



**MINUTES
FRENCH MARKET CORPORATION
BOARD OF DIRECTORS MEETING
4:00 P.M., Tuesday, January 27, 2015**

CALL TO ORDER

The meeting was called to order by the President, Ms. Mercadel at 4:12 p.m.

ROLL CALL

Members Present: Mr. Stirling, Ms. Reese (4:18 p.m.), Ms. Shilstone, Ms. Mercadel, Ms. Ramsey, Ms. Tusa, Mr. Cortizas, Ms. Herman (4:18 p.m.), Ms. Weil, Councilmembers Cantrell (4:13 p.m.), Ramsey (4:24 p.m.) and Brossett (4:24 p.m.).

Members Absent: None

Others Present: Mr. Smith, Ms. Henry, Ms. Watson and Ms. Robison.

Legal Counsel Present: Ms. Melissa Quigley, Assistant City Attorney

EXECUTIVE SESSION

1. Discussion of CDC Filing #15-661 Div C-10

Ms. Shilstone moved and Ms. Ramsey seconded a motion to go into Executive Session at 4:13 p.m. The motion carried unanimously.

Ms. Shilstone moved and Ms. Herman seconded a motion to reconvene the meeting at 4:31 p.m. The motion carried unanimously.

Ms. Mercadel acknowledged the presence of Ms. Reese, Ms. Herman and Councilmembers Cantrell, Ramsey and Brossett who all arrived during Executive Session.

REVIEW OF MINUTES

Ms. Reese moved and Mr. Stirling seconded a motion to approve the October 28, 2014 and November 18, 2014 board minutes as drafted by Staff. The motion carried unanimously.

REPORTS

1. Presentation of Appraisal of Upper Pontalba Residential Market Rents– Parke McEnergy

Mr. Smith reported the following:

The French Market Corporation is set to receive the report into record and Staff will study the report, look at the results of the appraisal, and then determine as a Board how to move forward. We are not discussing at the present time what the financial results of the appraisal are, we are just receiving the report into record.

Mr. Parke McEnergy, The McEnergy Company addressed the Board and asked if anyone had general questions regarding the fair market rent study for the Upper Pontalba Building.

Mr. McEnergy responded stating that they analyzed two sets of comparables to determine market rent for all fifty units in the Upper Pontalba Building. One set pertained exclusively to two-bedroom apartment units and another set that pertained exclusively to one-bedroom and efficiency units. All the comparables are located in the Vieux Carre and are walkups with no elevators, including the buildings the comparables were sourced to and there were no parking accommodations provided in any of the comparables. All the comparables have similar structures with the respective tenant responsibility on utilities. All comparables are similar in age and vintage spaces that are certainly comparable to the Upper Pontalba Building. Furnishings, etc. are not included in the analysis. There was one unit that was considered that did have furniture, but it was adjusted and handled accordingly. All the units are very similar with respect to the units that exist in the Upper Pontalba Building. None of the units are included in any complexes in essence are larger apartment communities that include amenities like swimming pools or other amenities that the Upper Pontalba Building does not have, such as workout rooms, doormen, or on-site staff. The majority of the comparables are located in typically three to four story buildings in the French Quarter that are almost identical in concept to what the UPB is. They are all walkups, which is a critical factor. The McEnergy Company did look at units that do have the benefit of balconies and they did handle that accordingly in the fair market rent study. They McEnergy Company has comparables that did have balconies and units that did not and those were dually analyzed and compared to the units in the UPB that do and do not have balconies.

Mr. Cortizas asked did the FMC already receive the report.

Mr. Smith responded that the FMC was receiving the report at present and noted that in this meeting, the FMC is officially notifying the public that FMC is receiving the report. Staff has not had a chance to analyze anything.

Ms. Mercadel noted that the Board is just accepting the report.

2. Acceptance of the November 2014 Financial Report

Ms. Mercadel noted that the report was actually reviewed in detail by the Finance Committee.

Ms. Shilstone asked how many members are on the Finance Committee and how many of the members were present.

Mr. Smith responded that there are four members and noted that Councilmember Ramsey, Ms. Mercadel and Ms. Herman were all present at the meeting. He also noted that Ms. Reese was not available to be at the meeting.

