

MEETING MINUTES FOR THE BOARD OF DIRECTORS  
OF THE  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
HELD AT  
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM BUILDING  
FOURTH FLOOR BOARD ROOM  
8401 UNITED PLAZA BOULEVARD  
BATON ROUGE, LOUISIANA  
ON THE 9TH DAY OF NOVEMBER, 2012  
COMMENCING AT 9:44 A.M.

REPORTED BY: ELICIA H. WOODWORTH, CCR

1           Appearances of Board Members Present:

2           A.J. Roy

3           Jason El Koubi

4           Michael Saucier

5           Thomas Cotten

6           Louis Reine

7

8           Staff members present:

9           Daria Vinning

10          Brenda Guess

11          Seth Brown

12          Susan Bigner

13          Sajni Patel

14          Melissa Moore

15          Bob Cangelosi

16          Anne Villa

17          Errol Smith

18          Robin Tate

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MR. ROY:

Good morning. Call to order the Board of Directors, Louisiana Economic Development Corporation.

Roll call, please.

MS. VINNING:

A.J. Roy.

MR. ROY:

Here.

MS. VINNING:

Jay Rousseau.

(No response.)

MS. VINNING:

Alden Andre.

(No response.)

MS. VINNING:

Jason El Koubi.

MR. EL KOUBI:

Here.

MS. VINNING:

Mike Saucier.

MR. SAUCIER:

Here.

MS. VINNING:

Thomas Cotten.

1 MR. COTTEN:

2 Here.

3 MS. VINNING:

4 Harry Avant.

5 (No response.)

6 MS. VINNING:

7 Louis Reine.

8 MR. REINE:

9 Here.

10 MS. VINNING:

11 Robert Stuart.

12 (No response.)

13 MS. VINNING:

14 We have five present. We have a quorum.

15 MR. ROY:

16 Very good.

17 I'll ask for everybody to please silence  
18 their cell phones.

19 First order of business is presentation  
20 of the Finance Committee Meeting Minutes October the  
21 19th.

22 What is the pleasure of the Board?

23 MR. COTTEN:

24 Move for approval.

25 MR. ROY:

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Motion for approval as presented.

MR. SAUCIER:

Second.

MR. ROY:

Second.

Any discussion?

(No response.)

MR. ROY:

Hearing none, all in favor, "aye".

(Several members respond "aye".)

MR. ROY:

All opposed, "nay".

(No response.)

MR. ROY:

Without objection.

Seed Capital Program, Louisiana Fund II,  
Limited Partnership, Ms. Bigner.

MS. BIGNER:

Good morning, gentlemen. I'm going to  
call up Mr. Lovett and Mr. Babb from the Louisiana Fund.  
They're the general partners.

LEDC invested in Louisiana Fund I, and  
they have come back for Louisiana Fund II, the SSBCI  
funds.

If you remember back in February, they

1 originally came and were approved. Then later -- was it  
2 in July -- the commitment was rescinded because we were  
3 not able to come to an agreement on the documentation,  
4 and the commitment was rescinded with the understanding  
5 that they could come back and resubmit. Today, they are  
6 resubmitting their application. They're looking for a  
7 million-dollar match. Their fund is going to be  
8 anywhere between 50 and \$60-million with their first  
9 closing at 20-million. Currently, they're a little bit  
10 over 10-million. Since we met in February, we have  
11 signed commitments of 3-million, rather than just the  
12 2-million back in February, and they have verbal  
13 agreements -- commitments from all of the partners, the  
14 limited partners, for Louisiana Fund I.

15 So with that -- other than that, nothing  
16 has really changed from the application that was  
17 submitted and approved back in February. I'm going to  
18 let Joe Lovett or Rick Babb talk to you for a couple of  
19 minutes to answer any questions you may have and then we  
20 can go from there.

21 MR. ROY:

22 Good morning, gentlemen. You might turn  
23 your mics on for us.

24 MR. BABB:

25 Thank you, Mr. Chairman, and thank you,

1 Susan, and thank you Members of the Board, especially  
2 those who helped us through the Federal regulations and  
3 compliance with the Federal language. We finally got  
4 there.

5 Our second fund is a follow up fund from  
6 the first fund. I'll just speak for a minute about it.  
7 We now have three partners instead of two. The third  
8 one is Tom Dickerson in New Orleans. He is at NOBIC,  
9 the incubator in New Orleans, so we have a complete  
10 team. We're quite excited about what's happening in New  
11 Orleans. The first fund really closed just out of  
12 Katrina, so -- in New Orleans. We're really happy about  
13 that. As Susan mentioned, we've got about 10-million in  
14 solid commitments. We are the Board members of three of  
15 our pension fund investors, which we are kind of  
16 scrambling to a fairly significant first close in  
17 December with them. The operating management has said  
18 yes, but as you know, they have a process to go through  
19 so...

20 We're really pleased. We've got  
21 participation from most of the investors in the first  
22 fund and the new ones. And the first fund limited  
23 partners meeting and dinner is next Wednesday, and what  
24 we probably should do is send out invitations to anyone  
25 up here who would like to come and see the companies,





1 MR. REINE:

2 Okay.

3 MS. BIGNER:

4 That's the Federal funds.

5 We had set aside \$5-million to do fund  
6 investing, so this is a fund we previously helped  
7 organize and did the first round of funding, and so now  
8 this is Fund II that they're coming back for. They're  
9 applying for the million-dollar match. They're  
10 expecting to have anywhere between 50 to \$60-million  
11 invested in this fund against our \$1-million match, and  
12 they will do be doing investments in seed companies and  
13 early-stage companies.

