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MEETING MINUTES FOR THE
BOARD OF COMMERCE AND INDUSTRY
OF THE
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
HELD AT
LOUISIANA ECONOMIC DEVELOPMENT
8401 UNITED PLAZA BOULEVARD, 4TH FLOOR
LASERS BUILDING
BATON ROUGE, LOUISIANA
ON THE 17TH DAY OF FEBRUARY, 2012
COMMENCING AT 9:39 A.M.

REPORTED BY: ELICIA H. WOODWORTH, CCR

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- 1 Appearances of Board Members Present:
- 2 A.J. Roy
- 3 Bal Sareen
- 4 Jason Elkoubi
- 5 Alden Andre
- 6 Thomas Cotten
- 7 Shelley Ferro
- 8 Michael Saucier
- 9
- 10 Staff members present:
- 11 Daria Vinning
- 12 Susan Bigner
- 13 Rick Broussard
- 14 Steven Grissom
- 15 Errol Smith

16 Seth Brown
17 Bob Cangelosi

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0003

1 MR. ROY:
2 Call to order the Board of Directors of
3 Louisiana Economic Development Corporation.

4 Roll call, please.

5 MS. VINNING:

6 A.J. Roy.

7 MR. ROY:

8 Here.

9 MS. VINNING:

10 Jay Rousso.

11 (No response.)

12 MS. VINNING:

13 Alden Andre.

14 MR. ANDREW:

15 Here.

16 MS. VINNING:

17 Jason Elkoubi.

18 MR. ELKOUBI:

19 Here.

20 MS. VINNING:

21 Shelley Ferro.

22 MS. FERRO:

23 Here.

24 MS. VINNING:

25 Mike Saucier.

0004

1 MR. SAUCIER:

2 Here.

3 MS. VINNING:

4 Bal Sareen.

5 MR. SAREEN:

6 Here.

7 MS. VINNING:
8 Thomas Cotten.

9 MR. COTTEN:
10 Here.

11 MS. VINNING:
12 Harry Avant.

13 (No response.)

14 MS. VINNING:
15 Louis Reine.

16 (No response.)

17 MS. VINNING:
18 Robert Stuart.

19 (No response.)

20 MS. VINNING:
21 Seven out of 11 members present. We
22 have a quorum.

23 MR. ROY:
24 Very good. I'll ask everyone to please
25 silence their cell phones.

0005

1 First order of business is the
2 presentation of the Finance Committee meeting minutes on
3 December the 2nd.

4 Any additions or corrections?

5 (No response.)

6 MR. SAUCIER:
7 Motion to approve.

8 MR. ROY:
9 Motion to approve as presented.

10 MR. COTTEN:
11 Second.

12 MR. ROY:
13 Second by Mr. Cotten.

14 Any discussion?

15 (No response.)

16 MR. ROY:
17 All in favor say "aye".

18 (Several members respond "aye".)

19 MR. ROY:
20 All opposed.

21 (No response.)

22 MR. ROY:
23 Without objection.

24 The Board of Directors minutes December
25 the 2nd.

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1 Any additions or corrections?

2 (No response.)

3 MR. COTTEN:

4 Motion to approve.

5 MR. ROY:

6 Motion to approve as presented.

7 MR. SAUCIER:

8 I'll second.

9 MR. ROY:

10 Second by Mr. Saucier.

11 Any discussion?

12 (No response.)

13 MR. ROY:

14 Hearing none, all in favor "aye".

15 (Several members respond "aye".)

16 MR. ROY:

17 All opposed?

18 (No response.)

19 MR. ROY:

20 Without objection.

21 The Screening Committee minutes for the
22 January 20th meeting.

23 MR. COTTEN:

24 Motion to approve.

25 MR. ROY:

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1 Motion to approve as presented.

2 MR. SAUCIER:

3 Second.

4 MR. ROY:

5 Second.

6 Any discussion?

7 (No response.)

8 MR. ROY:

9 Hearing none, all in favor "aye".

10 (Several members respond "aye".)

11 MR. ROY:

12 All opposed.

13 (No response).

14 MR. ROY:

15 Without objection.

16 The Screening Committee Report. I know
17 Mr. Cotten and the committee met and did some good work,
18 and I'll call upon him to give us a report.

19 MR. COTTEN:

20 The Screening Committee met on January
21 20th and we heard from New Orleans Startup Fund,
22 Ms. Leslie Jacobs, and the committee recommended
23 bringing to the Board the request for their
24 million-dollar VC Fund.

25 Leslie, would you want to maybe come up

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1 and talk to us and give us a little summary again,
2 please?

3 MS. JACOBS:

4 Sure. Good morning. I'm Leslie Jacobs,
5 and I'm the CEO of the New Orleans Startup Fund.

6 The New Orleans Startup Fund is a
7 non-profit Evergreen Fund that invests in early-stage,
8 high-growth companies. So any earnings of this startup
9 fund that's made from this investment is reinvested and
10 given back to the fund to invest in another company.
11 The money that we raise from private citizens or from
12 foundations or corporations gets a tax deduction. We
13 don't call them individuals under the terms, but we call
14 them investors because they're contributing to the
15 501(c)(3) in any normal fashion.

16 The startup fund was created by -- I'm
17 one of the founding board members and also contributed
18 to the fund. It was really by a group of entrepreneurs
19 in New Orleans who wanted to -- successful entrepreneurs
20 I might add -- who wanted to help the entrepreneurial
21 ecosystem in New Orleans. It was really just
22 early-stage money to invest in, and we've made most of
23 the folks who contributed money serve on the Board. All
24 of our founding board members contributed, I think,
25 100,000 each to the fund to get it started.

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1 We've made three investments so far.
2 I'm happy to say all three companies are still in
3 business in New Orleans, and New Orleans is having a
4 real renaissance or resurgence of entrepreneurship.
5 Some of you may have heard of Idea Village. They're

6 also non-profit. They don't invest in companies, but
7 they're an incubator. They also promote
8 entrepreneurship throughout the city. The third week of
9 March this year will be their entrepreneur week. So you
10 have all of this startup activity, but what's happened
11 is, they might start up, but then there was no
12 early-stage money. So the startup fund was really
13 focusing on companies that have some degree of revenue.
14 It could be a very small revenue, but meaning we're
15 really not funding what I call "tech-commercialization"
16 or "prototype". They're really funding that
17 entrepreneur when they have something they can show us.
18 We're not funding the design of the conceptual website.
19 We want to see that it's up and running and it's doing
20 whatever it is that it's supposed to do, and our target
21 company can get to 20 million in sales in five years.
22 Our goal is to be out of the investment in that
23 five-year period, that they will have done some form of
24 transaction that takes us out. We generally are coming
25 in as convertible debt given the Angel Tax Credit. On

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1 occasion we might come in as equity, but we can't really
2 use the tax credit as we are a non-profit, but they
3 might structure it around your equity as convertible
4 debt if the rest of the investors are taking advantage
5 of the Angel Tax Credit.

6 So that's a real brief overview. I'm
7 happy to answer any questions.

8 MR. COTTEN:

9 As you can see from Leslie's
10 communication or explanation, this is a 501(c)(3). She
11 was ready to present for January, and we thought this
12 would be a good opportunity since it's the first C-fund
13 we're looking at for distribution that we would, you
14 know, use her as the first one. And she's a very strong
15 organization, supported by some very strong
16 entrepreneurs.

