke asked about the lease that was formerly held by Studio Network-Lakefront, LLC. Mr. Metzger advised that Mr. Pappalardo could speak on it as Director Capo was not with the LMA at the time, and Mr. Metzger did not work on the lease. Mr. Pappalardo advised that there were performance requirements built into the lease, and the lease was granted after a publicly advertised Request for Proposals was issued and the Board acceptance of the proposal.

Chair Watters committed on behalf of the Committee and staff to work with them to advance the project while maintaining their duty with the State of Louisiana by maximizing the asset. He asked how long it would take for them to send a proposal that could be presented to the Board.

Mr. Lee advised that their developer would be able to share what his financial commitment would be to the project the following week.

Commissioner Francis understood that they were not sure about the length of the feasibility period that may be doable for them but offered that performance requirements could be built into a lease, but he had concerns about locking the property in for several years with the unknown factors. Mr. Lee said they wanted to begin paying on a 99-year lease because it would help with their financial backing. He said they would not tie up the property if the project was not feasible. He asked for a Board resolution to move forward.

Chair Watters said the Committee did not have enough information to make a recommendation on an agreement and suggested that they make a presentation to the full Board.

Commissioner Fierke made a motion to request that the presentation be placed on the agenda for the Board Meeting the following week. The motion was seconded by Chair Watters.

Commissioner Fierke asked if they had spoken to the University of New Orleans about their project or the Federal Bureau of Investigation (FBI). They had not.

Chair Watters and Commissioner Fierke asked about unit size and rent. The group was not prepared to discuss rental rates but said rent would likely be above market value.

Mr. Metzger reminded the Committee that Title 38.336 restricted areas of the plot to be used for public enjoyment. The presenters were aware of the restriction.

All were in favor for the group to present at the Board Meeting. The motion carried.

Announcement of next Commercial Real Estate Committee Meeting:

1) Thursday, June 17, 2021 – 3:30 PM

Adjourn:

A motion was offered by Commissioner Bruno, seconded by Commissioner Fierke, and unanimously adopted, to adjourn. The meeting was adjourned at 4:30 PM.