14 MR. REINE:

15 Okay. So the commitment for a million  
16 dollars is Federal funds, that's flowing through the  
17 State?

18 MS. BIGNER:

19 That's correct.

20 MR. REINE:

21 And they're...

22 MS. BIGNER:

23 And along with that comes certain  
24 language and procedures that have to be followed, and  
25 when we met in February, it was approved, but there was

1       some additional language that had come in and there was  
2       some -- we had to be in touch with the U.S. Treasurer's  
3       Office to get the idea, a clear understanding of where  
4       we're supposed to be and what procedures have to be  
5       followed. See, the agreement was not signed, so we came  
6       back to the board, and the Board rescinded the  
7       million-dollar commitment. I believe it was in July,  
8       and now, they're coming back resubmitting again for that  
9       million dollars.

10                   MR. REINE:

11                    Okay. And it says that it's a Southern  
12       tier with significant concentration for Louisiana.  
13       Y'all may also invest in Arizona, Mexico and Texas and  
14       all of that.

15                   MS. BIGNER:

16                    SSBCI funds can only be used for  
17       investments within the State of Louisiana.

18                   MR. REINE:

19                    So the million dollars we are going to  
20       commit will be in the State of Louisiana?

21                   MS. BIGNER:

22                    Correct.

23                   MR. REINE:

24                    Okay.

25                   MR. COTTEN:

1                   And just for clarification, it is  
2 similar to our first funding. LED was 5-million, was  
3 six, and we've agreed to commit that 5-million with --

4                   MR. REINE:

5                   Let me ask you this: You commit more  
6 than a million in the State of Louisiana?

7                   MR. BABB:

8                   Will we?

9                   MR. REINE:

10                   Are you? I mean...

11                   MR. BABB:

12                   No. It will be all --

13                   MS. BIGNER:

14                   They will have to be at least  
15 2.5-million invested in Louisiana, because they have to  
16 match our fund 1.5-to-1.

17                   MR. REINE:

18                   Y'all did great explaining.

19                   MS. ROY:

20                   Any other questions or comments?

21                   MS. VILLA:

22                   Just for the record, the Board withdrew  
23 in August. I think the August Board Meeting.

24                   MS. BIGNER:

25                   It was August?

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MS. VILLA:  
Yes.  
MS. BIGNER:  
Okay. I'm sorry.  
MS. VILLA:  
That's okay.  
MR. ROY:  
Questions?  
Mr. Saucier.  
MR. SAUCIER:  
I move to approve.  
MR. ROY:  
Motion for approval as presented.  
MR. COTTEN:  
Second.  
MR. ROY:  
Second.  
Any other discussions?  
(No response.)  
MR. ROY:  
Hearing none, all in favor "aye".  
(Several members respond "aye".)  
MR. ROY:  
All opposed, "nay".  
(No response.)

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MR. ROY:

Without objection, congratulations.  
Please keep us posted. We wish you the best.

MS. BIGNER:

Thank you very much, gentlemen.

MR. LOVETT:

Thank you.

(A conversation was held off the record.)

MR. ROY:

Accountant's Report, Mr. Smith.  
Before you go, I think it's -- any  
comment from the public on that matter?

(No response.)

MR. ROY:

Since it doesn't look like there are any  
members of the public here that don't work for LEDC, I  
think there are none.

All right, Mr. Smith.

MR. SMITH:

Good morning.

LEDC status report as of September 30th,  
we have Total Participation Loans for a total of  
470,919. That's MV Realty. MV Realty is still past  
due. I think when I'm done, Seth will be giving us more  
information about that.

1 Total Direct Loans as of September 30th,  
2 Aviation group is the one we have, is 289,728.

3 EDLOP/EDAP Loans, total as of September  
4 30th, 1,074,693.

5 For Guaranteed Loans, we currently have  
6 15 for total of 6,720,006. We have Solangia Hair, which  
7 is actually in litigation at this time, and it's  
8 actually 60 days behind, so we don't have that perfect  
9 Guarantee Loan ratio that we used to.

10 MR. ROY:

11 The one that I brag about.

12 MR. SMITH:

13 Yes. We've got some issues with Solangia  
14 down there.

15 Allowance for Loan Losses as of  
16 September 30th -- it says July 1st, but it should be  
17 September 30th, 2012 -- 760,047. Allowance for  
18 EDLOP/EDAP Loans, the balance of 261,103. Allowance for  
19 Guaranteed Loans as of September 30th is 1,448,796.

20 We have SSBCI, Small Business Credit  
21 Initiatives, we have a total balance of 2,023,551.  
22 There was a loan approved at the last Board meeting that  
23 we had, but you don't see it on this report because  
24 there was a contingency that had to be -- there was a  
25 contingency with that, and I haven't heard that that

1 contingency has been cleared up yet as far as ownership  
2 of that company, so it's not on there, so the total is  
3 2,023,551 as of September 30th.

4 And that's my current report.

5 Seth, you want to talk about those two?

6 MR. ROY:

7 Let me see if we have any questions on  
8 what you've presented thus far.

9 Any questions for Mr. Smith thus far?

10 (No response.)

11 MR. ROY:

12 Okay. Seth.

13 MR. BROWN:

14 For Solangia, I spoke to Ron Gallagher.  
15 Actually, this morning I spoke with him. He's still  
16 hopefully optimistic about working something out with  
17 them. He has not attempted to call the guarantee, nor  
18 have they discussed calling the guarantee with him.  
19 That's his choice. This loan guarantee expired March  
20 24th, if I'm not mistaken, so it is an 80 percent  
21 guarantee that's on it. It's a micro loan. I think  
22 mathematically, if we paid it off at the full 80  
23 percent, we're looking at a loss of about \$11,000 on the  
24 loan. Twelve is the balance, or somewhere in the  
25 ballpark -- fourteen is the balance on the loan.