Ms. Mercadel stated that there was a quorum.

Ms. Shilstone moved and Councilmember Ramsey seconded a motion to accept the November 2014 Financial Report as submitted by Staff. Motion carried unanimously.

NEW BUSINESS

Mr. Smith asked to take agenda items out of order and begin with agenda item #9.

9. Acceptance of Settlement of CDC Docket No. 2013-4088 "F-7" as discussed in Executive Session on November 18, 2014

Mr. Smith reported the following:

In Executive Session on November 18, 2014 the FMC Board was advised by counsel on the terms of a settlement to close the matter referenced in the above CDC Docket. The Board made no decision in that Executive Session and this is the first Board meeting since that Executive Session.

FMC Counsel has ably advised the FMC on this matter and the Board of Directors needs to vote to authorize counsel to agree to the terms of the settlement as discussed between the two parties.

Staff recommends the Board vote to authorize counsel to settle the matter referenced above according to the mutually agreed upon terms as discussed in Executive Session on November 18, 2014.

Ms. Herman moved and Councilmember Cantrell seconded a motion to accept the settlement of CDC Docket No. 2013-4088 "F-7" as discussed in Executive Session on Nov. 18, 2014. Motion carried unanimously.

7. Little Toy Shop, 900 Decatur – Tenant's Request to Renew Lease

Mr. Smith reported the following:

The current term of Tenant's current Lease commenced on March 31, 2010 for a period of five years, expiring on March 31, 2015. Tenant's sales for the 12-month period between October 2013 and November 2014 were \$588,901.00 as compared to a minimum annual sales requirement of \$586,125.00. Tenant's has exhibited a timely payment history and is in good standing.

Recently, Tenant has requested to exercise its five-year renewal option and has requested an additional period to renew.

The Real Estate Committee voted to approve the Tenant's request to renew their Lease on April 1, 2015 for a period of five years to expire on March 31, 2020, the rent to be charged at a rate of \$32 per square foot in accordance with the most recent McEnery Appraisal. All other financial terms existing in the Lease apply. Also approved was the Tenant's request to allow for an additional five-year renewal option to be granted at the conclusion of this current renewal.

Councilmember Brossett moved and Mr. Stirling seconded a motion to approve Little Toy Shop's request to renew their Lease as recommended by the Real Estate Committee. The motion carried unanimously.

1. Issue RFP for commercial lease of 912 North Peters

Mr. Smith reported the following:

912 N. Peters is one of the marquee locations in the French Market District and with its proximity to the river, its central location in the French Quarter, and its charm and character this is a restaurant space without peer in the City of New Orleans. Since 2008, it has been occupied by Galvez Restaurant, an a la carte restaurant which engaged in some catering and event rental business. Prior to that, from 1993 to 2005 the premises was home to Bella Luna Restaurant which was primarily an a la carte restaurant, but had a significant wedding and event rental business. Bella Luna also occupied the first floor with use as offices and a retail fresh pasta shop. The current tenant's commercial lease expires without renewal or reconduction on June 30, 2015 and the FMC needs to determine the conditions in which to approach the marketing and rental of this important property.

1. When/How long should the property be advertised to the public?

Staff suggests and the Real Estate Committee approved placing the property on the market for February 1, 2015 for a period of three months, with the listing concluding on April 30, 2015. The Real Estate Committee approved this length of time, but since then the Executive Director also thinks that maybe a sixty day period might be more prudent and if we do not get the tenants we intend to, we can extend another thirty days. Somewhere between sixty and ninety days should be the timeframe and the Board can discuss that before the Board approves. The Real Estate Committee meet in May 2015 to make recommendation to the Board of Directors for approval at its May Board Meeting.

2. For which use(s) should this property be advertised to the public?

“Restaurant and Destination Event Rental” is the highest and best use of the premises at 912 North Peters, insofar as those uses promises the highest rate of rental income to the FMC. Therefore, Staff recommends not changing the intended use of 912 North Peters when this property is put back on the market. Further, the FMC should encourage uses that employ “destination event facility” concept. That is, the FMC would be more strongly inclined to favor a proposal that uses the facility as an events facility (even exclusively) as opposed to an a la carte restaurant with a loosely defined/organized events destination facility.