17 So if y'all have some questions, I mean,
18 she's here.

19 MS. JACOBS:

20 I guess one other selling point, as I
21 said, our goal is to have a minimum of a 10-to-1
22 leverage, so if we were to invest \$50,000, we would want

23 the round to be a minimum of 500,000-plus. So we're
24 getting ready. We said our first round is going to be
25 wheeling. We're only going to put in 75,000 towards a

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1 million-dollar round. So when you measure that
2 leverage, our average leverage will actually come in
3 higher than 10-to-1 in the leverage of the investment.

4 MR. COTTEN:

5 Any questions?

6 MS. FERRO:

7 You may have said this, but how long
8 have you guys been around?

9 MS. JACOBS:

10 We opened our doors at the end of 2010,
11 so really 2011 was our first year of true operation.

12 MS. FERRO:

13 How many companies have you guys funded?

14 MS. JACOBS:

15 We've funded three. Only three. We've
16 had -- I don't know. I think we've had close to 200
17 business plans or businesses submit. It's taking us a
18 while to get our groove as to what we feel comfortable
19 in investments and to get our policies down, but we've
20 got three invested, and we have three right now in due
21 diligence.

22 MS. FERRO:

23 Thank you.

24 MR. COTTEN:

25 So I guess, Mr. Chairman, the Screening

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1 Committee did recommend them to the Board, so I'll let
2 you take over.

3 MR. ROY:

4 So that's a formal motion?

5 MR. COTTEN:

6 I guess, yes.

7 MR. BROWN:

8 One clarification. There's two motions
9 on the floor. There's a motion for eligibility, and
10 then there's a motion to fund. I'm sorry. Let me speak
11 into the mic. There's a motion for eligibility that's
12 on the floor, as well as a motion to fund them for a
13 million dollars as well. Unlike the funds that are

14 coming before you, this is the first time they have been
15 indebted, so we're asking for the eligibility as well,
16 and we recommend a positive recommendation for both.

17 MR. ROY:

18 Okay. So do you so move?

19 MR. COTTEN:

20 I move.

21 MR. ROY:

22 Okay. So a motion to make them eligible
23 to participate and for funding of a million dollars?

24 MR. BROWN:

25 Correct.

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1 MR. ROY:

2 Do we have a second?

3 MR. SAUCIER:

4 I was part of the Committee Screening
5 meeting, and I'll second that motion.

6 MR. ROY:

7 All right. Any discussion?

8 (No response.)

9 MR. ROY:

10 Hearing none.

11 All in favor "aye".

12 (Several members respond "aye".)

13 MR. ROY:

14 All opposed "nay".

15 (No response.)

16 MR. ROY:

17 Without objection.

18 Congratulations. Please keep us posted.

19 MS. JACOBS:

20 We will. Thank y'all very much.

21 MR. ROY:

22 We wish you the best.

23 MR. ROY:

24 All right. Susan Bigner for the
25 Louisiana Seed Capital Program, Themelios Ventures, II,

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1 LP.

2 MS. BIGNER:

3 Okay. Ross Barrett is here with

4 Themelios.

5 MR. ROY:

6 Did I pronounce that right, Themelios?

7 MR. BARRETT:

8 Yes.

9 MS. BIGNER:

10 Themelios. I can't get it correct.

11 What I would like to do, Mr. Roy, is
12 give you a little synopsis about this fund and then give
13 you a little bit of synopsis about the other fund, and
14 then let both of them come up so that we can discuss a
15 little bit more the first recommendation. Both of these
16 funds work well together. They've done some
17 co-investments, and we've worked with both of them on
18 the issue regarding the management fees, so if that is
19 okay with you, that's the way I would like to do it.

20 MR. ROY:

21 That's fine.

22 MS. BIGNER:

23 Okay.

24 MR. CANGELOSI:

25 I would like to make a point of

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1 information, these funds have already been approved for
2 participation in our program?

3 MS. BIGNER:

4 That's correct.

5 MR. CANGELOSI:

6 So the only thing we will be going on
7 today will be the funding of the million dollars?

8 MS. BIGNER:

9 That's correct.

10 We do not have any funds in Themelios --

11 MR. BARRETT:

12 Themelios.

13 MS. BIGNER:

14 These funds. Okay?

15 We do not have any funds in the first
16 venture fund. We do have funds through Louisiana
17 Ventures that Ross Barrett also manages. That was a
18 five-million-dollar fund that was approved in 2003, but
19 did not close till 2005.

20 MR. BARRETT:

21 Correct.

22 MS. BIGNER:

23 Till 2005.

24 Of the five million, we've done 4.75,

25 and we've received \$84,000 back from them so far. And
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1 they're planning on exiting and closing that fund
2 probably within the next five years.

3 Ross is up in the Shreveport area. He
4 is with LSU. His office is in the LSU BioCenter?
5 Biosphere? We've worked with him, like I said, for the
6 last 10 years or so. We've got a couple of Venture
7 Capital investments that we've done with him. Ross is
8 going to be part of the principles of the fund, along
9 with Russel Vernon. They're going to have their
10 advisory board and board of directors. This fund is
11 estimated to be at about 25-million, with the first
12 close at around three-million. So far, they've raised
13 about 1.7-million. They're requesting a million dollars
14 of the SSBCI Federal Funds that we currently are
15 managing. They agree to do Early Stage and Seed
16 Funding, and they expect the fund to last about 10 years
17 with two possible extensions past the 10-year period.

18 They're going to be focusing mostly on
19 the Baton Rouge area working with Pennington, but
20 they'll also be looking at projects across the State.
21 But they're main focus is going to be on the State, and
22 the majority of their investments should be in the State
23 of Louisiana.

24 Like I said, they've done previous
25 business with us. I can answer any questions that you
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1 have about how they've handled the other fund. You have
2 a copy of the PPM. What they're expecting to do is,
3 they're going to -- first off -- let's see. We're
4 taking an LSU course on Venture Capital, and we have a
5 couple of books, so this first handout that you should
6 have has some definitions from the book in case you have
7 some questions about that.

8 The way the funds are going to be set up
9 is, there's a general partner who manages the fund, then
10 all of the investors are considered limited partners
11 we'll be a limited partner in this fund. They're
12 willing to treat us a little bit special because these

13 are Federal funds. There's a diagram that kind of
14 explains the life of the fund, how they'll fund a
15 project, as well as the life of the project, the fund
16 itself. The investment period usually lasts about five
17 to seven years. That first five to seven years of --
18 well, that's the commitment period of the fund, then
19 they go into exit, and your exit is usually somewhere
20 between seven years and usually close between 10 to 15
21 years.

22 So that gives you a little bit of
23 information. When they start talking about exits and
24 Seed Stage and Early Stage, there's some of the these
25 definitions here that might help you. Also, they're

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1 going to -- when Joe Lovett comes up, he's going to
2 explain it a little bit more.

3 Getting back to this fund, we took the
4 project to the Internal Committee, and they agreed to
5 bring it to the full Board with the following
6 conditions: That all committed funds will be called
7 within three years of the subscription date. After the
8 initial draw, the fund must provide proof of how the
9 funds were allocated to receive subsequent withdrawals.