1                   In reference to MV Realty, MV Realty  
2                   sent me something on -- sent me a memo on the 16th of  
3                   October, and nothing has changed since yet. They're in  
4                   arbitration with Mr. Butch Carter. Mr. Butch Carter  
5                   has -- he has hopes for the auto shop that he moved into  
6                   real estate that was once the Toyota store being able to  
7                   cash flow his debt. Again, they don't want to force --  
8                   they're trying not to force them into bankruptcy because  
9                   he also has two other pieces of property across the  
10                  street that if he raised buildings on it, it would lower  
11                  his taxes on the thing and it would become more  
12                  attractive and that would be payoff for the loan itself  
13                  that is owed, in which we participate in, you know.  
14                  Again, our portion is 40 percent of that. It's  
15                  somewhere around \$40,000. However, he said if things  
16                  don't come to fruition by January, going to be looking  
17                  more forceful and they're looking at moving towards  
18                  bankruptcy proceedings on him and force him into  
19                  bankruptcy, and that's what I have on it.

20                         MR. ROY:

21                                 At that point, I guess we call the  
22                                 guarantee?

23                         MR. BROWN:

24                                 Well, the participation, at \$400,000,  
25                                 it's participation, so we had already cut the check for



1           that one.

2                           MR. ROY:

3                           Got you.

4                           MR. BROWN:

5                           You know, Solangia, if they didn't want  
6           to pay any money, \$11,000, is -- I don't think we are  
7           going to -- if that happens to us, you know. I don't  
8           want to see it happen, you know, but hopefully, you  
9           know, things will work out with that one as well. Like  
10          I said, we're looking at, you know, most of carrying  
11          this guarantee is another 120 days or so, and we're out  
12          of this one. If he thinks he can work something out  
13          with her, the owner, then that's great. You know, if  
14          not, worse case scenario, we owe then \$11,000, and  
15          they're going to liquidate what equipment she has, you  
16          know.

17                           MR. ROY:

18                           Under our participation agreement, the  
19          bank has most of the rights to call the shots?

20                           MR. BROWN:

21                           They take the lead. I think. Mr. Bob?  
22          I'm sorry.

23                           MR. CANGELOSI:

24                           That's correct.

25                           MR. ROY:

1 Any other questions or comments?

2 (No response.)

3 MR. ROY:

4 I'll entertain a motion to accept the  
5 Accountant's Report.

6 MR. COTTEN:

7 Motion to accept.

8 MR. ROY:

9 Motion accept as presented.

10 MR. SAUCIER:

11 Second.

12 MR. ROY:

13 Second.

14 All in favor "aye".

15 (Several members respond "aye".)

16 MR. ROY:

17 All opposed, "nay".

18 (No response.)

19 MR. ROY:

20 Without objection.

21 The Secretary Treasurer's report,

22 Ms. Villa.

23 MS. VILLA:

24 Good morning. The Secretary Treasurer's

25 Report as of November 9th, 2012, Financial Assistance

1 Program, our budget for fiscal year '13 is 200,000. We  
2 don't have any projects that have been approved or any  
3 pending by the Board, so our projected end balance is  
4 200,000. Our State Small Business Initiative Credit  
5 Program, we have a budget of 4,324,276. The approved  
6 pending is 296,189 which is listed down below, which was  
7 previously approved by the Board. We currently have the  
8 million dollars pending Board approval, which you-all  
9 just approved for the Louisiana Fund II, and which  
10 leaves us with an ending balance of 3,028,087. And we  
11 have a project currently under review by staff of  
12 \$1,367,188, which leaves our projected yearend balance  
13 at 1,660,899.

14 If you turn the page and go to our  
15 Capital Outlay, Appropriation for our EDAP, our budget  
16 for fiscal year '13 is 18,246,340, of which we have  
17 pending projects of 1,450,000, which is listed below,  
18 and then we are projecting a balance of 16,796,340. And  
19 we currently have four projects under review, which are  
20 listed below with a 7,200,000, which leave as projected  
21 yearend balance of 9,596,340. And just as a note, the  
22 10-million Priority II is still subject to bond  
23 commission approval. It was stated -- it didn't go in  
24 front of the Board as anticipated, the Bond Commission  
25 Board as anticipated in October, so we're still waiting

1 for that \$10-million in Priority II.

2 The Capital Outlay Appropriation for the  
3 EDRED Program, \$4-million is the budget for FY 13. We  
4 currently have approved 150,211, and we currently have  
5 projects under review of 1,001,950, which leaves a  
6 projected yearend balance of 2,839,839.

7 Do you have any questions on those?

8 MR. COTTEN:

9 Anne, could you -- that EDRED project  
10 was something new we started this year?

11 MS. VILLA:

12 Yes.

13 MR. COTTEN:

14 Could we get a listing on that? I know  
15 we've got some sites that we're certifying; correct? Is  
16 that available for detail, or is it some contractual  
17 reason we can't disclose that? Jason?

18 MR. EL KOUBI:

19 Thomas, what I would suggest is maybe  
20 having the team that's working on that initiative within  
21 LED come to the LEDC meeting maybe next month, January,  
22 provide a full report and give an opportunity to ask  
23 questions and that sort of thing. They're moving  
24 forward pretty expeditiously. I don't have all of the  
25 numbers in my head, but I know they're making good of

1           that funding.