Uses which do not enhance the French Market District not be allowed or considered. This would include uses of the premises primarily as a bar (e.g. 60% or more of sales coming from alcohol), as a fast-casual/fast-food or other lower-priced dining option, an adult themed entertainment operation, or other uses as deemed undesirable by the FMC.

3. At which rental rate should the property be advertised?

Staff recommends listing the property for lease at a rate of \$32 per square foot, Triple Net. This amount is based on observations of other rents for comparable property and a five year recapture of needed investment in the property for capital improvements.

The property has been appraised twice recently at \$19 PSF as a base rent with an appraised gross value of \$33 PSF. The appraisals are the Fair Market Value for the property in as-is/how-is condition without consideration of any capital improvements. The FMC is unaware of any significant capital improvements performed on this property since 2007 and upon the premises becoming vacant the FMC will need to invest money into the repair and remediation of deferred maintenance issues, the value of which would then raise the FMV rental value of the premises.

Ms. Mercadel asked what types of repairs need to be done.

Mr. Smith responded stating there are probably HVAC, electrical, mechanical, and plumbing work that needs to be done. Any cosmetic or beautification work would be the responsibility of the tenant. However, we have to assume that those construction projects that were promised to FMC by the previous tenant have not been done because we have never seen a receipt from them, so we have to assume that those conditions that existed in 2007 still exist.

Then, if the tenant elects to perform all or part of the improvement work on its own, then the FMC would have room to negotiate the rent via a reduction, abatement, or gradual step-up of rents, still realizing at the bare minimum the \$19 PSF as determined by FMV Appraisal. Worst case scenario, FMC would still realize fair market value rents. However, if we're having to come in and put a significant amount of money into capital improvements, we are going to recoup that by increased commercial rent. Also, Staff would aggressively negotiate specific measureable and timely capital improvements for the new tenant. We will not allow tenant to come in and vaguely commit to "X" number of dollars in capital improvements without specificity of work and a timeline for when said work would have supposed to been done so that FMC would not face the same situation in five years. Staff will aggressively negotiate specific, measurable, and timely capital improvements for the new tenant.

4. How much of the property should be made available to a prospective tenant?

A tenant must commit to lease the entire 6,836 s/f under roof for which rent will be charged and will be given full use of the 2,643 s/f of non-air-conditioned mezzanine and patio space at no additional rental fee. Further, if a tenant desires to include a proposal to use of the attached 1,800 s/f ground floor space in Dutch Alley the FMC should consider that option. (e.g. an event destination reception and party rental space occupies the entire top floor, yet the tenant desires to put a small a la carte café or retail space in Dutch Alley). We're looking at that space for a potential other use but if we could put it into commerce, let's do it. When Bella Luna restaurant was there, they had a retail fresh pasta shop in the space that was really nice. The space does have a freight elevator that goes from the first floor into the space. Interconnected with the building is also a spiral staircase as well.

5. What length terms should be allowable/reasonable under a new Lease?

Staff suggests offering an initial 10-year lease with a mutually defined "kick-out" clause at the end of the 5th year of the lease. Conditioned on the Tenant's proposed

initial investment in the premises the FMC should consider a 20-year lease with appropriate allowances for mutually defined "kick-out clauses." A kick-out clause is a clause that when you come to the middle of your lease term, if the tenant is not performing at a certain level or other financial inequities exist, either the tenant or the landlord can kick the other out of the lease. Staff would also suggest 5 or 10 year renewal clauses, conditioned on investment by Tenant and defined at the time of Lease negotiation. The reason we should consider a longer term lease here is because we are going to ask someone to come in the space and put a significant amount of money into it. If we want to attract a serious tenant, we need to give them an opportunity to really grow and recapture their business. The type of tenant we would want here who would be a long term tenant, we would have to give them a long term lease. We would need to commit to them as much as we are asking them to commit to us.

6. What criteria would qualify/disqualify a prospective tenant?

Solid financial credentials and a proven track record of experience in the industry, the development of a sound, attainable financial Proforma for the business and an ability to measure that Proforma against past success would qualify a prospective tenant. Unstable credit/financials, anyone who was or is at default with a Lease in the FMC. First time operators and/or "sole practitioners" would not be automatically disqualified, but considering the scope of operation required to successfully operate this leasehold, such applications would be discouraged.