10 If investments were made outside of Louisiana, total
11 Louisiana investments must be equal to or exceed
12 2.5-million by June 30th of 2016. If the fund
13 co-invests with another fund that has SSBCI funds, only
14 one fund can record the company's demographics on
15 quarterly or annual reports. If there's a dispute
16 between which company is going to claim it, then the
17 lead investor will be able to claim that portfolio
18 company on their report. The funds must be registered
19 with the Louisiana Secretary of State before the fund
20 can be disbursed, and SSBCI funds cannot be used for
21 followup investments from a prior fund and can only be
22 invested in Seed to Early Stage investments.

23 This keeps them from using these funds
24 in addition to their first fund, which would be the
25 additional followup fund for the first funds. That way,

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1 we're trying to make sure and they're agreeing to go
2 after new companies, not to continue to invest in
3 existing companies that are past the early stage. The

4 fund will provide LEDC annually with audited financial
5 statements to be prepared by a certified public
6 accountant, which include, but shall not be limited to a
7 balance sheet, profit-and-loss statement, changes in
8 financial condition and a current annual reconciliation
9 of the fund's net worth will always be provided.

10 At this time, I would -- do you have any
11 specific questions for Ross?

12 MR. BARRETT:

13 May I say something?

14 MR. ROY:

15 Sure.

16 MR. BARRETT:

17 I'm actually here because of LEDC. In
18 2003, I was living in New York, and I had kept my
19 relationships up with the State. I had gone to LSU law
20 school. Prior to that, I worked with J.W. Johnston.
21 I'm originally from Shreveport, then LEDC originally
22 made commitments, so it's been a nice public/private
23 partnership. We've been able to leverage your initial
24 capital 6-to-1, and our projections show that ultimately
25 we'll be able to leverage at 13-to-one. So we manage

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1 two funds. They're both Early and Seed Stage, and I've
2 had -- most of our success is in the healthcare/life
3 science arena, and Pennington Biomedical here in Baton
4 Rouge has five of the top 20 world-wide experts in
5 obesity and diabetes and nutrition, so five out of the
6 entire 20 in the whole world. So we're just trying to
7 spread our strengths. We have an office up in New York,
8 have real close ties to the East Coast Venture Capital
9 folks, so it's been, I think, a real good business
10 opportunity for us when we see continued opportunities
11 to continue to fund these Seed Stage deals. I'd be
12 happy to define what that actually means, if you would
13 like me to.

14 Maybe one example is a company out of
15 Shreveport that we funded out of the LSU Health Sciences
16 Center. It was an idea that an inventor, Dr. Nick
17 Gettas, had come up with, and he filed a patent. So we
18 actually took a license from the LSU system, we paid the
19 LSU system cash, they gave us a license, and then we
20 turned that into -- we've turned that initial \$50,000

21 investment into roughly four-and-a-half million of
22 venture capital, as well as over four-million, close to
23 five-million in Federal grants, and all of that is
24 pushing the company forward to develop a drug that will
25 hopefully be sold on the market one day.

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1 So these are long-range plans. They are
2 oftentimes companies that have no revenues, but if they
3 do get eventually sold, the potential is very high for
4 capital back, not only to you as investors, but it helps
5 the LSU system because they take a royalty from the
6 sales of the drugs.

7 We see a lot of opportunity at
8 Pennington right now, and not only at Pennington with
9 Pennington scientists, but with companies that could
10 potentially work with Pennington in the nutrition and
11 obesity area.

12 MR. COTTEN:

13 Question, on your literature, you are
14 investing in Dizzy Dough, that's seems like a little
15 more of a down-to-earth...

16 MR. BARRETT:

17 So that was a company we're actually
18 looking at right now.

19 MR. COTTEN:

20 You're looking at?

21 MR. BARRETT:

22 We haven't made any representations to
23 that company, but it was an example of a Louisiana
24 company that's in the nutrition business. It's a
25 company out of Monroe that does -- they started out

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1 doing sweet potato muffins, and they branched out into
2 blueberry pancakes and things like that, but we could
3 actually hire Pennington to run some scientific research
4 on that. So that's just an example of a company that
5 isn't necessarily hardcore science, but that could
6 leverage with Pennington Center.

7 MR. ROY:

8 I'm curious, when you buy a patent from
9 Pennington, is that a public bid in that purchase?

10 MR. BARRETT:

11 I don't think it would be defined

12 necessarily as a bid or auction process, but under this
13 rule that passed in 1980 called the Bayh-Dole Act, any
14 public university has -- their job is to commercialize
15 their technologies, and so they negotiated with us. So
16 we actually end up negotiating with the LSU system
17 office, and they say, "Hey, listen, we think it's worth
18 this," and we said, "Well, we think it's worth this, and
19 this is what we can afford." So there's also some type
20 of stock, cash and royalty combination.

21 To give you an example, this LSU Health
22 Sciences Center company, we pay them \$50,000 up front
23 and \$2,500 a month just to lock that patent up. We also
24 take all of the expense of prosecuting that patent
25 world-wide. We just got issued in Israel and in

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1 Australia. It takes a long time to do, but all of the
2 risk is on us, but they just want to make sure that
3 we're actually trying to commercialize these
4 technologies.

5 MR. ROY:

6 How many other real players are there
7 that might do the same thing with Pennington?

8 MR. BARRETT:

9 You know, we hope there's a lot. It's
10 kind of a lot like the CPA business. We all try to help
11 each other out. There's not a lot of sharp elbows in
12 the Venture Capital business. We try to build
13 syndicates. And so there's rarely a situation where
14 there's a bid process, although it does happen, and it
15 usually happens when there's a hot market going on. But
16 we're also in what I call the "flyover states", so
17 there's fewer institution venture capitalists here in
18 Baton Rouge or New Orleans or Shreveport that stay in
19 Palo Alto, San Francisco, New York, so we tend to get
20 pretty good economic deals, which is good for the
21 limited partners.

22 MR. ROY:

23 Any other questions or comments?

24 (No response.)

25 MS. BIGNER:

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1 I'm going to ask that Joe Lovett and
2 Richard Babb please come to the table as well.

3 MR. LOVETT:

4 Good morning.

5 MR. ROY:

6 Good morning. Make sure your
7 microphones are on. I appreciate that.

8 MS. BIGNER:

9 This name I can pronounce. This is Joe
10 Lovett and Rick Babb. They're representing the
11 Louisiana Fund, II. Their office is at the Louisiana
12 Emerging Technology Center over at LSU. They also have
13 an office in the New Orleans BioCenter in New Orleans
14 and also they have a venture partner in Shreveport,
15 which I kind of think is Ross Barrett, but I'm not
16 exactly sure.

17 MR. BARRETT:

18 It's not, but...

19 MS. BIGNER:

20 It's not? All right.

21 They also do Early Stage Venture
22 Capital, and they're going to be doing Seed Capital as
23 well. They're managing directors with this fund. It's
24 going to be Joe Lovett, Rick Babb and Thomas Dickerson.
25 Mr. Dickerson just moved here. I believe he was in --

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1 where was he?

2 MR. BARRETT:

3 Connecticut.

4 MS. BIGNER:

5 He was in Connecticut, and he just
6 recently moved to New Orleans, so he will be handling
7 the New Orleans office, and Joe and Rick will be here in
8 the Baton Rouge office. They're going to have a
9 strategic advisory board and advisory committee.
10 They're going to be looking at Early Stage, Early and
11 Seed Stage funds basically across the South Louisiana --
12 basically across the South United States. So they're
13 going to be looking from Florida, all the way over to
14 Arizona, I believe, but their main concentration is
15 going to be here in Louisiana. Like I said, they're
16 going to be working over at LSU and with New Orleans, so
17 they've got a lot connections with those as well.