2                       MR. COTTEN:

3                               Great. Thank you.

4                       MR. EL KOUBI:

5                               Sure.

6                       MS. VILLA:

7                               Okay. If you turn the page, we'll go to  
8           our General Appropriation for the LED Projections listed  
9           for the fund balance is 20,369,000 detailed out there.  
10          The un-obligated fund balance of 7,226,446, which the  
11          detail of that is on the previous page, secured for, and  
12          then we have our projected revenue for this year, cash  
13          for investments, 2,723,931. The interest on the fund of  
14          24,235. The loan repayment from Louisiana Stadium  
15          Expedition District came in this year, 789,595. Vendors  
16          comp is expected to be at 9.6-million, so our total  
17          projected fund balance is 20,369,207, and then our  
18          expected expenses, I won't go through each one listed  
19          there in detail, but our total expenditures is expected  
20          to be 18,638,204, and a fund balance of 1,731,003.

21                               Any questions?

22                       MR. REINE:

23                               Yes. I'm waiting for him to recognize  
24          me.

25                       MR. ROY:

1 Yes, sir.

2 MR. REINE:

3 Vendor's comp, that used to be a  
4 training fund, what is it?

5 MS. VILLA:

6 Vendor's comp?

7 MR. REINE:

8 Vendor's Compensation Fund used to be a  
9 training fund.

10 MS. VILLA:

11 The 9.6 million used to be a training  
12 fund?

13 MR. REINE:

14 Well, at that time, Vendor's  
15 Compensation is what people are supposed to get refunded  
16 collecting the cash and they kept it and put it in  
17 Vendor's Compensation Fund.

18 MR. COTTEN:

19 I think as I appreciate it, on the sales  
20 tax, there's a 1.1 percent --

21 MS. VILLA:

22 That we get.

23 MR. COTTEN:

24 -- that's reduced from the --

25 MS. GUESS:

1                   From the retailers actually.

2                   MR. COTTEN:

3                   -- retails sales tax. I think that's  
4 the total amount that comes to us.

5                   MS. VILLA:

6                   Exactly. That's the expected that we'll  
7 get this year is 9.6-million. So it's part of that tax  
8 that we get for --

9                   MS. GUESS:

10                   Yes. It was not -- I think the training  
11 fund was something totally maybe a little bit before, or  
12 it was from another funding source, but this has always  
13 been LEDC's funding source from the retailers company.

14                   MR. COTTEN:

15                   It's a 1-percent vendors comp. If you  
16 pay on time, you get a vendor comp discount as the  
17 incentive to pay your sales tax on time in the State.

18                   MR. REINE:

19                   Once upon a time, \$6-million went to a  
20 training fund. What do we do with the Vendor's Comp  
21 money?

22                   MS. VILLA:

23                   That's one of funding sources, and it's  
24 detailed below towards the expenses listed below.

25                   MR. REINE:

1                                   Okay. So the Fast Start Initiative,  
2                                   what is that?

3                                   MS. VILLA:

4                                   The 6.5-million, that's for our Fast  
5                                   Start Program that we have.

6                                   MR. CANGELOSI:

7                                   Worker training.

8                                   MR. REINE:

9                                   Okay. And that's -- where are we  
10                                  training workers?

11                                  MS. VILLA:

12                                  We're training workers on projects that  
13                                  we have.

14                                  MR. REINE:

15                                  Let me tell you my concern. I sit in  
16                                  meetings with plant managers, the Chamber of Commerce and  
17                                  other folks who are telling me need 20,000 trained  
18                                  workers, particularly in craft areas in the next two  
19                                  years, and then I deal with the technical colleges who  
20                                  tell me they're getting budget cuts and they need to cut  
21                                  out training craftspeople, so where we're going to be in  
22                                  a year from now, two years from now, in providing the  
23                                  trained workforce that we need for the work that's  
24                                  already on the books from the hospital in New Orleans to  
25                                  the plant expansions from Baton Rouge all of the way to



1 Lake Charles, and if there's just training money out,  
2 who are we training with it, and are we looking at the  
3 folks who keep tilling me they're looking at trained  
4 workers in the future? That's where I'm trying to get?

5 MR. EL KOUBI:

6 I can provide a little bit of  
7 information on the Fast Start. That's obviously just  
8 one part of the total workforce development system. In  
9 this case, Fast Start is a partnership between LED and  
10 the LCTCS system that was created about five years ago  
11 for the particular purpose of meeting the workforce  
12 needs of companies, both new and expanding companies,  
13 that were doing major workforce ramp ups on new and  
14 expanded projects. It's been overwhelmingly successful  
15 in delivering those services. It's been ramped really  
16 across the board by independent evaluators as one of the  
17 top workforce development programs in the country,  
18 typically number one. And basically, what it does is  
19 provides complete customized solutions focused on the  
20 business to help them identify, train, ramp up their  
21 workforce. The vast majority of the projects that it's  
22 worked on have been expansions of existing Louisiana  
23 businesses, major expansions, where those businesses  
24 have needed to ramp up quickly and identify a workforce  
25 to meet their growth needs, and in particular, to

1 develop and provide the training.

2           What we've heard really from State  
3 quotas across the board, legislators, medias at the  
4 economic development organizations, at the regional  
5 level, at the parish level, mayors, the workers who  
6 receive the training, is, I mean, at best, they say it's  
7 good. And -- excuse me. They're typical -- the worst  
8 thing we've heard about it is that it's good. Most of  
9 the response we've had is just, you know, overwhelmingly  
10 positive, and so it's been a big part of the reason why  
11 we've been able to land several major projects and  
12 expansion here in Louisiana. And obviously it's not the  
13 total solution. I mean, a lot of the more systemic  
14 workforce issues we need to address in order to address  
15 some of the issues that you were talking about are not  
16 completely solved by Fast Start, but I do think that's  
17 part of the solution.