The Real Estate Committee accepted Staff's recommendation to recommend that the Board issue a Request for Proposals for the lease of 912 N. Peters for the use as a restaurant/event facility. The RFP would be offered at \$32 PSF and would be subject to modification according to Tenant's proposed initial investment (at no point to be below \$19 PSF). The initial Lease term would be a term of ten years with a kick-out clause in year five and two five-year renewal option. All terms subject to extension based on Tenant's initial investment.

Staff stands behind the decision that the Real Estate Committee made with the one exception that we may want to discuss shortening the RFP period by sixty days, but ninety days is still fine.

Ms. Ramsey stated that we are offering a rate of basically \$32 p.s.f. for a marquee location, the same as for instance, the Little Toy Shop and it has a commercial elevator and all the extra patio space and asked should the price be higher than \$32 p.s.f.

Mr. Smith responded stating yes it is \$32 p.s.f., but you are also talking about a nearly 7,000 square foot space. At some point, we have to look at the real dollars that are coming in.

Ms. Reese stated that she understands that it proves that this is a prime space and FMC will not have as much trouble leasing the space as FMC would another space that is not as attractive and asked can FMC use this prime space as leverage and make it a higher priced space or is FMC required to do what the fair market value says.

Mr. Smith responded stating that the FMC can put the space on the market at \$55 or \$65 p.s.f., but whomever wants to negotiate against us could come into a public meeting and say "you are the City of New Orleans and you are obligated to charge fair market value rents for this property". We have two recent appraisals within a timeframe that makes an appraisal valid showing what those fair market value rents are. So, that is where we are able to list it out as.

Ms. Ramsey asked is there anything in this particular document regarding the selection of a tenant that could be a chain restaurant.

Mr. Smith responded stating that Staff does not think FMC should be opposed to that at all. However, we do not want anything that is a fast food or fast food-like. However, if for instance a major national steakhouse wanted to come in, we should probably consider that.

Ms. Reese noted that the other places have been restaurants with event facilities and the report says that it would almost be preferable to make it an event destination verses a restaurant facility and asked is there a reason why and would an event facility make a lot more money than a restaurant that would also have an event facility.

Mr. Smith responded stating we would be fine having a restaurant there, as long as they have a sales program where they have someone who is going out and working the convention business or the wedding business. It does have some limitations for walk-up a la carte business. It is not on a major pedestrian thoroughfare and it is set back on the street. They cannot have a valet out on N. Peters Street, so they would have to do what Bella Luna did and put a valet station in the Riverside parking lot and there would still be a visual barrier to the entrance. For walk-up restaurants for an unknown place, there is a limitation there, which is why having something that would be exclusively an event facility would not be a bad thing provided they can show us that they would generate substantial or adequate revenue.

Ms. Ramsey asked did Mr. Stirling put Staff in touch with a national advertising agency and is that one of the reasons Staff decided to cut the RFP period back to sixty.

Mr. Smith responded stating no and noted that if you have someone looking for a space they are ready to move, and Staff would be hesitant that if we locked ourselves into ninety days, we might lose an opportunity because we would be dragging someone on for too

long. Staff would like to get the space in operation for Fall 2015. So, if we set it at the end of April and we award it in May, it will take us into the month of June at minimum to negotiate the lease. The lease would be executed in July and that would give us and the tenant July, August, and September ninety days at minimum to do the build out work. So at best, the business would start on October 1. If we are looking for a tenant who wants to begin in Fall 2015, every day counts. That is why Staff wanted to give us the sixty days with an option to extend it another thirty days.

Ms. Reese asked Staff to amend the report to reflect that the Real Estate Committee meeting was held in May 2014 instead of 2015 and noted that she supports the idea of the sixty-day notice with the additional thirty days. She stated that she thinks there will be a lot of interest and people will be ready to move on it.

Ms. Reese moved and Councilmember Cantrell seconded a motion to accept the Real Estate Committee's recommendation that the Board issue an RFP for the lease of 912 N. Peters Street for the use as a restaurant/event facility. Motion carried unanimously.