18 They're looking for a million dollars
19 co-investment -- I mean, a million dollars investment

20 into the fund. Their fund is going to be anywhere
21 between 25 to 50-million, not to exceed 60 million.
22 Their first closing is going to be approximately
23 20-million. Currently you've raised seven?

24 MR. LOVETT:

25 Seven and a half.

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1 MS. BIGNER:

2 Seven and a half million. I apologize
3 for hesitating. I've been looking at both of these
4 funds, and they've kind of commingled in my mind.

5 Again, we will be considered a limited
6 partner in the fund. They have agreed -- it's the same
7 thing as Ross' fund to work with us because they
8 understand that these are Federal funds. LEDC does have
9 an investment in Louisiana Fund I, and, actually, that
10 was an usual situation. LSU came -- Research and
11 Technology came to LEDC and asked that we work with them
12 to create Louisiana Fund I. We gave them \$750,000 to
13 create the fund and then a five-million dollar
14 investment into the fund, \$350,000 of the 750 was used
15 to organize the fund, and the other \$350,000 was added
16 to our investment into the fund. Of that fund, we have
17 funded 1.51-million dollars, and we've received about
18 \$130,000 in returns. This was a fund that was also
19 approved around 2003, but actually did not close till
20 about 2005, late 2005, early 2006 due to the hurricane
21 and other issues that were going on. So they're still
22 in the commitment stage right around five or six years
23 and, again, expect to be able to exit within the next
24 five to six years.

25 I'm going to let Joe -- and they've

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1 agreed to the same condition restrictions on their fund
2 as Ross' fund. If you would like, I'll read them again,
3 but it's the same. We don't have to pull down the fund
4 within three years. Both funds have agreed not to
5 charge us management fees. The questions that we're
6 getting into is, because these are Federal funds and we
7 cannot take management -- we cannot take any type of fee
8 out the investment that we make into the these funds,
9 both of these fund have been willing to work with us so
10 that they will receive the money to pay for those, but

11 be compensated at a different time. We would still have
12 a million dollars that would be invested. That's not
13 going to affect the million-dollar investment in any of
14 the portfolio companies. It's just considering a --
15 when they should be compensated for carrying those
16 additional expenses of the management for the fund.

17 MR. ROY:

18 When will we know the answer to that?

19 Should we --

20 MS. BIGNER:

21 We're going to be working on that after
22 I let Joe and them talk. I'm going to tell you the two
23 options that they're looking at, and then we can go
24 ahead and discuss that a little bit better.

25 MR. ROY:

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1 I'm just wondering if that is of such
2 importance that at some point -- certainly these
3 gentlemen need to continue, but at some point we should
4 table the matter, not till the future meeting, but till
5 later in the meeting until you get the answer to that
6 question. Will we know that in short order; do you
7 know?

8 MR. BARRETT:

9 Yes.

10 MS. BIGNER:

11 I think so. I think we can.

12 MR. LOVETT:

13 We can address them right now.

14 MR. ROSS:

15 We can address them right now.

16 MS. BIGNER:

17 I didn't know if you wanted to go ahead
18 and tell them and we can come back to that.

19 MR. ROY:

20 I'm just wondering if we had to make a
21 phone call to understand.

22 MS. BIGNER:

23 We did not get an answer on that phone
24 call. I got a voicemail and was going to send an e-mail
25 and was not able to, but after hearing them explain it

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1 more in depth -- and I will allow them to do that -- I

2 don't think it is something that the Fed would have
3 anything to object to.

4 MR. ROY:

5 Okay. Notwithstanding, we might want to
6 approve it contingent on that approval.

7 Let the gentlemen speak first.

8 MR. LOVETT:

9 The way these situations are handled --
10 can everyone hear me? Is this thing on? The green
11 light is on. I usually don't need the microphone.

12 The way these things are handled are
13 through the capital accounts where your million dollars
14 is all invested into companies and the fund does not
15 take a management fee. The fund takes a management fee
16 from other limited partners, and your returns are the
17 same. You get your million dollars back first, and then
18 the profits are split 80/20; but the way we do it is, we
19 kind of get credit for the management fees for our
20 capital contribution into the fund. We've done this
21 before. This is the way it's handled in this industry,
22 so it's a matter of us just sitting down with our
23 accountants and our lawyers and putting this into
24 language in the partnership agreement. I think both
25 funds have partnership agreements that are already

0030

1 drafted. They just have to be amended.

2 MS. BIGNER:

3 Actually, this the two options that
4 we've been talking about, and I'm going to explain the
5 option that they spoke about this morning, and then I'll
6 get to the carry option. The first option is, usually
7 when you go into a fund, the general partner has about a
8 one-percent ownership in the fund for managing that
9 fund. LEDC's going to be one million out of whatever
10 the amount of the fund is. That's going to be their
11 percentage. If it's the 50-million, we'll be one of 50,
12 so that would be our percentage. In a limited partner,
13 it would be one percent, so in place of that, in place
14 of them being compensated for the fees, then we'll
15 increase their one percent to a larger amount. It would
16 still be one million out of 50, but their percentage
17 would be a little bit more. In other words, it would
18 almost be like compensating them, but it would be --

19 MR. LOVETT:

20 It's changing the ownership.

21 MR. BARRETT:

22 Can I jump in real quick? Also, I went
23 to the tax program. This is just a capital account
24 issue, so instead of actually receiving a check for a
25 management fee, we would have that allocated to our

0031

1 capital contribution for the fund, and so it's generally
2 accepted by the IRS. It's been done this way for 30
3 years, and it's an internal capital account.

4 MR. SAUCIER:

5 So you get it on the back side?

6 MR. BARRETT:

7 Yes.

8 MR. LOVETT:

9 Correct.

10 MR. SAUCIER:

11 So is there a fee on our million-dollar
12 investment? You said they're not calculated on the --

13 MS. BIGNER:

14 They wouldn't charge LEDC a management
15 fee at all. All of the other investors would be paying
16 their fees. They're agreeing to not accept any fee from
17 us, but increase their -- instead of us paying --

18 MR. SAUCIER:

19 Their capital --

20 MS. BIGNER:

21 -- say, \$300,000 for fees, it would
22 go --

23 MR. LOVETT:

24 Yes.

25 MS. BIGNER:

0032

1 -- that type of compensation would go --
2 and they would be able to claim it in their part of
3 their percent.

4 MR. LOVETT:

5 In our capital account. In fact, we
6 have to keep the economics of the partnership the same.
7 For all of the other partners, that has to look the
8 same.

9 MR. SAUCIER:

10 The fee is calculated on the backside?

11 MR. LOVETT:

12 No. No. It's going to be calculated on
13 the 50, but we're going to absorb the LED part through
14 the general partner. The general partner will take --

15 MR. SAUCIER:

16 The fees on the 49-million will be paid
17 quarterly?

18 MR. BABB:

19 Yes.

20 MR. LOVETT:

21 Yes.

22 MR. SAUCIER:

23 I think you're right, we need to make a
24 phone call.

25 MR. ROY:

0033

1 Perhaps, anything we can to do, I guess,
2 would be contingent upon...

3 MS. BIGNER:

4 Yes, by approval by --

5 MR. BARRETT:

6 We have to keep the other 49 partners.
7 You know, it make sense, we have to keep the other
8 partnerships all --

9 MR. SAUCIER:

10 So at the end of the day, it's going to
11 reduce our payback some small amount?

12 MR. BARRETT:

13 Not until you recoup your million
14 dollars. You'll recoup your million dollars, but after
15 that...

16 MR. SAUCIER:

17 On the 80/20 split?

18 MR. BABB:

19 Right, because we'll be recouping the
20 management --

21 MR. SAUCIER:

22 You'll be taking the fee out of the 20
23 percent profit distribution?

24 MR. BABB:

25 Out of the 80 percent basically, as

0034

1 opposed to -- right.

