

LEVERT



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President's message

Company Managed Farm experiences first loss in years!

You should by now have received your checks representing the 2019-2020 dividend distributions indicative of the performance of your Companies' operations during the past year. Despite the distribution made by J.B. Levert Land Co. LLC being its largest ever, the 2020 combined distributions fell below the amount dispersed during each of the past five years as a result of our Company Managed Farm experiencing its first loss in 13 years.

More on the factors contributing to the Farm's situation and the effect on the amount of the distribution made by Levert St. John Co. LLC are included in the **Down on the farm** article on page 2 of this newsletter.

Keeping the 2019-2020 performance of your Companies in perspective, you must remember that not so long ago and during the recent past [Levert management diversified the business operations in the early 1970s and moved into real estate], agriculture was the primary earnings source, and if such were still true today the recent distribution(s) likely would not have taken place at all.

Despite the Farm's shortfall, the accomplishments exhibited by the Land and St. John companies during the past year confirm how the total operations have evolved over the years, with such being evidenced in the **Real estate happenings** article also on page 2.

(Andy continued on page 4)



Picture from the past

Stephanie Levert Larue, then 33 years old (seated far right, second row), and Robert Louis Levert, then 21 (standing second from right, back row), children of Company founder J.B. Levert, join members of the Jules M. Burguières, Sr. family for a social gathering on the front lawn at the Burguières summer cottage in Pass Christian, MS circa 1908. Three of Jules Sr.'s sons, wives and family friends also join in the fun. They are son Henry Burguières, far left, back row; Robert Hardie, family friend, second from left, back row; son Jules Jr., third from left, back row; family friends George Bright, fourth from left, back row; Lucie Mittenberger, fifth from left, back row; and Emma Gorman, far right, back row. Marie Louise Burguières Syme, Jules Sr.'s oldest daughter, is seated far left, second row; family friend Hilda Meyer, seated second from left, second row; and "Sallie" Trufant Burguières, Henry's wife, seated third from left, second row. Son Ernest Burguières is in front holding his two year-old niece Marie Louise Syme on his lap. "JB" and Jules Sr. were friends and business partners, co-founding Levert, Burguières and Co. sugar partnership in the mid-1890s. The partnership ended circa 1919 after weathering some hard economic times in the early 1900s.

'We don't expect to run out of land anytime soon' — Troy

Now, what to do with all of the money at its disposal . . .

With \$2.7 million available for reinvestment after selling one of its profitable retail shopping centers, the intensive search by Levert management now begins in earnest to find and acquire the right improved commercial real estate, particularly rental, using the proceeds from that sale and taking advantage of the 1031 tax-deferred exchange tool. (This is not an actual sale.)

The popular exchange device has been used by Levert in its business operations since the early 1990s, with management setting its sights on investing and buying as much improved commercial real estate as possible. The device permits the sale proceeds to be "parked," if you will, in a similar or like-kind income-producing property within a specified time to defer capital gains tax exposure.

According to Troy Bellanger, vice president, Thibodaux real estate operations, the company has 45 days after a sale to identify three potential properties it's considering to reinvest the sale proceeds and/or 180 total days after a sale to conduct research on the property that Levert intends to buy, or perform

(Thibodaux continued on page 3)

KATRINA AND THE LEVERT COMPANIES

Editors note: After almost 15 years since Hurricane Katrina roared toward the Mississippi Gulf Coast and the City of New Orleans bringing 120 to 130 mph winds as a category 3 storm, 30-foot storm surge, and 55-foot sea waves — unleashing its worst fury on small Mississippi shoreline communities, especially Bay St. Louis and Waveland (Waveland was washed away!) — ever wonder how the Levert Companies and its employees made out before, during, and after the storm made landfall? Robert Becker, retired director emeritus and president/CEO of the Companies (1993-2008), decided to tell in his own words his experiences and those of the employees living and working in the parishes where Levert owned properties and conducted business. This is Bob's first contribution as guest columnist since he wrote his regular mineral matters column and other features for the newsletter.

THE STORM

Hurricane Katrina, the worst disaster in the history of New Orleans, hit the City on Tuesday, Aug. 29, 2005, as a category 3 storm [120-130 mph winds]. Its eye passed through Gulfport [and other Mississippi coastal cities] devastating the Gulf Coast. New Orleans was on the west or "good" side of the storm where rainfall is less severe; but this turned out to be a curse as northerly

winds pushed storm-surge waters against defective Lake Pontchartrain levees. Over 80 percent of the City was flooded with waters up to 14 feet deep. More than 1,800 people lost their lives.