2. Approval of Changes to 2015 Public Market Operating Policy

Mr. Smith reported the following:

The Executive Director has been working on a complete overhaul of the Public Market Operating policy since last fall. The finished policy document has undergone no fewer than two dozen rewrites, the Director and Staff have met internally on this matter over a dozen times over the past month on these policy rewrites, and the Director has met with the Vendor leadership multiple times on the matter via email dialogue. The policy was then distributed to the entire Vendor Committee in mid-December and the Vendor Committee met on January 8 to discuss the matter and **voted to support the changes** (*note: minor edits have been made since that Vendor Committee, so in the strictest technical sense the draft as provided the Board at this meeting is not the version approved by the Vendor Committee, however all of the changes have been discussed with them*). There is nothing new in the policy that Staff is submitting to the Board that the Vendors have not at least heard about. Staff feels that the proposed policy has been through a complete and thorough vetting process and further discussion on the matter will not yield any more substantive changes.

Staff feels that this proposed policy has been through a complete and thorough vetting process and that further discussion on the matter would not yield any substantive changes.

Why the need for change? The current market operating policy document is a product of a very thorough and arduous process undertaken in 2012 by Staff and the Board and it

was crafted to address certain concerns that were perceived by the FMC at that time. That policy was built “on top” of existing policy and some of the key items that were implemented in the 2012 edit were more forceful than, and conflicted with, older items in previous policy. Because those old items were not stripped from the 2012 edit of the policy, there exists internal conflict, difficulty of comprehension of certain issues, vagueness on key operational matters, formatting errors, and failure to enforce certain activities in the marketplace (e.g. subletting). Therefore, despite the hard and thoughtful work of the 2012 edit, the policy still did not achieve the effect it was intended to achieve.

The Executive Director’s intent with this rewrite was to preserve the intent, hard work, and attention to addressing problems in the market that the 2012 amendments sought to address while also eliminating all conflict and confusion in the policy. In essence, the intent with this rewrite was to create a wholly new document and implement those 2012 conditions. Because this document is a complete rewrite it eliminates any of the concern or confusion from the older document. The intent of the new policy was written with the following corrective measures in mind:

1. Police and eliminate Subletting to the fullest extent possible.
2. Monitor and maintain proper and adequate sales tax reporting by the vendors to the City.
3. Remove the “bloat” from the policy, e.g. consolidation of appeals processes, etc.
4. Streamline the procedures for daily operation of the market.
5. Provide formal definitions for the market.
6. Work with the understanding that a large percentage of vendors use English as a secondary or tertiary language (or worse) and therefore provide a policy written in a straightforward, easy to read manner without eliminating any conditions.

Highlights of major changes

- Creation of a “definitions” section. For the first time the FMC has defined and identified the placement and purpose of Farmer’s Market vendors and the use of open air stalls.
- Definition the desired product mix, product approval and general composition of the market. In Staff’s estimation this is a significant addition to the policy and will bear out to be a key component of market composition moving forward.
- The process for stall selections that was spread across several sections in the old policy has all been consolidated into one section, creating a policy that should expedite and ease daily market activity. Also new is that during the daily process a vendor must possess both a vendor ID card in person (no more signing a log) and must be current on sales tax filings to rent as a daily vendor.

- Beefed up requirements for display and possession of Vendor and Employee ID cards.
- Consolidated several areas of the previous policy that dealt with the set-up and operation of market stalls and developed non-interference, display set-up and breakdown procedures, loading, factually correct signage policy, and receipts.
- Added an emergency condition wherein a vendor can extend leave in the event a bonafide medical emergency prevents return to the market for a set period of time.
- Enhanced immediate expulsion policies for violent and extreme offenses. Consolidated and streamlined definitions of other offenses.
- Created a wholly new section for various miscellaneous conditions that didn't have a "home" elsewhere in the policy. A condition requiring compliance with the OIG was added, a condition allowing vendors who have difficulty with English to formally communicate verbally was added, and a catch-all condition allowing the FMC to make judgment of policy for events not covered in the policy was added.

