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BOARD OF DIRECTORS OF THE LOUISIANA ECONOMIC
DEVELOPMENT CORPORATION MEETING, TAKEN IN THE
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
BUILDING, FOURTH FLOOR BOARD ROOM, 8401 UNITED
PLAZA BOULEVARD, BATON ROUGE, LOUISIANA 70809 ON
THE 8TH DAY OF OCTOBER, 2010 COMMENCING AT 9:53
A.M.

REPORTED BY:

RACHEL Y. TORRES, CCR, RPR
CERTIFIED COURT REPORTER

†

1 BOARD OF DIRECTORS PRESENT:

board of directors- LEDC.txt

- 2
- 3 A.J. ROY, III, CHAIRMAN
- 4 JAY ROUSSEAU
- 5 ALDEN ANDRE
- 6 STEVEN GRISSOM
- 7 THOMAS COTTEN
- 8 HARRY AVANT
- 9 SHELLY FERRO
- 10 BAL SAREEN
- 11 LOUIS REINE
- 12 ROBERT M. STUART
- 13
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- 25

♀

3

- 1 LEDC STAFF PRESENT:
- 2
- 3 RICK BROUSSARD
- 4 BRENDA GUESS
- 5 KRISTY MCKEARN

board of directors- LEDC.txt

6 SUSAN BIGNER
7 DARIA VINNING
8 ROBERT STUART, JR.
9 KATHY BLANKENSHIP
10 SETH BROWN
11 ERROL SMITH
12 BOB CANGELOSI
13 RANDY VEILLON
14
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16
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25

†

4

1 MR. ROY:
2 Everyone have a seat. We
3 will call the Board of Directors
4 of the Louisiana Economic
5 Development Corporation. Roll
6 call, please.
7 MS. VINNING:
8 A.J. Roy.
9 MR. ROY:

10 board of directors- LEDC.txt
Here.
11 MS. VINNING:
12 Jay Rousseau.
13 MR. ROUSSEAU:
14 Here.
15 MS. VINNING:
16 Alden Andre.
17 MR. ANDRE:
18 Here.
19 MS. VINNING:
20 Steven Grissom.
21 MR. GRISSOM:
22 Here.
23 MS. VINNING:
24 Shelly Ferro.
25 MS. FERRO:

‡

5

1 Here.
2 MS. VINNING:
3 Mike Saucier. Bal Sareen.
4 MR. SAREEN:
5 Here.
6 MS. VINNING:
7 Thomas Cotten.
8 MR. COTTEN:
9 Here.
10 MS. VINNING:
11 Harry Avant.
12 MR. AVANT:
13 Here.

board of directors- LEDC.txt
14 MS. VINNING:
15 Louis Reine.
16 MR. REINE:
17 Here.
18 MS. VINNING:
19 And Robert Stuart.
20 MR. STUART:
21 Here.
22 MS. VINNING:
23 Ten out of eleven. We have a
24 quorum.
25 MR. ROY:

‡

6

1 Very good. We have the May
2 14 minutes before us. Has
3 everyone had a chance to review
4 that?
5 MR. COTTEN:
6 Motion to approve.
7 MR. ROY:
8 Motion to approve as
9 presented.
10 MR. ANDRE:
11 Second.
12 MR. ROY:
13 Second by Mr. Andre. All say
14 aye.
15 ALL BOARD MEMBERS:
16 Aye. Okay. I have been
17 reminded that the public needs an

18 board of directors- LEDC.txt
19 opportunity to speak on most
20 everything including the minutes,
21 so before we vote on the minutes
22 I will ask if there are any
23 comments from the public.
24 Hearing none, all in favor, aye.

25 ALL BOARD MEMBERS:

Aye.

♀

7

1 MR. ROY:

2 All oppose, nay. without
3 objection.

4 It's my pleasure to introduce
5 Mr. Bal Sareen, our newest member
6 of the Board, and we welcome him
7 and we look forward to his
8 service. Mr. Sareen, tell us a
9 little bit about yourself.

10 MR. SAREEN:

11 My name is Bal Sareen. I am
12 President of Brask, Inc.. We
13 manufacture shell and tube heat
14 centers in Lake Charles,
15 Louisiana, and glad to be here.
16 Thank you.