18           MR. REINE:

19           Okay. Well, I would be interested to  
20 know what we're training people in. The part you left  
21 out of that is, there was a \$10-million fund that the  
22 technical college could use for training, whether that  
23 was to provide for the construction of new deals or for  
24 the permanent employees. That \$10-million got cut at  
25 the same time you created a \$5-million fund, so that's a

1       \$5-million minus, plus you took it from the place that  
2       concerns me that we're going to provide the training.  
3       But all of that said and done, if you go out and get a  
4       steel plant to come here, and then you have nobody to  
5       build a steel plant, where are we going to be? And this  
6       seems to be getting to be a bigger and bigger challenge.  
7       And, look, I'm all for it, to go out, to get the company  
8       here, to provide the jobs that the company will have,  
9       but I'm looking at a scenario with construction at a  
10      level that we're not going to have the trained  
11      workforce, and then what happens if they can't get the  
12      people to build the projects that are on the books? Are  
13      they going to walk away and go somewhere else? And I  
14      just don't see in the current scenario -- as I told them  
15      the other day, there is no magic room where I can walk  
16      people in one door and walk them out the back door and  
17      they're. Trained craft trading is a long-term deal. It  
18      takes a lot of OTJ experience along with the  
19      partnerships with the technical college by training  
20      these craftspeople. You know, if you don't have the  
21      wiring in that plant to hook up to the pole to turn on  
22      the electricity, we're not going to have a steel plant.  
23      We're not going to have a hospital. We're not going to  
24      have all of these things. That hospital in New Orleans,  
25      they're hiring people at a rate so fast that we're

1 running out of people, and I just don't see looking into  
2 all of the different areas where we're going to support  
3 the institutions that are training people. That's going  
4 to become a problem in the near future. It's already a  
5 problem, but it's going to be a huge problem.

6 MR. EL KOUBI:

7 I think you're raising an important  
8 point. One of things that I pointed out at the last  
9 meeting in my President's Report is that we are a State  
10 facing an unprecedented level of industrial  
11 construction, which I think is a big part of what you're  
12 pointing out, and how we address that is a question  
13 we've never really faced before as a state. We've seen  
14 shortages for sure, but the scale of workforce with the  
15 specialized skills we'll need to meet this construction  
16 volume is extremely impressing. And one of the things  
17 that we're doing right now as an administration to align  
18 on meeting that need is basically we reenergizing the  
19 workforce cabinet, what we called it during the 2008  
20 workforce reform that you participated in with Tim  
21 Barfield was that workforce profession. You have Tim  
22 along with leaders of LED and LCTCS, the Board of  
23 Regents and Department of Education meeting regularly,  
24 so you have cabinet level leadership trying to align  
25 this development system reform plan designed in a way

1 that was comparing, and made sense, that met the needs  
2 of the different states. The same thing is happening  
3 right now. We've having those same leaders meeting  
4 again to begin to figure out really how to design sort  
5 of the next phase, if you will, to meet these kind of  
6 concerns, particularly with the reforms that have  
7 occurred within the K-12 system.

8 MR. REINE:

9 That's all nice. I've got a lot of  
10 respect for Tim Barfield and the rest of the folks  
11 you've mentioned. They're not going to train  
12 carpenters, and I've got colleges telling me that  
13 they're look at huge deficits, closing of programs,  
14 reduction of people in the institution. These are folks  
15 who are going to train the craftsmen that you need, not  
16 Tim Barfield. Okay? We are going to move him again and  
17 put him over there and teach him, you know, trade  
18 classes, which he probably could do very well. He's a  
19 talented individual, but my concern is on the ground  
20 level, the people who will provide the instructions to  
21 give us the craftspeople we need in the coming years.  
22 We're in bad shape. Go find me a technical college that  
23 tells you they got the money to operate the training  
24 programs. You know, it costs a little more to train a  
25 welder than it does the train somebody to run Microsoft

1 Windows, but at the end of the day, from the State  
2 investment, first of all, we're going to have to have  
3 enough welders to attract the industry, and number two,  
4 they're going to repay this State that investment over  
5 and over again in the income tax they pay on the wage  
6 rates they get. But I am very concerned about the  
7 structure being in place to train those people for the  
8 construction and for the skills that they'll need to  
9 operate the facilities we are going out to try to get.

10 MR. EL KOUBI:

11 Well, my only point was that when  
12 talking about the workforce cabinet was to say that we  
13 have the leaders who are involved in that effort meeting  
14 on a regular basis to optimize the resources that are  
15 going to deliver the kind of training that you're  
16 talking about and that those are the folks who, you  
17 know, ultimately control the vast majority of resources  
18 we have available as a State to deliver that clientele.  
19 We want to make sure that we're optimizing that, so  
20 that's really it, and it's something that I think  
21 we'll -- you know, this, as I said before, an  
22 non-precedented challenge for us, and, you know, the  
23 total solution is not an obvious one, but I think that  
24 we're working towards that and I'm hopeful that we can  
25 give you, you know, as a State, you know, something that

1 provides some clarity around that. I mean, I'm not  
2 speaking towards you. I'm speaking towards, you know,  
3 all stakeholders who have an interest in this.