We took a forty-ish paged document and added five new pages to it and shrank it down to twenty-two pages. That shows you how much Staff cut out, but the important 2012 additions were not cut out. We now have a concise, clear, lean, and relevant market operating document. This is entirely a result of Staff going to the "Project for Public Spaces and Markets conference and returning ready to re-do the policy. Copies of the policy is available if anyone would like to review it.

The Vendor Ad Hoc Committee did vote to approve and adopt the draft of the 2015 Operating Policy as presented by Staff for implementation on February 1, 2015. The last time FMC introduced a major, sweeping change we were sued by an organization of the vendors for our ability to institute the changes and ultimately that lawsuit was dropped. To avoid such a situation, we have communicated at length both publicly and privately with the Vendor Committee and key members of the vendor community every step of the way so none of this should come as a surprise to anyone.

Ms. Ramsey noted that once again, Mr. Smith has done an outstanding job with an issue that was not easy and was very time consuming and difficult. The Board commends Mr. Smith as he continues to amaze the Board with his work.

Mr. Justin Winston, Flea Market Vendor President thanked Mr. Smith for undertaking a

task that needed to be done, stating that it is a document that the vendors can live and go forward with. He thanked Staff, the Vendor Committee, and the vendors for their participation and he is looking forward to it.

Mr. Smith noted that the Vendor Committee Representatives were no less a part of the process than anyone else. The guidance and institutional knowledge from the representatives were key to making the policy a success.

Mr. Winston stated that we all work together and he believes the document that was put together is something that will help the market improve and become the kind of market FMC and the vendors should have had. They have gone around on a number of subjects and got down to two sticking points that he thought were rather difficult for all concerned, but as far as he knows everyone is happy with them as of the present.

Councilmember Cantrell left the meeting at 5:00 p.m.

Ms. Reese stated that she appreciates the respectful process Mr. Smith went through in working with the business owners.

Ms. Herman moved and Ms. Ramsey seconded a motion to approve and adopt the changes to the 2015 Public Market Operating policy as submitted by Staff. Motion carried unanimously.

3. Approval of "Broker's Protected" Policy.

Mr. Smith reported the following:

When the FMC lists Commercial Space for Lease as it will in February it will list as "Brokers Protected" which is a standard terminology in the Real Estate industry that if a Realtor brings a potential tenant to an advertised listing that is not listed via a formal contractual listing agreement that a commission would still be paid to the Realtor.

The FMC has no formal policy defined to treat situations wherein a real estate broker would earn a commission and it is a best practice to have such a policy in place.

In accordance with generally accepted industry terms, Staff suggests the following be adopted as the business terms in which a Broker's Protected Commission would be earned:

- The commission shall be 4% of the Tenant's Minimum Annual Rent.
- 100% of the Commission for the initial year of the Lease would be paid upon receipt of Tenant's first month's Rental Payment, with a 12-month commission

payable on the anniversary of the commencement of rent for the tenant's initial term of the Lease.

- Any commission paid will not extend beyond the sooner of expiration of Tenant's Second Option to Renew, or a period not to exceed Ten Years.
- The FMC would allow a Broker to present cause to the FMC for a reason to pay the entirety of the commission in one lump sum based on mitigating factors of the Tenant (e.g. Creditworthiness).
- The FMC would reserve the right to amend the payment of commission to a monthly schedule in the event the Tenant is untimely with rents and/or exhibits other conditions of default.

Staff has engage Legal Counsel, Marie Moore from Sher Garner to craft the actual Broker's Protected Commission Agreement to be certain the FMC was protected against any and all claims that would arise as a result of engaging in an agreement with a Real Estate Broker.

The Finance Committee accepted Staff's recommendation to recommend that the Board approve the Broker's Protected Commission Policy as stated above.

Mr. Stirling moved and Councilmember Brossett seconded a motion to accept the Finance Committee's recommendation to recommend that the Board approve the Broker's Protected Commission Policy as submitted by Staff. The motion carried unanimously.

4. Approval of RFP for Auditor Services

Mr. Smith reported the following:

On Wednesday, January 7th a Selection Committee convened to consider proposals submitted for Auditor Services. The Selection Committee was a five-member panel selected in compliance with the FMC's Competitive Selection Process.