17 MR. ROY:

18 Very good. We look forward
19 to your service. Thank you for
20 being here.

21 First order of business under

22 board of directors- LEDC.txt
the Small Business Loan Program,
23 SES Properties, LLC. Gentlemen.
24 Mr. Brown, good morning.

25 MR. BROWN:

♀

8

1 Good morning. I have here
2 Mr. Greg Gaudin and Mr. Scott
3 Sibley. Greg Gaudin.

4 MR. ROY:

5 Please turn your microphone
6 on, please.

7 MR. BROWN:

8 I have a big mouth. I will
9 speak loud. I have Mr. Greg
10 Gaudin here from South Louisiana
11 Bank and I have Mr. Scott Sibley.
12 He is with -- he is with SES
13 Properties General Power Control
14 Corporation.

15 South Louisiana Bank is in
16 Prairieville, Louisiana and is
17 requesting a loan guarantee for
18 SES Properties, LLC/General Power
19 & Control Corporation, Inc. under
20 the Louisiana Small Business Loan
21 Program. This guarantee will
22 provide financing of the purchase
23 of a building that General Power
24 & Control Corporation is
25 currently renting and occupying.

♀

1 The project satisfies LEDC's
2 criteria for an existing
3 business, which is a proven
4 concept, experience in business
5 management and potential job
6 growth and retention.

7 In July of 1971 General Power
8 & Control Corporation was
9 established. They operate in
10 Harahan, Louisiana as an
11 electrical wholesale supplier
12 distribution company for
13 commercial and residential users.
14 In 2008 the branch office was
15 open in Geismar, Louisiana. SES
16 Properties, LLC was formed in
17 2008 for the single purpose of
18 being the lead sole company for
19 General Power & Control
20 Corporation.

21 Mr. Sibley is requesting a
22 guarantee not to exceed \$877,500
23 based on the 65 percent guarantee
24 on a \$1.3 million loan. He has
25 offered in solito guarantee and

†

10

1 General Power & Control
2 Corporation is offering the

board of directors- LEDC.txt
3 corporate guarantee for this
4 here, for this venture here. The
5 business cash flow fared well,
6 2.11 to one.

7 what he does is he has a --
8 well, I'm going to let him
9 explain what he does, but based
10 upon the analysis and review, the
11 Staff recommend SES Properties,
12 LLC and General Power & Control
13 Corporation for a guarantee and
14 offers the following conditions
15 and/or covenant before you for
16 consideration in the event that
17 the LEDC Board chooses to approve
18 this request.

19 I'm going to turn the mic
20 over to Mr. Sibley and let him
21 explain what he does, and you
22 guys don't have any questions --
23 if y'all got questions for me,
24 come back to me.

25 MR. SIBLEY:

11

1 I moved the mic but I don't
2 think it works.

3 Good morning. I appreciate
4 the time. General Power Control
5 is an independent manufacturers
6 representative for the electrical

board of directors- LEDC.txt

7 industry. We represent 20
8 different electrical
9 manufacturers. We cover the
10 State of Louisiana and
11 Mississippi. I have 14 full time
12 employees. Two years ago we
13 decided to move our warehouse
14 operations out of Harahan to the
15 Geismar area. After doing an
16 analysis of the products that we
17 sell and we represent, most of it
18 ends up in the industrial arena
19 up and down the I-10 corridor,
20 and where we were located in
21 Elmwood was a fairly difficult
22 place to get to as compared to
23 being in the Geismar area because
24 most of the stuff is going up to
25 Geismar anyway.

‡

12

1 I purchased a piece of
2 property -- my original plan was
3 to build a building. I bought
4 the property, got the plans
5 drawn. At that time construction
6 was through the roof and it
7 didn't appraise out. The owners
8 of the building that I currently
9 lease had the building built and
10 they had a permanent leaseholder

board of directors- LEDC.txt

11 that was going to take the
12 building and that fell through,
13 so I was able to work a lease
14 purchase agreement with them.
15 The reason I stayed, I had to
16 lease the building for 13 months
17 for tax purposes on their part
18 that I occupy the building. That
19 13 months is up and now it's per
20 my lease purchase agreement, now
21 I can purchase the building.