2 MR. SAUCIER:

3 Right.

4 MR. BARRETT:

5 So what I had suggested was twofold, we
6 would certainly make this contingent upon compliance
7 with any Federal guidelines and regulations, and then
8 also we -- you know, KMG does our taxes and we have an
9 auditor that's affiliated with RSM McGladrey, and I just
10 wanted to run that by them as well. But, again, this is
11 the way that we've done this in the past. And these
12 situations arise when certain limited partners have to
13 be treated a little bit differently, so...

14 MS. BIGNER:

15 We've talked to a couple other states
16 that are also using the SSBCI Funds, and I do -- we
17 looked at a couple of different ones that they're doing,
18 and one of them -- the one that we have seen and that
19 has been accepted is doing the carry like you were
20 saying a couple minutes ago, Mr. Saucier, about changing
21 the carry on the end. And we've talked to Treasury, and
22 they do -- they're okay with that. The Treasury, their
23 main goal on this SSBCI fund is to get the full amount
24 out into the public use to invest in companies. No fees
25 whatsoever comes out, and we get a 10-to-1 leverage, if

0035

1 at all possible. So after five years, after five years,
2 this program goes away and those funds that are in the
3 SSBCI Fund are going to revert back to LEDC. The Feds
4 are not going track it any longer after those five
5 years, so they're not as much -- they're not as worried
6 as how it comes back to us. They're not even concerned
7 whether we get it back or not. Again, we've got an
8 Evergreen that we're putting the funds into. We'll
9 never see those funds again. As a Board, I know that
10 it's very important that we invest these Federal funds
11 and the State funds in the best condition, what's best
12 for the tax payers, and I understand that and that's
13 what we're trying to do. But the Feds, right now, I'm
14 saying again, it's my understanding, after talking to
15 Jeff is -- and Jeff is with the US Treasurer's office --
16 their main concern is getting the funds out, getting the
17 funds into the communities and making sure that the full

18 amount is getting out to the communities and that none
19 of it goes towards any of the expenses.

20 MR. COTTEN:

21 Susan, just, I mean, we've invested with
22 these gentlemen before, so we have some history on their
23 operations and their investments.

24 MS. BIGNER:

25 Right.

0036

1 MR. COTTEN:

2 And that's been favorable, so you're
3 proposing something a little different, just because of
4 a Federal regulation that's different than the norm of a
5 limited partnership, and that was, we cannot do a
6 two-and-a-half percent management fee. So we have to
7 modify the agreement, but, yet, they're compensated
8 two-and-a-half percent. We can't give it to them in a
9 management, but let's give it to them in maybe a carried
10 interest vehicle, which is, I think, what you guys are
11 proposing?

12 MS. BIGNER:

13 Well, it's either -- they're proposing
14 increasing the GP ownership, and what we've heard is
15 change the carry interest. I don't -- we still don't
16 know the Treasury is against them changing the
17 ownership. I don't believe that they would be, but,
18 again, that would have to be verified. But either way,
19 they need to be compensated, and we all agree to that.

20 MR. LOVETT:

21 The way these things are handled are,
22 this is the way it's done, and in this industry, we
23 don't fool with the carry to you. The economics are
24 going to be the same. It's going to be on the back end.
25 It's going to be out of profits, whether we increase the

0037

1 carry outs or we get a little more credit for our
2 contribution as general partners to the partnership.
3 The economics are the same.

4 MR. BABB:

5 We would rather do it this way because
6 we've done it before, our accountants have done it
7 before and it's easier -- rather than monkeying with the
8 carry hoping that it won't -- because there were

9 conversations -- I'm trying to glean in from other
10 conversations, but it ended up being two different ones.

11 MR. LOVETT:

12 The economics are the same to you.

13 MR. COTTEN:

14 You're going to venture the capital --

15 MR. LOVETT:

16 Just like a plain old limited partner,
17 you get your million dollars back and you get 80 percent
18 of the profits for the carry going forward. The only
19 difference is, the management fees we get credit for
20 through the capital account. Our accountants in the
21 past and attorneys have been comfortable with this, and
22 this is the way we would like to handle this.

23 MS. BIGNER:

24 And there's not anything on any of the
25 reportings on Federal Government about percentages of

0038

1 the ownership. Their question is going to be how much
2 private leverage is going up against this million
3 dollars.

4 MR. COTTEN:

5 Okay. Thank you.

6 MR. SAUCIER:

7 And, Susan, does this methodology apply
8 to the other two funds also, or just this fund?

9 MS. BIGNER:

10 These two funds.

11 MR. SAUCIER:

12 And that's going to be across the board?

13 MS. BIGNER:

14 Right, because the restrictions on both
15 of them --

16 MR. SAUCIER:

17 Are the same.

18 MS. BIGNER:

19 -- are the same.

20 MR. COTTEN:

21 So we're working on the model for a
22 profit limit partnership investment. The other fund
23 would be -- this morning was an Evergreen Fund.

24 MS. BIGNER:

25 And they have an EDA Grant that will

0039

1 cover all of their administrative expenses, so that
2 never came into question.

3 MR. SAUCIER:

4 Wasn't an issue?

5 MS. BIGNER:

6 No, wasn't an issue at all.

7 MR. SAUCIER:

8 That's how they're getting paid?

9 MS. BIGNER:

10 Right.

11 MR. ROY:

12 Any other questions or comments?

13 (No response.)

14 MR. ROY:

15 So I take it staff's recommendation is
16 to increase the equity position, take care of the fee
17 that way?

18 MS. BIGNER:

19 As long as we're allowed to by the US
20 Treasury and attorneys, yes.

21 MR. ROY:

22 So we can make it contingent upon that?

23 MS. BIGNER:

24 Yes, sir.

25 MR. ROY:

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1 Any other questions or comments ?

2 (No response.)

3 MR. ROY:

4 Hearing none, I'll entertain a motion.

5 MS. BIGNER:

6 Okay. Can you entertain a motion for
7 one fund, and then do it for the other fund, just so we
8 make sure that we've got it?

9 MR. ROY:

10 Themelios first.

11 MS. BIGNER:

12 Okay. You want me to motion or you want
13 me to say or what?

14 MR. ROY:

15 Well, that will be up to the Board.

16 MR. COTTEN:

17 I'll make a motion to approve the
18 funding contingent upon the Treasury accepting the
19 revised agreement on investment, which will be no
20 management fee, capital account, adjusted at the end.

21 MS. BIGNER:

22 Thank you.

23 MR. ROY:

24 Is there a second?

25 MR. SAUCIER:

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1 I'll second.

2 MR. ROY:

3 Seconded by Mr. Saucier.

4 Any discussion?

5 (No response.)

6 MR. ROY:

7 Any comments from the public?

8 (No response.)