THE COMPANIES' EXPERIENCE

Friday, August 25, was an anxious day at the Metairie office. Katrina had strengthened to a category 5 in intensity and appeared to

be drawing a bead on the City of New Orleans. The day was used to prepare for the storm. Files were stored away, computers were wrapped in plastic, and all interior and exterior doors were locked. All personnel were released early with a recommendation to follow advice from City and parish officials. A mandatory evacuation order was issued for Orleans and Jefferson parishes on

(Storm continued on page 4)

Down on the farm

'Killing' freeze, wet harvest conditions affect 2019 crop, Farm

As noted in October's newsletter, the 3,090-acre sugarcane crop in 2019 did not appear to have the capacity to meet or to exceed the record yield in 2017, although a potentially "average" crop did appear present barring the negative effects of any early freezes and/or wet harvesting conditions, according to Charlie Levert, vice president, agricultural operations.

But needless to say and as one might imagine, he said a "killing" freeze was experienced on November 13 effectively halting both plant growth and sugar development of the remaining 2019 crop.

"This along with the damage that resulted to our fields and stubble cane during the very

wet 2018 harvest (as forewarned in the **Down on the Farm** article in February's 2019 newsletter) seems to have contributed to the reduction in both tons per acre and sugar per ton realized industry-wide," Charlie explained.

He said, "It seems that these circumstances were the catalyst contributing to the loss experienced by the Farm as of Jan. 31, 2020."

Barring any unusual or extreme 2020 weather conditions, the 2020 plant cane and first stubble crops currently appear to have the capacity to allow the Farm to return to average yields this year. Charlie added:

"As usual the making of the 2020 crop has a long way to go yet and we hope that weather, disease, and insect pressure do not adversely affect us in the production of the crop."

Reminder:

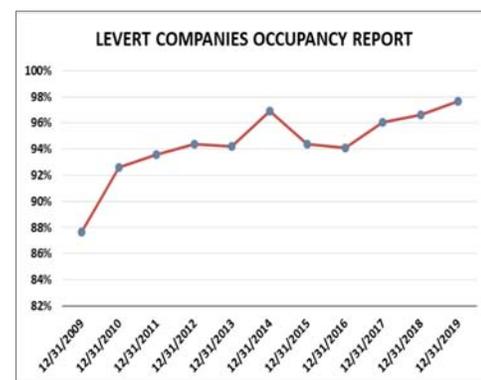
Please mark your calendars for the Annual Shareholder Meetings to be held at the Sandestin Golf and Beach Resort on Saturday, June 13, 2020, in Sandestin, FL.

Real estate happenings

On a combined basis, the Real Estate Rental Department is predicted to fall just short of the past year's record earnings when it produced more than \$6.3 million in operating income as of Jan. 31, 2020, said Pam Tapie, real estate operations vice president. She also said the Companies' combined occupancy rate "remained sound" at 97.6 percent as of Dec. 31, 2019. Meanwhile, the total inventory of improved real estate properties managed by the Rental Department stands at 65 comprising more than 1.2 million sq. ft. of leased area.

Please see the graphs evidencing the occupancy rate and earnings history achieved by the Rental Department over the past number of years.

Rental unit 'to fall just short' — Pam



To continue growing the Companies' earnings potential — that's the mission

(Thibodaux
continued from page 1)

due diligence — to review income projections, to conduct thorough building inspections, etc. — before finalizing and making the purchase with the exchanged monies.

“We try to make wise decisions, of course, regarding our due diligence process,” said Troy. “We run the numbers, does the property offer good returns, does it have good tenants and leases, is it well-located in high traffic areas.” He said satisfactory results from in-depth due diligence definitely make management and board directors more comfortable, because the results can translate into a higher purchase price, longer leases, and thus, increased rental income.

And as management becomes more expert in this process, it gains more experience, skill, and proficiency analyzing properties and landing profitable deals.

So, after management decided to diversify the Company's business operations in the early 1970s, instilling a new culture and business philosophy, real estate investment and development began to soar and before long were at the top of Levert's so-called “wish or do lists,” and for good reason: it has proven to be a lucrative endeavor time and time again. But it's important to realize that the increased rewards also carry with them increased responsibilities.

“That's why it's so critical to make well-advised decisions regarding due diligence before buying any property,” Troy emphasized.