22 MR. ROY:

23 Any questions, comments?

24 MR. COTTEN:

25 I see y'all have inventories.

13

‡

1 Explain to me, you know, with
2 buying a piece of real estate to
3 fund your business, talk to me
4 about that.

5 MR. SIBLEY:

6 We have currently seven
7 manufacturers that we inventory
8 for. It's on a consignment basis.
9 We do not own the inventory.
10 They pay us a warehousing fee and
11 a separate commission fee on
12 products that are sold out of our
13 warehouse. Being in the deep
14 south and a lot -- a lot of the

board of directors- LEDC.txt
15 material that we have is either
16 going in an industry or getting
17 on a barge to go offshore. It's
18 got to be close at hand, so we're
19 not a buy, sell agent. We are
20 strictly a representative for
21 that manufacturer, so we hold
22 their inventory in my warehouse,
23 and we do not own the inventory,
24 the manufacturer owns it.

25 MR. ROY:

14

♀
1 Anyone else?

2 MR. COTTEN:

3 where is your business? where
4 is this warehouse going to be
5 located?

6 MR. SIBLEY:

7 It's off of Highway 30 in
8 Geismar, Louisiana.

9 MR. COTTEN:

10 And, Seth, we are going to
11 get financial statements from a
12 CPA on both the operating entity
13 and the --

14 MR. BROWN:

15 That's the condition that I
16 put -- one of the conditions in
17 the term sheet that the first
18 year quarterly financial

board of directors- LEDC.txt
19 statements and then following
20 year annually, annual financial
21 statements to the term of the
22 guarantee.
23 MR. COTTEN:
24 For both companies.
25 MR. BROWN:

‡

15

1 For both companies, yes.
2 MR. COTTEN:
3 Thank you.
4 MR. ROY:
5 Anyone else?
6 MR. ANDRE:
7 I move for approval.
8 MR. ROY:
9 Motion for approval. Second.
10 MR. REINE:
11 The approval is subject to
12 meet the staff recommendation?
13 MR. ROY:
14 Yes, sir.
15 MR. REINE:
16 Second.
17 MR. ROY:
18 Any discussion? Any comments
19 from the public? Hearing none,
20 all in favor, aye.
21 ALL BOARD MEMBERS:
22 Aye.

board of directors- LEDC.txt

23

MR. ROY:

24

All oppose, nay. Without

25

objection. Congratulations.

♀

16

1

Keep us posted and we wish you

2

the best.

3

MR. SIBLEY:

4

will do. Thank you.

5

MR. ROY:

6

Dutchtown Car Care Center,

7

LLC. Mr. Brown. Good morning.

8

MR. BROWN:

9

I have Mr. and Ms. Brignac

10

here. Cindy Brignac and Thomas

11

Brignac here that owns the

12

Dutchtown Car Care Center. I

13

have the banker, Scott, back

14

here. Scott, what is your --

15

Scott Shaddinger back here. South

16

Louisiana Bank is requesting a

17

loan guaranty for Dutchtown Car

18

Care Center under the Louisiana

19

Small Business Loan Program.

20

This loan guaranty will provide

21

financing to purchase of land and

22

improvement for Dutchtown Car

23

Care Center. The project does

24

satisfy and meet that criteria

25

for existing business. A proven

♀

17

1 concept and experience in the
2 business and potential job growth
3 and retention. Dutchtown Car
4 Care Center is a Louisiana
5 Liability Corporation that
6 performs routine maintenance and
7 heavy mechanic work on commercial
8 vehicles and passenger cars and
9 trucks. It was formed in 2006
10 and began operating in July of
11 2006. I'm sorry. It was formed
12 in April 2006 and began operating
13 in July of 2006. The business is
14 one hundred percent owned by --
15 and operated by Thomas and Cindy
16 Brignac. The LLC has been
17 located in Gonzales, Louisiana
18 since the beginning of
19 operations.