4 MR. REINE:

5 I'll tell you, it's not unprecedented.  
6 We went through this in the '60s and the '70s when we  
7 built all of these plants and we trained the workforce  
8 as we did it. We had the most productive, at that time,  
9 the best trained workforce, and because of the economy  
10 and others thing, it's probably why we're in this shape,  
11 but we've been down this road before. We put the money  
12 in the training, we provided the workforce that the  
13 industry needed, because, I mean, we've got 38 plants  
14 from here to Baton Rouge. We built them. Those were  
15 challenges at the time where we needed the industry  
16 workforce to build them. We invested in the training,  
17 we produced those craftsmen, and they've maintained  
18 those facilities since; but we're back to that place,  
19 and if we as a State don't invest in our citizens, give  
20 them those skills, we're either going to have to attract  
21 a workforce from other places, which we aren't always  
22 the best at, or we're going to lose the businesses  
23 because they don't have the people to build them and  
24 maintain them. And I can tell y'all that, but I got  
25 plant mangers telling me the same thing. I've got the

1 Chamber of Commerce telling me the same thing, and if we  
2 don't address it, we may have challenges with the rest  
3 of the things we do.

4 MR. ROY:

5 Good point.

6 MR. REINE:

7 Well, I had some particular questions,  
8 and now that I've got off my soap box, but under the  
9 sheet that says "Consolidated Financial Statements  
10 Balance Sheet," it says, "LEDC Funds Unappropriated,"  
11 what does that mean?

12 MS. VILLA:

13 I think that's on Errol's report. Going  
14 back to the...

15 MR. REINE:

16 I'm just trying to follow along.

17 MR. REINE:

18 Whose report is the financial  
19 statements?

20 MR. ROY:

21 Errol, you're not off the hook yet.

22 MR. SMITH:

23 The appropriations?

24 MR. REINE:

25 Under "Assets," it has a figure and it



1           it says, "Unappropriated".

2                       MR. SMITH:

3                               Yes. Each year, at the end of each  
4           year, we have appropriations and we have a category that  
5           we get from, I think, our budget department. They come  
6           up with -- you can probably help me with this --  
7           whatever the total budget is.

8                       MR. REINE:

9                               I just want to know, are you talking  
10          about legislature didn't appropriate the money, or  
11          economic development hasn't appropriated the money?

12                       MR. SMITH:

13                               The legislature has appropriated the  
14          money for the Louisiana Economic Development Corporation  
15          to operate. Like the LEDC appropriated, that's probably  
16          for administrative expenses. Then we have Capital  
17          Outlay, we have Direct Allocation Appropriations, those  
18          are probably all of your Fast Starts, and all of these  
19          other Direct Allocations Appropriations that we'll list  
20          out throughout the year, but this was money appropriated  
21          by --

22                       MR. REINE:

23                               It was appropriated by the legislature,  
24          it just hasn't been appropriated by the department is  
25          that what you're telling me?

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MR. SMITH:

This is putting it in the categories, but the money has been appropriated. Correct? Yeah, I'm sure it's been appropriated, but this is what we'll operate this year.

MS. VILLA:

For our '13 budget.

MR. SMITH:

Correct.

MR. REINE:

Why does it say unappropriated?

MS. TATE:

Unappropriated is usually money that's there that has not been appropriated by the legislature. You can't spend it if they don't appropriate it.

MS. GUESS:

It is as of July 31st.

MR. SMITH:

Right.

MR. REINE:

If they don't appropriate it, you don't have it?

MR. SMITH:

Right.

MR. REINE:

1                   You're just hoping to get it.

2                   MR. SMITH:

3                   Right.

4                   MR. REINE:

5                   That's it.

6                   MR. ROY:

7                   All right. Ms. Villa, any other...

8                   MS. VILLA:

9                   That's it.

10                  MR. ROY:

11                  Anything else on your report?

12                  MR. REINE:

13                  Motion to accept the report as  
14                  presented.

15                  MR. ROY:

16                  Motion to accept the Treasurer's Report.

17                  MR. SAUCIER:

18                  Second.

19                  MR. ROY:

20                  Second.

21                  Any discussion?

22                  (No response.)

23                  MR. ROY:

24                  All in favor, "aye".

25                  (Several members respond "aye".)

1 MR. ROY:

2 All opposed, "nay".

3 (No response.)

4 MR. ROY:

5 Without objection.

6 All right. Mr. El Koubi, the  
7 President's Report.

8 MR. EL KOUBI:

9 Thank you, Mr. Chairman. As I eluded to  
10 in our last meeting, we have a very robust pipeline of  
11 positives right now, and a couple of those major  
12 announcements came in the interim between our last  
13 meeting and today, including a couple that we're going  
14 to, I think, raise the urgency of addressing the issue  
15 that Louis was describing a moment ago.

16 The first is one that you probably heard  
17 of about here in the Baton Rouge area, an expansion of  
18 CF Industries, a facility in Donaldsonville, a  
19 \$2.1-billion expansion that will create 93 new direct  
20 jobs. This is something that will really be focused on  
21 producing nitrogen derivatives that are used by the  
22 fertilizer industry to produce culture fertilizers.

23 The other very emergent announcement was  
24 really in the opposite end of Louisiana in the  
25 Shreveport/Bossier area where Benteler Steel, a

1 German-based steel company, made it's first major  
2 investment in the United States with a 675 job facility.  
3 It's going to be built in two phases attached to the  
4 Port of Caddo/Bossier. The first phase is going to be  
5 seamless steel tube mill. The second phase will be the  
6 steel mill itself. There was a very significant site  
7 selection process involving about 100 different sites  
8 across more than 12 states. They're going to begin  
9 construction of the first phase in 2013. They expect to  
10 complete that by the second half of 2015, and will  
11 follow that up with the construction of the second  
12 phase.

13 A number of other significant projects,  
14 not as big as those. Those are both obviously very huge  
15 projects. I'm not sure if I mentioned the capital  
16 expenditure at the Benteler Steel facility, but that's  
17 going to be a \$900-million capital expenditure coupled  
18 with the announcement in Donaldsonville. We're talking  
19 about \$3-billion of new investment for these two  
20 projects alone over the next several years, so, you  
21 know, it goes back to what you were saying, Louis.