The respondents were:

1. Bruno & Tervalon
2. Luther Speight & Company
3. Paillet, Meunier & LeBlanc

Upon full consideration of all respondents the Selection Committee gave Bruno & Tervalon the highest average score of all the respondents. The selected firm is a 100% certified SLDBE and is fully compliant with the City's DBE program.

It is noted that one of the respondents has indicated intention to challenge the grading by the committee, however Staff has confirmed with the CNO Purchasing Department that according to City Policy that the FMC may proceed with awarding the selection.

The Finance Committee voted to approve the Selection Committee's selection of Bruno & Tervalon to conduct the FMC's 2014 audits pending successful price negotiation.

Ms. Reese abstained from voting on this agenda item and noted that she did not participate in the selecting of Bruno & Tervalon because her office is located in the same building as Bruno & Tervalon's offices.

Councilmember Brossett noting that after speaking with legal counsel he can vote on the issue as long as he publicly discloses that Paillet, Meunier & LeBlanc is his campaign finance accountant and Bruno & Tervalon is his personal accountant.

Councilmember Ramsey moved and Ms. Herman seconded a motion to approve the RFP Selection Committee's selection of Bruno & Tervalon to conduct the FMC's audits. The motion carried with one abstention.

5. Request to Reallocate 2015 Budget funds for Professional Services

Mr. Smith reported the following:

In the 2015 Budget as approved by the City Council, \$25,000 was allocated for Advertising Services in a total line item amount of \$745,500 for Professional Services.

After the budget was submitted and approved the FMC held a Selection Committee to select an advertising contractor. The selected respondent submitted a monthly rate of \$10,500 – or \$126,000 annually – as a base amount with extra costs for ancillary services (e.g. Social Media Consultation, website design, etc.). This amount – without extras – would be in excess of \$101,000 as allocated in the 2015 budget. To date Staff has not executed this contract. It should be noted that the second highest rated respondent had a similar price structure.

The FMC has genuine and significant need for these services and it is believed that money within this budget line item can be reallocated to allow for this extra expense.

The Finance Committee voted to amend the amount allocated for Advertising Services within the Professional Services line item of the 2015 Budget.

Ms. Herman stated that having worked with tourism in her past, she learned that you

cannot hire an advertising agency for \$25,000 a year. The tourism budget for New Orleans is several million dollars a year. She noted that when she was with Mayer, they were making millions. \$100,000 a year or \$10,000 a month for advertising is still a pretty good bargain.

Ms. Shilstone noted that the FMC does not have the budget that the State and the City has.

Ms. Ramsey agreed and stated that it is more than \$25,000 a year and she believes that that was a number that could have been discussed earlier, but it should be no problem for City Council to approve because they are pretty familiar with these things.

Ms. Herman stated that she does not think the FMC advertises itself as much as it should. FMC has gone through some days where there was all negative news. FMC has been doing such a wonderful job and stated to the Executive Director that he needs to issue press releases about how much money he has saved the City and all the wonderful things that are going on, like when he gave a press release for the new Wednesday Market, FMC gets a lot of good coverage. We have to keep putting the positive out there, and if not, no one else will do it for FMC.

Ms. Herman moved and Ms. Shilstone seconded a motion to reallocate funds for the Advertising Services within the Professional Services line item of the 2015 Budget. The motion carried unanimously.

6. Approval of ITB for Cleaning and Maintenance

Mr. Smith reported the following:

In the fall of 2014 the FMC via CNO Purchasing issued an Invitation to Bid for Maintenance Services for cleaning and maintenance. The responding firms were:

1. KSM Janitorial (\$8.00 per hour)
2. Bethune Services (\$19.99 per hour)
3. ARTS Janitorial (\$20.15 per hour)
4. Sims Pressure Washing, L.L.C. (\$22.00 per hour)

Upon review and investigation of the submissions, it was determined that KSM Janitorial's bid was not valid and therefore non-responsive.

The intent for an ITB is to award the bid to the lowest responsible bidder. A condition of response to this ITB was that the respondent "Conduct Post Market Closing and/or Pre-

Market opening ground cleaning projects, specifically Hot Water pressure-washing cleaning equipment with floor scrubbing attachments. Per policy of CNO purchasing:

Where a particular manufacturer's specifications used in bids, primary consideration needs to be whether the items/services offered at lowest price will serve the intended purposes and whether it is in the best interest of the City of New Orleans.