20 what they are trying to do is
21 right now they are currently
22 renting a building about a half
23 mile down from where they are
24 planning on purchasing the
25 building. They are looking for a

18

♀

1 loan guaranty request not to
2 exceed \$303,000 -- \$303,750.

3 board of directors- LEDC.txt
This would be a 75 percent
4 guaranty on a \$405,000 term loan.
5 They are purchasing two acres of
6 land and constructing a 3200
7 square foot building on it, which
8 would give them extra bay wells,
9 if I'm not mistaken. It would
10 give them storage space for
11 tires. Currently they have no
12 parking space and they are
13 turning away business, so they
14 are going through growing pains,
15 and their storage is going to be
16 on front on the main drag here,
17 Airline, if I'm not mistaken. So
18 all around it's going to be
19 better.

20 I'm going to turn the mic
21 over to -- the floor over to Mr.
22 and Mrs. Brignac.

23 MR. BRIGNAC:

24 I -- first off, thank you. I
25 appreciate this opportunity.

19

1 Like he said, I started out in
2 2006. when we opened up it was
3 just myself and my youngest son.
4 He was generally working
5 part-time with me because he was
6 a full time college student. All

board of directors- LEDC.txt
7 we did at that time was oil
8 changes and State Inspection
9 stickers. The business had
10 started growing from there. The
11 next thing that I added was
12 tires. We was able to just start
13 selling tires. Balancing.
14 Because they would bring in a
15 rack. Balance machine, tire
16 machines. From there it just
17 literally took off. From myself
18 and my son, my youngest son, I
19 now have three full time
20 employees, not counting myself.
21 I still have my son as a
22 part-time helper. I have three
23 chairs in my existing waiting
24 room right now, and my wife can
25 attest this morning when she came

20

1 by I had literally four or five
2 people outside standing waiting
3 for us to get to their cars with
4 three people sitting inside.
5 I will increase the capacity
6 space in the building almost 1500
7 square feet. I will go as a
8 State Inspector official office.
9 I have to -- it's mandated by the
10 State that I have one bay

11 board of directors- LEDC.txt
dedicated just for State
12 Inspection stickers, so by
13 location where I'm at now, I have
14 just the one bay just for
15 stickers. That only allows me
16 three bays for front end
17 alignment, mechanic work, diesel
18 work, oil changes, tires. We do
19 just about everything but body
20 work.

21 With the addition of a new
22 building, it would allow me to
23 add two additional bays, still
24 have one bay dedicated for the
25 State, State Inspection sticker,

21

1 so that would give me an
2 additional five or two additional
3 bays for the mechanic work that I
4 desperately need.

5 MR. SHADDINGER:

6 I would also like to thank
7 y'all and add to that.

8 MR. ROY:

9 Identify yourself, sir.

10 MR. SHADDINGER:

11 I am sorry. Scott Shaddinger,
12 South Louisiana Business Bank.

13 I'd just like to briefly add
14 to what Thomas was saying that

board of directors- LEDC.txt
15 the increase of the new bays is
16 going to allow for new employment
17 to come into his shop, and
18 another point that I would like
19 to make on a deal such as this,
20 while in banking we consider this
21 so much at this time during the
22 recession a recession proof type
23 business. We're currently
24 banking a couple other shops of
25 this type, and people are keeping

22

♀

1 their cars longer. These other
2 businesses in this arena are
3 doing very good at this time,
4 and, you know, I know y'all keep
5 up with the news media and so
6 forth. Our strongest school
7 system, the people coming into
8 our parish is still growing by
9 leaps and bounds where this is
10 not happening in other areas. In
11 fact, the latest school figures
12 as we picked up 658 new students,
13 which is basically the same size
14 as a primary school, so, you
15 know, we really feel with the
16 growth of our area that this is a
17 good situation for everyone
18 involved. Thank you.