22 A number of other announcements around  
23 the State. I won't go into a lot of detail there, but  
24 in Iberville Parish, a fertilizer manufacturer making an  
25 investment of more than \$10-million resulting in 16 new

1 jobs. BASF breaking ground on an expansion in Geismar  
2 creating 20 new direct jobs and many more indirect jobs.  
3 Emerson announcing the new regional headquarters in  
4 Ascension Parish. That will help retain 125 jobs and  
5 create 50 new jobs in Gonzales.

6 And one other thing I wanted to mention  
7 is that there was a ranking released towards the end of  
8 October from Area Development Magazine, that's one of  
9 the major site selection magazines, and every year, they  
10 survey leading site selection consultants about their  
11 views on different states. They ask about which states  
12 they see as sort of the overall best performers in terms  
13 of economic development and economic competitiveness,  
14 and they also ask about different aspects of those  
15 states. Louisiana ranked Number 6 in the Nation, number  
16 6 overall, in that survey, so another place where we  
17 have moved into the Top 10. When you look at particular  
18 factors that they evaluation, those site selections  
19 consultants surveyed by an area development ranked  
20 Louisiana Number 1 in the United States for having  
21 cooperative state government; Number 2 for our incentive  
22 programs; Number 3 for our workforce development  
23 programs, largely owed to Fast Start, which is the  
24 program that I was describing earlier; Number 3 for the  
25 speed of permitting; and Number 4, the overall cost of



1           that involve discretionary incentives, in other words,  
2           we'll we make a decision, look at the performance  
3           obligations that those companies were making in terms  
4           their payroll and job creation, in terms of their  
5           capital investment.

6                           MR. REINE:

7                           Let me ask you, tell me that phrase  
8           again.

9                           MR. EL KOUBI:

10                          Performance obligation?

11                          MR. REINE:

12                          Performance obligations, so those are  
13           contractual obligations, or are those obligations as  
14           we've seen in the past where they make promises and they  
15           don't keep them, they still get the money? Y'all are  
16           making contractual obligations?

17                          MR. EL KOUBI:

18                          We are making contractual obligations,  
19           very enforced by callbacks.

20                          MR. REINE:

21                          Very good.

22                          MR. EL KOUBI:

23                          Where the primary decision criteria is  
24           to make sure the State gets a positive return on the  
25           investment in terms of --



1 MR. REINE:

2 I like the way you're thinking.

3 MR. COTTEN:

4 You should have been here for last  
5 meeting, Louis. We had an interesting conversation with  
6 an individual who didn't quite understand that  
7 contractual obligation, and after a walk outside, he  
8 came back and had to reiterate several times his  
9 understanding thanks to -- Susan's not here, and I think  
10 he did comply; right? Yeah, because I think the State's  
11 doing a great job of understanding that, look, if you  
12 don't perform, it's callback, and I think it's getting  
13 to where now they're not even getting the money until  
14 they perform. Is that right, Jason?

15 MR. REINE:

16 It's quality jobs. Look, I'm not trying  
17 to give you a hard time. I really care. We're doing  
18 the right thing. We're providing -- look, as I told  
19 them the other day, the Economic Development is  
20 providing opportunities for our citizens. I know it's  
21 your job to worry about the companies. It's my job to  
22 worry about the people, and I'm really concerned about  
23 when we make these deals, are they going to benefit our  
24 citizens, provide them good jobs and opportunities, when  
25 they do that, you'll never see me vote against one. I

1 just want to feel comfortable, and I like what you're  
2 saying because, look -- and I don't want to mention a  
3 name. I know a company that got a ten-year tax  
4 exemption. They left in the middle of night. They laid  
5 off every one of their employes, and we refused to take  
6 back their tax exemption. And we gave them that tax  
7 exemption for four more years for pieces of property  
8 that sat empty without one employee. I don't want to  
9 see that happen. I don't think it's good for anybody.  
10 It's not good for the State. It's not good for  
11 employees. You're telling me they're contractual  
12 relationships. I appreciate that. That's moving in the  
13 right direction.

14 MR. EL KOUBI:

15 I just want to make one more point. We  
16 obviously want to make sure we're giving a competitive  
17 solution to businesses that want to locate or expand.  
18 You're raising a question about taxpayers and citizens.  
19 I want to be clear that anytime we make a decision  
20 involving incentives that we control, we're doing that  
21 in a way that protects the financial interest of the  
22 taxpayer, making sure that what this project generates  
23 in terms of State revenues is greater than what we're  
24 using to secure the project. So in every respect, I  
25 think those interests between what you're describing and

1           what the State is doing are a lot.

2                       MR. REINE:

3                               Because I can tell you, it hasn't always  
4           been that way.

5                       MR. SAUCIER:

6                               Unlike the Federal Government.

7                       MR. REINE:

8                               I've got all of the problems I can  
9           handle in the State of Louisiana. I'll let somebody  
10          else worry about that.

11                       MR. EL KOUBI:

12                               Thank you, Louis.

13                       MR. REINE:

14                               Thank you.

15                       MR. ROY:

16                               Jason, I'm curious, how many of these  
17          large projects are right on a river, the Mississippi  
18          River?

