



JEDCO PILOT Advisory Committee
JEDCO Administration Building
700 Churchill Parkway, Avondale, LA 70094
March 25, 2024 @ 2:00 P.M.

MINUTES

Call to Order: 2:00 P.m.

Attendance: Chairman Jerry Bologna, Mickal Adler, Joe Ewell, Jim Martin, Bob Stevens

Staff: Lacey Bordelon, Lauren Cashio, Penny Weeks

Absences: None

Guests: David Wolf and Philip Sherman – Adams and Reese
Deanne Raymond – Laitram LLC
James Hill – Smitherman, Hill and Brice, LC, representing KHA Affordable Properties, LP

I. Call to Order – Chairman, Jerry Bologna

- Having established a quorum, the Chairman called the meeting to order and welcomed the above-named guests.

II. Review and acceptance of February 20, 2024 Minutes

- Mickal Adler motioned, seconded by Jim Martin, to approve the minutes. The motion passed unanimously.

III. Public Comments on Agenda Items

There were no public comments.

IV. Unfinished and New Business

- **Review and discussion of Laitram, L.L.C. PILOT Lease and Lease Terms – deferred from the February 20, 2024 meeting – Lacey Bordelon**
Per the existing lease, Laitram had a five-year period to add assets under the lease agreement (from 2019 to 2023). Assets brought into the PILOT Lease in 2019 are enjoying a 14-year tax abatement at 80%, assets added in 2020 have a 13-year tax abatement, assets added in 2021 have a 12-year abatement, assets added in 2022 have an 11-year abatement, and the assets added December 2023 will enjoy a 10-

year abatement. Both JEDCO and Laitram feel that the current PILOT Lease has satisfactorily addressed its intent, which was to provide certainty to Laitram of its annual tax payments (in the form of PILOT rent) to Jefferson Parish without the bureaucratic hassle of having to seek tax abatement through the state's Industrial Tax Exemption program each year. Laitram plans continued growth in Jefferson Parish over the next several years which will require the purchase of machinery and equipment and significant building improvements. Some of the machinery, equipment and building improvements could be made to accommodate the growth of Laitram Machinery, Inc.'s new "Prime Shrimp" line, a retail cook-in-bag product that is currently in proof-of-concept stage.

With plans for continued investment in Jefferson Parish facilities, the company has requested the development of a new PILOT Lease for a tax abatement on the company's future asset additions that will continue to provide certainty needed to aid Laitram in growth planning.

As compared to the existing PILOT Lease, Laitram has requested a new PILOT Lease that extends the period of time within which assets acquired by Laitram can be conveyed to JEDCO and be subject to the PILOT Lease from five (5) years to ten (10) years. The company has also requested a greater capital investment cap than the current agreement, i.e. \$400,000,000 as compared to \$250,000,000, and an extended term of the agreement and, therefore, the total tax abatement period, from 15 years to 20 years.

With an extended tax abatement period, Laitram proposes to decrease the total tax abatement percentage from the current lease's 80% to 70%, and to increase its targeted employment and payroll from 1,404 employees and an annual payroll of \$98,973,000 to 1,700 employees and an annual payroll of \$130,000,000, an increase of roughly 21% and 31%, respectively.

The JEDCO team, working with Special Counsels David Wolf and Cate Creed of Adams and Reese, LLP have negotiated the major deal terms of the PILOT Lease Agreement with Laitram. JEDCO's executive team and Laitram representatives have agreed to change the calculation of clawback rent, which is the payment that is due to JEDCO if the company fails to meet the Targeted Employment or Targeted Payroll for any given year, by doubling the penalty and completely eliminating all PILOT Savings for the year if the company's annual employment count or annual payroll falls at or below 50% of the targeted amount.

JEDCO's executive team has proposed an additional condition in the Lease that if met by Laitram would provide an additional incentive through an increased tax abatement percentage. Specifically, if the company locates the assets and operations of the new "Prime Shrimp" division in a Targeted Area, then the tax abatement on the Prime Shrimp property will be 85% (as compared to all other Laitram property at 70%). The agreement identifies four Targeted Areas

consisting of industrial-zoned land that is largely unimproved and in need of infrastructure to support new businesses to the area as well as brownfield sites.