19 board of directors- LEDC.txt
MR. ROY:
20 Questions, comments?
21 MR. AVANT:
22 We need to do this. Put that
23 in a form of the motion. Make a
24 motion that we approve.
25 MR. ROY:

♀

23

1 Motion to approve as
2 presented. Second by Mr. Bal
3 Sareen. Second. Any discussion?
4 Any comments from the public?
5 Hearing none, all in favor, aye.
6 ALL BOARD MEMBERS:
7 Aye.
8 MR. ROY:
9 All oppose, nay. Without
10 objection. Thank you for coming.
11 Congratulations, and we wish you
12 the best.
13 MR. BRIGNAC:
14 Thank you. Thank you very
15 much.
16 MRS. BRIGNAC:
17 Thank y'all.
18 MR. ROY:
19 We have one EDAP this
20 morning. Atlantic Metrocast/Port
21 of New Orleans. Mr. Forrest.
22 Good morning.

23 board of directors- LEDC.txt
MR. FORREST:

24 Good morning, ladies and
25 gentlemen. We have before us this

24

♀

1 morning a request by electric --
2 Atlantic Metrocast and the public
3 sponsor is the Port of New
4 Orleans. I would just take a
5 minute here to summarize our
6 executive summary and then we'll
7 turn it over to our two
8 participants that are here with
9 us.

10 Atlantic Metrocast is a
11 wholly owned subsidiary for
12 Atlantic Wood Industries, and you
13 will be interested to know that
14 its roots started in New Orleans
15 when it was back in the -- as the
16 name implied there, Atlantic Wood
17 Industries. It was in the
18 treated wood products business
19 that they have migrated into the
20 precast concrete business, and of
21 course after Katrina it's been,
22 they think, an excellent market
23 for their prestressed concrete
24 products.

25 The EDAP application is for

25

♀

1 \$130,000 and it would be used by
2 the Port to have construct
3 infrastructure for Atlantic
4 Metrocast that it will involve
5 their pouring beds in forms, and
6 their facility is located off the
7 France Road on Port property.
8 That Atlantic Metrocast is
9 contributing \$1,751,000 or 93
10 percent of the project, and EDAP,
11 with y'all's approval, will
12 contribute \$130,000, which is
13 seven percent, so we think it's
14 an excellent investment because
15 it's on Port property and we'll
16 -- it will improve their facility
17 and help Atlantic Metrocast
18 create the hundred new jobs
19 within three years, and of course
20 their payroll is expected to
21 ultimately be over \$2,700,000.

22 We estimate from our economic
23 impact analysis that the State
24 will be able to recoup its
25 investment within a year or

♀

26

1 definitely within the three years
2 of their ramp up to the one
3 hundred employees. We recommend

board of directors- LEDC.txt

4 that this approved as a jobs
5 credit loan, which means that if
6 they create the jobs that
7 stipulated payroll that it will
8 be a grant. Should they fall
9 short it will be a proportional
10 loan that would have to be repaid
11 in cash.

12 The contingencies are that
13 the project report depend on the
14 availability of the LEDC funds
15 and that the project must be
16 approved by the Division of the
17 Administrations Office of
18 Facility Planning and Control as
19 eligible for Capital Outlay
20 funding, which we don't
21 anticipate any problems, but
22 until we get the approval, it's a
23 contingency. And the final
24 contingency is that the
25 applicants will have 90 days to

♀

27

1 start the project or they will
2 have to appear before the Board
3 to explain the delay of the
4 project.

5 We have Ms. Lisa Richardson
6 here from the Port that is going
7 to give you a perspective from

board of directors- LEDC.txt

8 the Port's point of view, and we
9 have Mr. William L. "Bill"
10 Crossman, who is President of
11 Atlantic Metrocast and Atlantic
12 Wood Products, and he will follow
13 Ms. Lisa. And if you have any
14 further questions, we have Ms.
15 Jenny Hunter here from GNO who
16 has worked on the application and
17 is familiar with it, so if you
18 don't have any questions of me
19 now, I will ask Ms. Lisa to give
20 you an orientation to the report.