9 MR. ROY:

10 Hearing none, all in favor, "aye".

11 (Several members respond "aye".)

12 MR. ROY:

13 All opposed, "nay".

14 (No response.)

15 MR. ROY:

16 Without objection.

17 Mr. Barrett, congratulations.

18 MR. BARRETT:

19 Thank you very much. I appreciate it.

20 MR. ROY:

21 Keep us posted.

22 MR. BARRETT:

23 Certainly will.

24 MR. ROY:

25 Louisiana Fund, what's the pleasure of

0042

1 the Board?

2 MR. SAUCIER:

3 I'll make the same motion that

4 Mr. Cotton made to approve the amended agreement to

5 allow this fund to take the management fee on the back

6 end through their capital account, subject to the US

7 Treasury Department's approval.

8 MS. BIGNER:

9 Thank you.

10 MR. ROY:

11 Motion by Mr. Saucier.

12 MS. FERRO:

13 I'll second.

14 MR. ROY:

15 Second by Ms. Ferro.

16 Any discussion?

17 (No response.)

18 MR. ROY:

19 Hearing none, all in favor "aye".

20 (Several members respond "aye".)

21 MR. ROY:

22 All opposed, "nay".

23 (No response.)

24 MR. ROY:

25 Any comments from the public?

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1 (No response.)

2 MR. ROY:

3 Hearing none, motion's approved.

4 Congratulations. Please keep us posted,

5 and I wish you well.

6 MR. BARRETT:

7 Thank you.

8 MR. LOVETT:

9 Thank you.

10 MR. ROY:

11 Election of officers is next for

12 chairman and vice chairman. And might I say, if anyone

13 wants to be chairman, let me know. I'm fine with it.

14 MR. SAUCIER:

15 Or vice president.

16 MR. ROY:

17 I'm fine with that, too.

18 MR. COTTEN:

19 I nominate Mr. A.J. Roy, who's done a
20 fine job as chairman.

21 MR. SAUCIER:

22 Second.

23 MR. ROY:

24 We have a motion and a second.

25 Any other nominations?

0044

1 (No response.)

2 MR. ROY:

3 Hearing none, all in favor, "aye".

4 (Several members respond "aye".)

5 MR. ROY:

6 All opposed, "nay".

7 (No response.)_

8 MR. ROY:

9 Thank you very much. I appreciate your
10 confidence.

11 Vice chairman.

12 MR. ANDRE:

13 I'll nominate Mr. Thomas Cotten.

14 MR. ROY:

15 Mr. Thomas, you're nominated.

16 MR. SAUCIER:

17 I'll second that.

18 MR. ROY:

19 Second.

20 Any other nominations?

21 (No response.)

22 MR. ROY:

23 Hearing none, all in favor, "aye".

24 (Several members respond "aye".)

25 MR. ROY:

0045

1 All opposed, "nay".

2 (No response.)

3 MR. ROY:

4 Without objection.

5 And I'll ask Rick to go over the
6 committee and the description of committees as well as
7 the current membership of those committees.

8 Rick, will you do that for us, please?

9 MR. BROUSSARD:

10 The LEDC Board has five standing
11 committees. All of the committees are appointed members
12 by the chairman of the LEDC Board. The first committee
13 is the Executive Committee. A.J., as the chairman of
14 the Board, you are chair of this committee and chairman
15 of the balance of the four standing committees are

16 comprised membership of this committee. This committee
17 can consider all matters referred to it by the Board
18 chairman and make a recommendation or refer the matter
19 back to the Board without recommendation.

20 The Screening Committee, and the members
21 currently are A.J. Roy, Thomas Cotten, Harry Avant,
22 Robert Stuart and Mike Saucier, and the screening
23 committee is, again, appointed by the chairman of the
24 Board. This committee can answer applications for all
25 LEDC financial assistance programs, and they can

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1 actually approve these applications with a maximum of up
2 to one-million dollars. For applications over a
3 million-dollars, they can refer these matters back to
4 the Board with recommendation or without. Thomas
5 Cotten, the vice chairman of the Board, chairs this
6 committee, also in the committee is Mr. Alden Andre and
7 Michael Saucier, Louis Reine and Jules Russo.

8 The Policy Committee develops rules and
9 policies for the LEDC Board and is chaired by Harry
10 Avant. Also on that committee, A.J. Roy, Stephen Moret,
11 or his designee, Alden Andre and Louis Reine.

12 The Finance Committee can consider and
13 make recommendations to the Board on LED financial
14 information, basically. The committee is chaired by
15 Robert Stuart. Also the under secretary sits -- also
16 has a slot on this Board and as a Board member. The
17 member we have is Steven Grissom, but we will shortly
18 have a new under secretary, which he or she actually has
19 a voting capacity on this committee not on the Board or
20 that person does. Also on the committee is Shelley
21 Ferro, Thomas Cotten and Jules Russo.

22 The Governmental Lobbyists Committee lobbies
23 for the LEDC Board and is chaired by Mike Saucier. Also
24 on the committee is A.J. Roy, Stephen Moret, or his
25 designee, Robert Stuart and Rachel Farmer, who is the

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1 LED legislative liaison.

2 And that's the committees.

3 MR. ROY:

4 Would anyone like to get off of a
5 committee they're currently on or be on another
6 committee? Everyone satisfied with their current

7 assignments?

8 MR. COTTEN:

9 Yes.

10 MR. ROY:

11 Anything else?

12 (No response.)

13 MR. ROY:

14 Anyway, we can always change them going
15 forward, but in the absence of hearing otherwise, we'll
16 just keep the committees as they are.

17 The Secretary/Treasurer's Report,
18 Ms. Blankenship.

19 MR. SAUCIER:

20 Do we need to vote on that?

21 MR. ROY:

22 No, I don't think so.

23 MR. ANDRE:

24 The chairman has the authority to make
25 those changes.

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1 MR. ROY:

2 And I normally don't do that. I prefer
3 everyone sort of pick the committee they want to be on.
4 Again, if anyone would like to change their committee
5 going forward, just let me know. We'll make that
6 happen.

7 Ms. Blankenship.

8 MS. BLANKENSHIP:

9 The Secretary/Treasurer's Report as of
10 February 17th, 2012. I would like to just turn to page
11 two of the Secretary/Treasurer's Report and go over by
12 "program". In the Financial Assistance Program, we have
13 a budget of 200,000. Approved projects to date is
14 65,625, for balance of 134,375.

15 In Capital Outlay, when the Board packet
16 went out, there was a protect that was to be on the
17 agenda today, but I guess it was deferred to another
18 meeting, so we have a budget of 15,420,144. Approved
19 projects to date is 900,000, and we don't have a project
20 coming before the Board today, so that will be a revised
21 balance of \$14,520,144.

22 On the State Small Business Credit
23 Initiative Program, we have a total of 4,128,277

24 budgeted. Approved projects to date is 444,879. We had
25 three Venture Capital or Louisiana Seed Program projects

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1 approved today for a total of three-million dollars,
2 which leaves a balance of 683,398.

3 We did make adjustments between the
4 total budget of 4,120,277 is -- the line between Venture
5 Capital Program and Loan assistance Program, and we, you
6 know, adjusted the -- increased the Venture Capital
7 Program budget and reduced the Loan Assistance Program
8 authority in the same amount. So as we had have the
9 flexibility to do that between the two subcategories.