19                       MR. EL KOUBI:

20                               The vast majority of them are right on  
21          the river. You see that in the case of CF Industries  
22          for sure. Also, you know, with Benteler Steel being at  
23          the Port of Caddo/Bossier, the commission of the Red  
24          River there, and the Lake Charles area, there are a  
25          number of major projects. They're using Calcasieu Ship

1 Channel to access global markets, and so that is a very  
2 common pattern that we're seeing in these major capital  
3 investments. You know, it's not necessarily widely  
4 known in Louisiana, but Louisiana has the largest  
5 deepwater port complex in the world, six major deepwater  
6 ports, Port of New Orleans, Port of south Louisiana,  
7 Port of Greater Baton Rouge, Port of Lake Charles, et  
8 cetera. When you look at infrastructure capacity that  
9 that offers, it is a very attractive asset for major  
10 capital investment projects that are producing goods for  
11 export to world markets.

12 MR. ROY:

13 And you mentioned the rankings, and  
14 certainly those are factors, major factors, I'm sure, in  
15 why these companies came, but what would be the top  
16 three factors perhaps that contractors that might have  
17 led these companies to come? Deepwater ports, would  
18 that be one of the top ones?

19 MR. EL KOUBI:

20 Yes. I mean, every project is a little  
21 bit different, but some of the key factors that you see  
22 very frequently on most projects, you know, you always  
23 need to have a good site. So if there's not a site that  
24 meets the basic needs of the facility where they have a  
25 clear path to development, that is a very easy way to be

1 taken off the list. You know, we talk about this  
2 process as site selection, but really the vast majority  
3 of it is site elimination, and if you think about the  
4 project, the process, you know, you start with sort of a  
5 large number of possibilities, and most of them are  
6 crossed off the list at the beginning relatively  
7 quickly. And, you know, the site selection process is  
8 really a matter of making sort of a choice among a small  
9 number of similarly-situated sites and locations, you  
10 know, really trying to narrow down that solution to the  
11 best one because, you know, the biggest part of the  
12 process in terms of evaluating sites is really kind of  
13 eliminating sites from consideration, and the easy way  
14 to get off the list, to be removed from the list, is to  
15 not have a site that is attractive and what the company  
16 needs.

17 Some of the other common factors are  
18 workforce issues. Obviously companies need to have  
19 proximity to their customers and to their suppliers. So  
20 a lot of cases, just the geographic region is a major  
21 return. Those are some of big ones. And, you know, one  
22 thing I want to point out since you asked that question  
23 is a lot of times, folks think that, you know, that the  
24 incentives are really kind of the driver of the site  
25 selection processes, and they're really not. You know,

1 the incentives typically come into play at the very end  
2 of the process when you have a small number of similarly  
3 situated sites that have been chosen for their  
4 attractiveness of all of those other factors in terms of  
5 workforce and the site itself, in terms of proximity and  
6 suppliers to customers, only then will you have a small  
7 set of, you know, relatively equally workable options do  
8 incentives become a major driver in the process. But at  
9 that point, they become a determining factor in many  
10 cases, because they tip the balance on sites that are  
11 relatively equally attractive from a company  
12 perspective.

13 MR. ROY:

14 Very good. Any other questions or  
15 comments, gentlemen?

16 (No response.)

17 MR. COTTEN:

18 None.

19 MR. ROY:

20 Anything else?

21 (No response.)

22 MR. ROY:

23 Thank you, Mr. El Koubi.

24 MR. EL KOUBI:

25 Thank you, Mr. Chairman.

1 MR. ROY:

2 That's good news.

3 Any other business?

4 (No response.)

5 MR. ROY:

6 Hearing none -- you moved Brenda? If  
7 you move, you're going to get recognized.

8 MS. GUESS:

9 We'll, I'll never pass up an opportunity  
10 to say something.

11 I think all of you received the meeting  
12 schedule for 2013, and we'll make certain that all of  
13 the Board members who didn't receive were not in  
14 attendance today, that we will get those to them. The  
15 next Board meeting is on December 14th. Can anyone look  
16 now to see if that's still good?

17 MR. EL KOUBI:

18 What is it?

19 MS. GUESS:

20 December 14th.

21 I think right now we have in the  
22 pipeline, items that we expect, maybe we've got three  
23 maybe four EDAPS, and we may have another Venture Seed  
24 deal. We're not certain, but if that seems to be a  
25 problem, we'll make certain that we'll start looking to

1 get a quorum real soon in the event someone may have an  
2 issue with that date.

3 MR. ROY:

4 I have a conflict. I have a CLE, but  
5 certainly don't change the meeting for me, legal  
6 education.

7 MS. GUESS:

8 Okay. Unless we have to. Thank you.

9 MR. ROY:

10 Thank you very much.

11 Anything else?

12 (No response.)

13 MR. ROY:

14 Hearing none, I'll entertain a motion to  
15 adjourn.

16 MR. COTTEN:

17 Motion to adjourn.

18 MR. SAUCIER:

19 Second.

20 MR. ROY:

21 Second.

22 All in favor "aye".

23 (Several members respond "aye".)

24 MR. ROY:

25 All opposed, "nay".



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(No response.)

MR. ROY:

Without objection. Thank you.

(Meeting concludes at 10:38 a.m.)

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STATE OF LOUISIANA:

This verification is valid only for a transcript accompanied by my original signature and original blue seal on this page;

I, Elicia H. Woodworth, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this testimony was taken, do hereby certify that the witness, to whom oath was administered, after having been duly sworn by me upon authority of R.S. 37:2554 did testify as hereinbefore set forth in the foregoing pages;

That this testimony was reported by me in the stenotype reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding;

That I am not related to counsel or to the parties herein, nor am I otherwise interested in the outcome of this matter.

Baton Rouge, Louisiana, on this date \_\_\_\_\_.

\_\_\_\_\_

Elicia H. Woodworth, CCR  
Certificate No. 27014