21 MS. RICHARDSON:

22 Board members, good morning.
23 I think I have the easiest job in
24 the room today to offer the
25 Port's enthusiastic support of

28

1 this new tenant. Having Atlantic
2 Metrocast select our property at
3 France Road terminal, which is a
4 former container terminal, gives
5 us an adaptive reuse of this
6 facility, adds jobs to the area,
7 which is certainly part of the
8 Port's mission statement, but it
9 lets us see light manufacturing
10 where that's not a common use in
11 our area, and it's lovely to see

board of directors- LEDC.txt
12 them using the benefits the Port
13 of New Orleans offers all its
14 users. Atlantic Metrocast will
15 have the opportunity to move
16 their product by barge, rail or
17 truck, and in our business,
18 especially with terminal
19 operators, we see terminal
20 operators poach business from one
21 another. Whereas in this -- in
22 this scenario, we see Mr.
23 Crossman and his enterprise
24 poaching business from
25 Mississippi, and we support that.

29

†

1 we, again, enthusiastically
2 support this -- support this
3 grant, and I think it would be
4 the best investment you can have.
5 So thank you very much, and we
6 thank Atlantic Metrocast for
7 finding terra firma with us.
8 Thank you.

9 MR. CROSSMAN:
10 I am not sure I can say it
11 any better than that. One, I
12 really appreciate the opportunity
13 to be here and your interest in
14 our project, and I want to thank
15 really everyone in the State of

board of directors- LEDC.txt

16 Louisiana that has been more than
17 welcoming. It's been a terrific
18 experience for us. We were
19 looking at other areas. It
20 became very clear -- I have very,
21 very deep roots here in
22 Louisiana. My great grandfather
23 founded the business in 1901, but
24 his father-in-law had been here
25 since the 1820s, so we have a

♀

30

1 long, long history here in New
2 Orleans and that really was
3 tugging at my heartstrings to
4 come down, and we looked at an
5 opportunity and someone said, you
6 got to bring one of your plants
7 here down here to New Orleans. I
8 said, well, there must be a ton
9 of them around. I mean, you
10 know, there's prestressed
11 concrete piles all over the
12 place. There must be a hundred
13 businesses, and the further I
14 looked into it, there really
15 weren't, and there was a very,
16 very large company out of state
17 and one in state, and I said,
18 well, I think there is some room,
19 certainly to bring some local

board of directors- LEDC.txt
20 employment into the area and make
21 the product closer to where it's
22 actually a vast majority of it
23 being used, and so I came down a
24 bunch of times with my guys and
25 then we got really, really

♀

31

1 excited about it. Not only the
2 opportunity to perhaps take some
3 business away from Mississippi
4 but also to increase the market
5 share itself by taking away from
6 steel products coming in from
7 China and all of that and
8 bringing the jobs back home, and
9 that's what we're all about.
10 We're a small business. We're
11 really excited to be here. I
12 talked -- I talked to Secretary
13 Moret at a press conference and I
14 said, we're not in the pencil
15 business where I know I'm going
16 to make a million pencils a month
17 and I am going to employ 200
18 people every month so I'm going
19 to make those millions. I'm very
20 much directly related to the
21 construction business. The
22 success has to do with our
23 ability to sell our product into

board of directors- LEDC.txt

24 it, and that's -- and that will
25 then bring the jobs, so we're

32

1 very, very excited about it.

2 I have got a lot at risk. I
3 own the company. We're just real
4 excited to be here and thrilled
5 and ask for your support and
6 appreciate your consideration.

7 If you have any questions,
8 I'm certainly here to be able to
9 answer them, just don't ask too
10 many details.

11 MR. FORREST:

12 And he flew in from Canada to
13 be here last night.

14 MR. CROSSMAN:

15 As a matter of fact, what's
16 very interesting, we may be an
17 exporter. I just came from
18 Canada. I was there for three
19 days and we are looking at -- I
20 have already talked to bunch of
21 railroads, which is neat about
22 this site, we have access to six
23 main line railroads, and we're
24 looking at introducing our pile
25 type up to the oil sands up in

33

1 Alberta, Canada, and one thing
2 they cannot do in Alberta, Canada
3 without an enormous amount of
4 money is make concrete products
5 in the middle of winter, which is
6 when they typically drive their
7 piles because of the permafrost.
8 So I got a guy that is literally
9 committing to buying about 130
10 carloads of piles exporting from
11 New Orleans to Alberta, Canada,
12 and I have got the CN and CP,
13 which is nice to be on a site
14 where you actually have railroads
15 competing against each other for
16 that piece of business. So we
17 are right in the beginning of
18 that. So I flew down last night
19 from Alberta to be here, and nice
20 to be in the warm part -- I'm not
21 sure I will be visiting too many
22 job sites in the middle of
23 January in Alberta, Canada.