Ms. Mercadel stepped out of the meeting at 5:19 p.m. and returned at 5:21 p.m.

The respondent ARTS (\$20.15 per hour) owns four hot-water cleaning units. The respondent Bethune (\$19.99) does not own this equipment. Considering the minimal difference in the bid responses – 16 cents per hour – combined with the fact that ARTS already owns the necessary equipment and can begin that work immediately and there would be no potential extra fees to obtain that equipment, that the FMC award the bid to ARTS as the lowest responsible bidder. Per CNO purchasing policy, if not recommending award to the lowest bidder the department simply needs to furnish detailed justification to purchasing. Staff has had this conversation with Purchasing who said that we are okay to proceed with this intended result.

ARTS is a 100% SLDBE.

The Finance Committee accepted Staff's recommendation to recommend that the Board award the bid to ARTS Janitorial.

Ms. Herman moved and Mr. Stirling seconded a motion to approve Arts Janitorial at \$20.15 per hour for cleaning and maintenance. Motion carried unanimously.

Ms. Herman moved and Mr. Stirling seconded a motion to approve ARTS Janitorial bid for the cleaning and maintenance of the sheds. The motion carried unanimously.

8. Paradise Garden, 1100 N. Peters Bay #5 – Tenant's Request to Renew Lease

Mr. Smith reported the following:

The current term of Tenant's current Lease was executed on April 26, 2012 for a period of three years, expiring on March 31, 2015. Tenant's sales for the 12-month period between October 2013 and November 2014 were \$79,766.00 as compared to a minimum annual sales requirement of \$73,735.00. Tenant's has exhibited a timely payment history and is in good standing. Tenant has requested renewal of the lease and has requested an additional period to renew.

Tenant is currently paying a gross rent of \$27.92 p.s.f., annually, against 8% of gross sales, 1% advertising rent, and 100% of tenant's pro-rated share of common area expenses.

The Real Estate Committee voted to approve the Tenant's request to renew their Lease on April 1, 2015 for a period of three years to expire on March 31, 2018, the rent to be unchanged from the current Lease and an annual sales performance set at \$54,095 which is a natural breakpoint of Tenant's Base Rent. All other financial terms existing in the Lease apply.

The Committee also voted to approve Tenant's request to allow for one additional three-year renewal option to be granted at the conclusion of this current renewal.

Mr. Stirling moved and Ms. Shilstone seconded a motion to approve the Tenant's request to renew the lease. The motion carried unanimously.

10. Amendment of March 2015 Meeting Date

Mr. Smith reported the following:

The FMC Board Meeting for March 2015 is scheduled to fall on the week of the Easter Holiday, specifically March 31, 2015. The Executive Director will be out of town the week prior on 3/24.

Staff is requesting the Board of Directors vote to move the March meeting to either March 17, 2015 or April 7, 2014. The move of either meeting would negate the need for Committees to meet in either month because of the shortening of time between Board meetings.

Staff does not foresee enough business on the Agenda for March 2015 for which cancelling committee meetings would be problematic and therefore recommends that between the two options that the March Board meeting be moved up to 3/17 instead of delayed to 4/7. The Board should be reminded that Committees will not meet in February because of the Mardi Gras holiday.

Ms. Herman moved and Ms. Reese seconded a motion to cancel all March and April committee meetings and the March board meeting. The motion carried unanimously.

It was noted that the Finance Committee would meet in February to accept the Upper Pontalba appraisal and the board would meet again in April.

PUBLIC COMMENTS

Leslie Snadowsky, 632-C Chartres Street addressed the Board to comment on the agenda item "Presentation of Appraisal of the Upper Pontalba Residential Market Rents".

ADJOURNMENT

Ms. Reese moved and Mr. Stirling seconded a motion to adjourn the meeting at 5:33 p.m. The motion carried unanimously.

Respectfully submitted,



Demetric Mercadel, President

Minutes prepared by



Patricia Henry, Deputy Director