Consider, for example, what happened when contract talks between Levert and the owners of the Plaza del Rienzi Shopping Center in Thibodaux collapsed in 2019. The principles involved in the talks were not able to resolve key issues regarding terms, concerns about existing leases, or the general physical condition of the center and its improvements. Talks ended and Levert decided not to purchase the center.

The upshot of this, or how it all started, occurred when the powers that be began serious discussions in the late 1960s to diversify the Companies' business operations. Management bought into the new direction and philosophy with enthusiasm to move the companies from a predominantly agricultural enterprise to a real estate investment, development, and rental entity . . . to help Levert survive as a family company.

Since the diversification plan was implemented in the early 1970s and during the next 45-plus years, Thibodaux became the Companies' primary



Aerial photo shows Levert's first major moves (see arrows) into Thibodaux's real estate market beginning mid-to-late 1970s. Levert had diversified its business operations in the early 1970s moving from a predominantly agricultural entity and gradually moving into real estate investment and development

commercial/residential/rental market. Its first significant moves in the market, at the city's urging, (see aerial photo) were to lease the property for what became Plaza del Rienzi Shopping Center; to donate land for a civic center; to lease property for a Sheraton motel; to build its own apartment complex, the Rienzi Terrace (32 of the 64 units have been demolished and a lease executed with a national fast-food chain to fill the vacant site that fronts North Canal Boulevard); and to develop its first residential subdivision comprising some 180 lots on land formerly in sugarcane cultivation.

Presently, Levert has 19 ground leases in Thibodaux; it owns the land and the tenants own the improvements. The company owns 10 commercial buildings such as multi- and single-tenant strip centers in the Thibodaux area, according to Troy. But the company's real estate holdings are not limited to Thibodaux. The Land and St. John companies own, share ownership, and/or operate 65 commercial/rental buildings located in Louisiana, including the 10 Thibodaux properties, in Mississippi, Tennessee, and Alabama, with

195 rent-paying tenants leasing retail and fast-food outlets, bank branches, cell phone stores and the like.

Troy said, “We expect our growth to continue well into the future. We have about 200 acres each of raw, undeveloped land available for commercial and residential development in the area. We don't expect to run out of land anytime soon.” (See some Thibodaux properties on this page.)

Beginning in the mid-to-late 1970s, Troy added: “We have sold about 950 residential lots for homes, townhouses, villas, and apartments to attract people to the area. Of course, the more people moving to the area to live usually means commercial and residential investment and development are not far behind.”

And the continued growth/expansion in real estate holdings by both companies fits well into President Andy Andolsek's long-held goal and mission for the two companies and stockholders: to maximize stock share values and to provide a reliable and ever-increasing income stream for present and future shareholders; to continue to grow the Companies' earnings potential with acquisitions by the Land and St. John companies.



Converted Walmart store into 80,000 sq. ft. leasable space



4,000 sq. ft. center built, opened in 2019

Ira Harkey III, Editor
Jessica Monroy, Newsletter
Editorial Assistant

(Storm continued from page 2)

Saturday, resulting in massive traffic jams. Company personnel had wisely evacuated on Friday and early Saturday.

Immediately after the storm, we learned that all employees had survived uninjured with only minor property damage to their homes. The Thibodaux and St. Martinville offices sustained little or no damage. While the New Orleans area was completely without computer services, this was not the case in Thibodaux or St. Martinville. Cell phone service was disrupted for an extended period but Pam Tapie, company controller, secured Nextel "walkie-talkies" for key Company personnel. Pam, her assistant Rhonda Boudreaux, and I assembled at Boo Levert's office in St. Martinville and set up operations from there. Anita Boutte, Boo's office assistant, provided invaluable help for the entire two weeks of our stay. Since homes in the New Orleans area were uninhabitable, most Metairie employees were housed temporarily at the Rienzi Terrace apartments in Thibodaux until they could return home.

ROOF BLOWN OFF

Two days after the storm, Pam and I decided to attempt to return to the Metairie office to assess the damage. We talked our way through a series of roadblocks, always with warnings about martial law conditions. We reached the office, an elevated structure with parking underneath, and we found the downstairs front door blown in. The upstairs door was still in place but the roof had been blown off leaving furniture strewn everywhere. Fortunately the computers had survived. We retrieved the computer server and left the office. The outside area around the office was eerily silent!

We returned to St. Martinville via Thibodaux where we met with Vice President Andy Andolsek and scheduled a return to Metairie the next day to board up the front door and to retrieve some additional computer equipment.