24 MR. ROY:
25 We appreciate the plane load

†

34

1 of cool air.
2 MR. CROSSMAN:
3 It's interesting how this is

4 board of directors- LEDC.txt
developing and how our site
5 selection was so critical to have
6 the barge capacity and the rail
7 capacity. That was sort of a
8 third on the list, you know,
9 well, maybe we could rail, you
10 know, and it's turning out we
11 have some opportunities. We also
12 have an opportunity in Chicago,
13 so it's exciting, and I think
14 it's going to bring -- my goal is
15 to blow these numbers out of the
16 water. We're conservative in our
17 thinking the way we do things.
18 We don't overpromise. We
19 understate and we over perform,
20 so that's what we hope to do.

21 MR. REINE:

22 If this is the appropriate
23 time, I would like to move for
24 approval.

25 MR. ROY:

♀

35

1 Motion for approval.

2 MR. ANDRE:

3 Second.

4 MR. ROY:

5 Second. Any discussion? Any
6 comment from the public? Hearing
7 none, in all favor, aye.

8 board of directors- LEDC.txt
ALL BOARD MEMBERS:
9 Aye.
10 MR. ROY:
11 Oppose, nay.
12 Congratulations. We look forward
13 to continue poaching. We
14 appreciate your connotation.
15 MS. RICHARDSON:
16 We can still be polite about
17 it.
18 MR CROSSMAN:
19 Thank you very much.
20 MR. ROY:
21 Finance Committee met this
22 morning and I know did some good
23 work. Mr. Stuart.
24 MR. STUART:
25 Yes. We met this morning and

36

1 we accepted the report and --
2 MS. VINNING:
3 Mr. Stuart, can you turn on
4 your mic, please.
5 MR. STUART:
6 Yes. We met this morning and
7 we accept the audit report and we
8 also accepted the report from
9 Chaffe and Associates in regard
10 to our investment portfolio, and
11 we approved a new methodology for

12 board of directors- LEDC.txt
loan loss reserve and approved
13 the extension for the loans.

14 MR. ROY:

15 Okay. Any questions of what
16 Mr. Stuart had to say? Perhaps
17 we can take them a little bit at
18 a time if there are any
19 questions. The loan loss reserve
20 methodology was recommended with
21 staff.

22 MR. STUART:

23 Correct.

24 MR. ROY:

25 Chaffe and Associates, we

37

♀

1 accepted their report.

2 MR. STUART:

3 Correct.

4 MR. ROY:

5 And does anyone -- there were
6 a few of us that were not here.
7 Any questions, comments about
8 that? would you like to put that
9 in a form of a motion.

10 MR. STUART:

11 I move we accept the Finance
12 Committee report.

13 MR. ROY:

14 Motion to accept the Finance
15 Committee report as presented.

16 board of directors- LEDC.txt
MR. COTTEN:

17 Second.

18 MR. ROY:

19 Second by Mr. Cotten. Any
20 comments from the public? Any
21 discussion? All in favor, aye.

22 ALL BOARD MEMBERS:

23 Aye.

24 MR. ROY:

25 All oppose, nay. Without

38

‡

1 objection. Treasurer's Report,
2 Ms. Blankenship.

3 MS. BLANKENSHIP:

4 The Treasurer's Report from
5 October 8, 2010, on the first
6 page, on row 3, our fiscal year
7 on the general appropriations
8 side, our budget for general
9 appropriation is \$1 million. The
10 two projects that were approved
11 this morning represent 25 percent
12 reserve for our commitment in the
13 amount of \$295,313. For a
14 balance of \$704,688. On the
15 Capital Outlay side, the budget
16 is \$12,785,658, and the project
17 that was approved this morning,
18 \$430,000, leaves a remaining
19 balance of \$12,655,658. For a

20 board of directors- LEDC.txt
grand total of budget, on row 5,
21 \$13,785,658. Project approved by
22 the Board today, grand total,
23 \$425,313, for a balance of
24 \$13,360 -- \$13,360,346.
25 And going to the fund balance

♀

39

1 page, since we haven't had a
2 meeting, the fiscal year closed
3 on August 14 of 2010, so we
4 finished closing out the books,
5 so kind of wanted to go over what
6 happened in fiscal year 9/10.
7 Our total revenues that were
8 available for the year were
9 \$37,513,916. Total expenditures
10 were \$23,408,130, so the
11 remaining balance on the general
12 appropriations side at the end of
13 the year was \$14,105,786.