10 MR. COTTEN:

11 Say that again.

12 MS. BLANKENSHIP:

13 If you look at the last report, the
14 4,128,277, I think it was broken down -- I didn't bring
15 my prior report. The Venture Capital budget was like
16 2,250,000, and then the Loan Assistance Program was --
17 the difference was in the Loan Assistance Program, so in
18 order to fully fund the Venture Capital projects, we
19 just shifted between the two subcategories, but the
20 total budget didn't change. And I wanted to point out
21 also that a million dollars each for each of the
22 projects, for a cash flow perspective, we don't
23 anticipate that this is all going to go out this year.
24 It's going to be probably over a three-year period. So
25 we won't be spending all three-million in this fiscal

0050

1 year or in this period.

2 So if y'all don't have any questions, we
3 can go to page 3 to the Fund Balance page.

4 The Fund Balance page is not changed
5 from last month. We're projecting a total fund balance
6 as of June 30th, 2012 of 1,624,717. I wanted to mention
7 that the commissioner of administration presented the
8 FY13 budget on February 9th, and until the bill is
9 passed, the numbers could change, so we're not
10 presenting the FY13 appropriation, but in its current
11 form, it's basically revenues that are being generated
12 or being appropriated for operations, so it's a wash.
13 It's basically that we would expend everything that
14 we're anticipated to collect as being appropriated.

15 And that concludes my report.

16 MR. ROY:

17 Any questions or comments?

18 (No response.)

19 MR. ROY:

20 All right.

21 Hearing none, I'll entertain a motion to

22 accept the Treasurers Report.

23 MR. ALDEN:

24 So moved.

25 MR. ROY:

0051

1 Motion to accept.

2 MR. COTTEN:

3 Second.

4 MR. ROY:

5 Second.

6 Any discussion?

7 (No response.)

8 MR. ROY:

9 Hearing none, all in favor, "aye".

10 (Several members respond "aye".)

11 MR. ROY:

12 All opposed, "nay".

13 (No response.)

14 MR. ROY:

15 Accountant's Report, Mr. Smith.

16 MR. SMITH:

17 Good morning. LEDC status report as of

18 January 31st, 2011, Total Participation Loans, 470,919.

19 Total Direct Loans as of January 31st, 8,045,552. Total

20 EDLOP loans, 1,570,887. We currently have 19 guaranteed

21 loans, and they're all current. The total as of

22 January, 7,691,442. Allowance for Loan Loss

23 Participation and Direct, balance as of January 31st,

24 8,516,471. Allowance for EDLOP loans, 1,570,887 as of

25 January 31st. And allowance of guaranteed loans as of

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1 January 31st, 7,691,447.

2 For the SSBCI Program, I really don't

3 have anything to report right now. Deep Hole Drilling

4 and Great Southern Galvanizing, they may have closed by

5 this time. I'm not sure. At the time I did the report,

6 they had not closed, therefore, they would not have been
7 making any payments as of this current -- at this
8 current time.

9 And in conclusion, I would like to thank
10 Thomas Cotten for giving me some homework to do, Venture
11 Capital reading.

12 MR. COTTEN:

13 You're welcome.

14 MR. ROY:

15 Any questions for Mr. Smith?

16 MR. SAUCIER:

17 Mr. Smith, this Louisiana Stadium
18 District loan of seven-and-a-half million that was
19 advanced prior to Katrina in 2004, what's the status of
20 that?

21 MR. SMITH:

22 Well, that's due -- I think the status
23 of that, that payment is due in June; correct? But I
24 don't have a status of what's going on with that. Legal
25 may.

0053

1 MR. GRISSOM:

2 I can try to address that comment. The
3 full principle and interest under the agreement, it's
4 due this summer. We would intend to contact the Stadium
5 District with regards to that payment at that time. In
6 the interim period, I do anticipate there will be some
7 outreach to understand what their expectations are and
8 how they plan to approach that.

9 MR. SAUCIER:

10 We did -- obviously Superbowl is in a
11 year, and they'll be a lot of activity going on at the
12 dome, so it's probably a good time to have additional
13 revenues coming in and things on that end. So, okay.
14 Thank you.

15 MR. ROY:

16 Anyone else?

17 (No response.)

18 MR. ROY:

19 I commend the staff, again, for having
20 zero past due ratio. I'm not sure how you do it. I
21 know I was just involved in the USDA officials. The B&I
22 guys do a lot of guarantees, and talking to them this

23 week, I can assure you that their past due ratio is not
24 zero, as is the case with all banks that make loans, but
25 the staff is to be commended for great work.

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1 All right. Thank you, Mr. Smith.

2 MR. SMITH:

3 Thank you.

4 MR. ROY:

5 I'll ask Mr. Grissom to introduce this
6 distinguished gentleman and to give us the President's
7 Report.

8 MR. GRISSOM:

9 Thank you, Mr. Chairman.

10 I actually wanted to comment on two
11 individuals. First let me just share with the Board
12 that our LED's new under secretary, Ms. Anne Villa,
13 should be in place and in attendance for the next LEDC
14 Board meeting. If not the next meeting, the following,
15 so we do have a new under secretary, who is taking the
16 position that was vacated several months ago by Kristy
17 McKearn, and I look forward to introducing you to her
18 when she arrives. She is basically in transition, but
19 has accepted the position.

20 I would like to introduce Jason Elkoubi,
21 who will be acting as Steven Moret's designee moving
22 forward on LEDC. Jason Elkoubi is LED's Assistant
23 Secretary, and prior to accepting that role, he was our
24 Director of State Economic Competitiveness. So Jason
25 has been with LED for about four years now and excited

0055

1 that he will be joining LEDC as Stephen Moret's
2 designee.

3 So with that, I'll turn it over to
4 Jason.

5 MR. ELKOUBI:

6 Thank you, Steven. Thank you, Mr.
7 Chairman.

8 I'm delighted to be joining you as a
9 member of this Board and as Stephen Moret's designee.
10 Very excited about a number of things that are going on.
11 In my prior role, I worked primarily with LED's Public
12 Policy Initiatives, as well as some of our long-term
13 economic development strategies, and as I transition

14 into the Assistant Secretary role, I'll be working more
15 closely with the folks at LED who do small business
16 entrepreneurship services, also our entertainment
17 industry, cultivation efforts and business intelligence.
18 So I think there's going to be a strong connection
19 between what I'm doing at the department and what LEDC
20 does as we have seen today.

21 One thing I should mention is that in
22 addition to what we've seen here at LEDC, in terms of
23 new investments being made in the Venture Capital
24 capacity here in Louisiana, there's been a number of
25 exciting announcements over the last month. I would

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1 like to highlight a few of those, including a couple of
2 things from this week. Just yesterday, Sapa Extrusions
3 up in Delhi announced the expansion of 37 new direct
4 jobs there, 65 indirect jobs. This is a facility that
5 makes a number of aluminum products including sliding
6 doors and football stadium seats. Also Union Pacific
7 Railroad earlier this week announced a \$200-million
8 investment in South Louisiana, creating 225 new direct
9 jobs. These are jobs that pay on average \$45,000 a year
10 with benefits. This is part of meeting the current and
11 expecting the customer to man the petrochemical sector,
12 which is growing very robustly.