The existing PILOT Lease requires Laitram to maintain its corporate headquarters and main administrative offices in Jefferson Parish or the lease will be terminated. That condition has been carried forward into the proposed PILOT Lease.

Following discussion, Joe Ewell motioned, seconded by Jim Martin, to recommend to the Executive Committee on March 28th the approval of the new PILOT and Lease Terms with Laitram, L.L.C. The motion passed unanimously.

- **Review and discussion of KHA Affordable Properties, LP PILOT Lease and Lease Terms – Lacey Bordelon**

JEDCO has received an application for a Lease Agreement with a payment-in-lieu-of tax (PILOT) arrangement in reference to the rehabilitation and construction of the entire portfolio of affordable housing owned and operated by the Kenner Housing Authority in the City of Kenner. The applicant is KHA Affordable Properties, LP, a for-profit limited partnership with General Partner KHA GP, LLC, Integrand Development, LLC and R4 Ken Acquisition, LLC. KHA GP, LLC is owned by the Kenner Housing Alliance, Inc., a single purpose nonprofit organization created by the Kenner Housing Authority whose mission is to provide affordable housing to very low-income residents in the City of Kenner. Integrand Development is a Louisiana-based affordable housing development firm and R4 Ken Acquisition, LLC will serve as the construction lender who will take advantage of the Low-Income Housing Tax Credits (LIHTC).

There are currently 137 residential units of the Kenner Housing Authority. The project will reduce the units to 121 residential units, including a mix of single-family residential structures, duplexes, and multifamily apartments; a maintenance building and an office for KHA. The residential uses are scattered across the KHA's 31 lots and located primarily immediately north and south of Interstate 10 above the airport. The project will consist of new construction of 42 units and the rehabilitation of 79 units at a total project cost of approximately \$33 million. The project will create one part-time maintenance position at \$25,000/year and the existing five jobs of the KHA will be retained, bringing total wages to \$199,045.

KHA owns the properties currently; therefore, the properties are exempt from property tax. The KHA will grant a long-term ground lease to the for-profit development partnership to rehabilitate and rebuild affordable housing. KHA Affordable Properties, LP will operate and maintain the new developments, and rent the units to residents whose income is at or below 80% of the Average Median Income (AMI).

The development will be financed via Multifamily Revenue Bonds issued by the Louisiana Housing Corporation (LHC), which will be privately placed, and private capital. The LHC bonds are tax-exempt and are provided to developers to finance the acquisition, construction and/or rehabilitation of affordable housing for low to moderate income families and individuals. This program works in conjunction with the Low Income Housing Tax Credit (LIHTC) which subsidizes a portion of the cost of the development making the project financially feasible. The PILOT has been requested by KHA Affordable Properties, LP to make the project financially viable. The company requested a 20-year term with a 100% annual property tax abatement.

The JEDCO team, working with Special Counsel Philip Sherman of Adams and Reese, LLP are negotiating the major deal terms of the PILOT Lease Agreement. The Lease Agreement is currently under review by KHA Affordable Properties, LP development team. The PILOT Advisory Committee members were also provided a copy of the Lease Agreement. The major deal terms as they currently exist can be viewed in Table 1 within this document. In addition to the major deal terms summarized in Table 1, the Lease Agreement includes other provisions that are typically found within JEDCO's PILOT Leases, including, but not limited to, insurance requirements; damage, destruction and condemnation provisions; provisions that allow JEDCO to examine and inspect the Project and access the Project to enforce JEDCO's rights in the Agreement; and indemnification provisions that protect JEDCO from any liability.

Following discussion, Bob Stevens motioned, seconded by Jim Martin, to recommend to the JEDCO Executive Committee approval of the proposed PILOT Lease, less the Tenant Income Clawback provisions and with tougher language pertaining to unites being left in disrepair and used for purposes other than affordable housing to low-income families. The motion passed unanimously.

- Review and discussion of The Reserve at Lapalco Place, LLC PILOT Lease and Lease Terms – **Lacey Bordelon**
Joe Ewell motioned, seconded by Mickal Adler, to defer this item to the next PILOT Committee meeting. The motion passed unanimously.

V. Adjournment – Mickal Adler motioned, seconded by Bob Stevens to adjourn the meeting.



Jerry Bologna
Chairman, PILOT Advisory Committee
Minutes for March 25, 2024