(Andy continued from page 1)

Regarding each Company's Operating Agreement, anyone interested in serving on the Family Council or as a member of the Boards of Directors must submit a brief resume to the Company Secretary prior to April 1, 2020, to be considered by the Nominating Committee and included on the ballot to be presented at the annual shareholder meetings (see annual meeting reminder on page 2.) I look forward to seeing all of you at this year's meetings in Sandestin, FL.

*Andy Andolsek,
President*

The return trip was much more unsettling as newscasts were reporting widespread looting and general mayhem. Nonetheless, we made the trip with Andy and his crew following with a trailer. Again, with some difficulty, we talked our way through roadblocks.

REFUGEE STAGING AREA

The area surrounding the Metairie office had completely changed. The intersection of I-10 and Causeway Boulevard was now being used as a staging area for refugees being rescued by helicopter, boat, and other means waiting to be bused to safety out of the City. The area under our office was crowded with families waiting for the buses. We made our way upstairs, retrieved the necessary computer equipment, secured the downstairs doorway, and returned to Thibodaux without any confrontations or unpleasanties.

The next day, with the bulk of the evacuations over, we returned to the Metairie office to box and retrieve files and important documents to run the Companies. It took a number of days and trips back and forth to Thibodaux in very hot and unpleasant conditions to salvage the boxes and file cabinets. Personnel from both the Thibodaux and St. Martinville offices assisted in the tedious salvage operations, hauling items down the sweltering stairwell from our third floor office.

EXTENSIVE PROPERTY DAMAGE

After two weeks we moved central operations out of St. Martinville to Thibodaux. While there, Vice President Charles LeBlanc made a tour of all Company properties affected by the storm. He reported that damage was well over \$1 million. Reliable contractors were hard to come by but every effort was made to get the repairs done quickly and properly. Repairs to our Metairie office were made a priority but with supply shortages and poor communications the prospects for a quick return were not good.

We, therefore, turned to our contacts in St. Charles Parish to help us find temporary quarters nearer to Metairie from which we could operate. We were fortunate to find a vacant homestead on River Road in Luling about halfway between Metairie and Thibodaux. We converted the property to offices and operated from there for five months while work on our office progressed and New Orleans returned to a habitable state.

We returned to Metairie in January 2006 after a five-month odyssey. All personnel returned and no one missed a pay check. Insurance negotiations continued for another month with a final settlement in the \$2 million range.

The Company and all of its personnel had survived!!!

Family branch briefs

- Kim and Frank Kearny, III of Neenah, WI welcomed two grandchildren into their family in 2019. John Michael Kearny, their youngest son, and his wife Laura celebrated the birth of a boy, Macallan, on Oct. 5, 2019. John and Laura both live and work for Amcor Co. in Neenah where John is dairy marketing manager for all of North America and Laura is liquid products pricing manager. It was the couple's first child. Daniel Wilson Kearny, the oldest son, and his wife Emily celebrated the birth of their daughter, Mia Lu, on March 5, 2019. Daniel also works for Amcor in Buffalo Grove, IL. He handles mergers and acquisitions for the global company which develops and produces flexible, high-quality packaging for a variety of food, beverage, and other packaging requirements. The couple resides in Lake Forest, IL where Emily is a stay-at-home mom. Frank III, sons Daniel and John, and grandchildren Mia Lu and Macallan are Anna Beatrice family branch members.
- Isabel Levert Burke, 19 year-old daughter of Darlene and Gibbons Burke, Jr. of Austin, TX, is enrolled at the Savannah College of Art and Design in Georgia studying digital art and other mediums. The first-year student has won many awards for her work competing in numerous high school art competitions. She won the prestigious American Visions award and a gold medal for her original creation, "Melancholy Motel," as a high school sophomore in 2016. She plans to make her living using her unique artistic talent. Isabel and her father are Ella Marie family members.

Remember When . . .

On July 26, 1919, nearly 100 years ago, the following article appeared in the "Remember When" column in St. Martinville's *Teche News* newspaper:

"Rep. George Westfall of Atchafalaya has been [in St. Martinville] this week. Politics was probably the cause of Mr. Westfall's visit as he has been most mentioned as a probable candidate for sheriff or assessor.

"We learned that contractor Albert Olivier is building a school house on the Banker Plantation [where Boo Levert and family currently reside] at the expense of Gen. J.B. Levert and that the school board will supply the teachers . . .

"There is a large number of children in that section who are too far away from the other schools [in St. Martinville proper] to attend them, and were deprived of school."