13 And I also should mention that later
14 today in New Orleans, there's going to be a major
15 economic development investment that you should be
16 looking out for as well. Our overall activity is very
17 strong. We're currently cultivating approximately 75
18 projects, representing altogether almost 14,000 new
19 direct jobs for the State of Louisiana, more than 5,000
20 retained jobs, nearly \$30-billion in capital investment.
21 So obviously all of this represents very significant
22 potential to continue the momentum that we've seen over
23 the last few years.

24 I think all of these opportunities will
25 not only be, you know, major things that we see in the

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1 newspaper as a hit, but also things that will lead to
2 significant opportunities for entrepreneurs and small
3 businesses in Louisiana.

4 So, you know, I'm really excited about

5 this transition. I thank Steven and others and our
6 newly reelected chairman and vice chairman for their
7 support in coaching me through that transition, and I'm
8 just looking forward to supporting the development in
9 Louisiana as I work with you.

10 MR. ROY:

11 Thank you, Mr. Elkoubi.

12 And in keeping with your distinction and
13 the comments of Mr. Grissom, I would ask that someone
14 make a motion to make Mr. Elkoubi the official designee
15 of the secretary, with all of the rights pertaining.

16 MR. COTTEN:

17 I motion.

18 MR. ANDRE:

19 Second.

20 MR. ROY:

21 Motion to move and a second.

22 Any discussion?

23 (No response.)

24 MR. ROY:

25 Any comments from the public?

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1 (No response.)

2 MR. ROY:

3 Hearing none, all in favor, "aye".

4 (Several members respond "aye".)

5 MR. ROY:

6 All opposed, "nay".

7 (No response.)

8 MR. ROY:

9 Without objection.

10 Thank you.

11 MR. ELKOUBI:

12 Thank you.

13 MR. ROY:

14 Any other business? I see Riverview
15 Port Services, Mr. Brown.

16 MR. BROWN:

17 I'm back with Riverview Port Services.

18 Riverview Port Services, I don't know if you guys
19 remember it, last year on March 18th of last year, we
20 approved them and they are -- Riverview Port Service is,
21 well, in the business of rocks. They provide rocks and

22 lime for agriculture, rocks for construction and things
23 of that nature. He has been doing -- Mr. Brady is the
24 principal. He has been doing this since 2000. He
25 currently has operations in Columbia, Louisiana, where
0059

1 they're unloading on railcars. Well, he came to us
2 because there was an expansion that he was going to
3 start unloading in St. Joseph because he was having
4 customers as far as 50 and 60 miles down south of him,
5 and he found out that's the most efficient and effective
6 way to unload. He takes the -- he's got a prep area on
7 that side of the river. There's two levees that
8 separate him from where he's going to be actually
9 operating. So they impound the rock on one side of the
10 levee and they carry it across and then they put it on
11 the side. Alliance allowed him to use their area
12 because there's some sympathy there, and Alliance --
13 just as he was about to get this operation up, the
14 floods happened last year. It was 50 feet of water on
15 that side of the river, on that side of the levee, which
16 meant he could not stockpile his cargo off the barges.
17 The project was put on hold because most of his
18 inventory was needed at that time, so he didn't think he
19 was going to hit his mark, nor did the bank, at that
20 time, and thought it would be sufficient to do so, to
21 close it then. And there's likely knowledge on the part
22 what happened then. There's a 90-day window from
23 approval, as you-all know, that they have to close the
24 loan. Well, that 90 days passed and it turned into 60
25 and so forth. Well, he walks in in January and
0060

1 Mr. Grady closes -- does a dry close on the loan on
2 January 30th. So they're before the board right now
3 requesting that because of an act of God, that we extend
4 the guarantee for them and we start the start date on
5 January 30th.

6 I personally -- Mr. Grady is a farmer.
7 He's quintessentially an American farmer. There's very
8 few of those left. He got off into this niche and he
9 does well. I like the way he does business. The staff
10 here likes the way he does business. He keeps clean
11 records. This is no fault of his what happened. He
12 cannot draw down on that line because it is a dry

13 closing that hasn't met all conditions. The bank is in
14 a position that they cannot keep this loan in place if
15 it does not have an umbrella of a guarantee because
16 there are lending caps. So staff is recommending that
17 LEDC guarantee the modified to reflect the closing date
18 of the revolving line of business owner to utilize the
19 revolving line of credit for the full term of 36 months.

20 And that's what's before you. If you
21 have any questions...

22 MR. BROUSSARD:

23 What's the new closing date?

24 MR. BROWN:

25 The new closing is January 30th.

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1 MR. COTTEN:

2 And to satisfy -- his customer demand is
3 still there and he has not lost customers because of
4 this?

5 MR. BROWN:

6 He has not lost customers because he
7 still has his Columbia operation up there. The biggest
8 problem he has had and I pity him, he did not know what
9 was going on around him when he closed his loan, and he
10 had not draw anything on it. Barges came and he had
11 \$300,000 worth of rocks sitting on barges and his
12 creditors was not going to unload one pebble because he
13 had done so over in St. Joseph and he was at his limit
14 with them. The barges went down the river to New
15 Orleans and they've turned and they're on their way
16 back. Matter of fact, they're supposed to be back
17 midweek, and this guy has had a reputation in the
18 community of doing what he says when says he's going to
19 do it, even with the bank. The bank, you know, they're
20 holding to the Fed and, so, they're counting on us to
21 put things in place for them. This is an area where
22 banks rarely ask for a request from us. It's an area
23 that LEDC staff would like to tap into and it's a small
24 community up in that area, so I, you know, me,
25 personally, as well as staff, don't have any

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1 reservations and allow the request as the Board see fit.

2 MR. ANDRE:

3 Move for approval.

4 MR. ROY:

5 Motion for approval by Mr. Andre.

6 MS. FERRO:

7 I second.

8 MR. ROY:

9 Second by Ms. Ferro.

10 Any discussion?

11 (No response.)

12 MR. ROY:

13 Any comments from the public?

14 I might ask this one thing. Last year
15 was certainly an anomaly in terms of the level of the
16 river, I would say, but is he prepared for normal
17 fluctuation in the river?

18 MR. BROWN:

19 He is prepared for them. This guy sits
20 on this -- he has his radio channel he sits on looking
21 at the tide, the lowering and the rising of the river,
22 so he's prepared. Timing is everything. Now, keep in
23 mind, what he does would help him. He only needs the
24 site that would held him for about a week or two just to
25 get stuff on that side of the levee. He's got two

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1 protective levees over there. So time is of the essence
2 for him, you know. He's not anticipating nothing of
3 that nature at this point.

4 MR. ROY:

5 Okay.

6 All in favor "aye".

7 (Several members respond "aye".)

8 MR. ROY:

9 All opposed, "nay".

10 (No response.)

11 MR. ROY:

12 Without objection.

13 Give him my best.

14 MR. BROWN:

15 Thank you.

16 MR. ROY:

17 Any other business?

18 (No response.)

19 MR. ROY:

20 Hearing none, I'll entertain a motion to

21 adjourn.

22 MR. ANDRE:

23 So moved.

24 MS. FERRO:

25 Second.

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1 MR. ROY:

2 All in favor "aye".

3 (Several members respond "aye".)

4 MR. ROY:

5 Without objection.

6 (Meeting concludes at 10:49 a.m.)

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1 STATE OF LOUISIANA:

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

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

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

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

20 Baton Rouge, Louisiana, on this date _____.

21
22
23
24
25

Elicia H. Woodworth, CCR
Certificate No. 27014