14 In Capital Outlay, we had
15 total revenues available of
16 \$9,453,150. Expenditures of
17 \$508,694. For fiscal year-end
18 Capital Outlay balance of
19 \$8,944,456. So the combined
20 total with general appropriation
21 and Capital Outlay left a fund
22 balance, total fund balance at
23 June 30 of \$23,050,242. From

♀

24 board of directors- LEDC.txt
that, prior year obligations that
25 are -- were contractually

40

1 obligated on the general
2 appropriations side, the
3 \$14,105,786 it is after
4 obligations are taken out, we
5 have a remaining balance of
6 \$7,696,771 to start the year in
7 fiscal year '11, and on the
8 Capital Outlay side we started
9 the \$8,944,456, and that was
10 reduced by contractual
11 obligations, which brought it down
12 to \$8,285,520. So that's what we
13 start with in fiscal year '11.

14 So as we move to fiscal year
15 '11, our total revenue
16 projections for the year is
17 \$22,751,533. Our appropriation
18 authority, this is assuming that
19 we would spend every penny that
20 we are appropriated, is
21 \$22,353,665, which would leave us
22 a balance of \$397,868. And we're
23 just assuming that the capital --
24 on the Capital Outlay side for
25 EDAP, the \$8,285,520 is reserved

♀

41

board of directors- LEDC.txt

1 for EDAP, so we're just
2 projecting the full balance.
3 That we're saying that the
4 projection is \$397,868 at June
5 30th of '11.

6 MR. ROY:
7 Questions?

8 MR. REINE:
9 what is the vendors
10 Compensation Fund money dedicated
11 to?

12 MS. BLANKENSHIP:
13 The Vendors Compensation Fund
14 is collected-- the first \$2
15 million deposited into the fund
16 -- the first \$2 million from
17 Vendors Compensation is first
18 deposited into the marketing
19 fund, which is not part of the
20 corporations funding. It is --
21 it is dedicated to one million
22 for marketing education
23 initiatives and \$1 million goes
24 to the economic development, our
25 LED advertising budget. Then all

♀

42

1 the balance of the collections
2 are deposited into the LED fund,
3 and this number is -- the \$9.7
4 million represents the amount

board of directors- LEDC.txt

5 that -- that was recognized at
6 the last revenue estimated
7 conference. The revenue
8 estimated conference meets
9 periodically during the year and
10 we adjust that number based on
11 what the revenue estimated
12 conference adopts by legislative
13 committee on the budget, and
14 those moneys are used to offset
15 all of the expenditures that are
16 appropriated in the LEDC
17 appropriation.

18 MR. REINE:

19 That money is not dedicated
20 to anything specific?

21 MS. BLANKENSHIP:

22 It's what is approved by the
23 legislation to be funded from the
24 LED fund.

25 MR. REINE:

‡

43

1 So the Vendors Compensation
2 Fund is not specific for certain
3 things, it just goes into the
4 general budget?

5 MS. BLANKENSHIP:

6 Its purpose is to fund
7 expenditures for the corporation
8 and other items approved by the

board of directors- LEDC.txt

9 legislature. The legislature --

10 MR. REINE:

11 It's not dedicated to
12 anything?

13 MS. BLANKENSHIP:

14 It's considered a statutory
15 dedicated fund, and then, you
16 know, at the approval of the
17 legislature. In years past the
18 legislature has taken moneys from
19 the fund. Back in the early days
20 everything from bowling to the
21 Saints. When HB-1 is passed that
22 becomes the latest expression of
23 the legislature, so --

24 MR. REINE:

25 You are showing in the actual

44

‡

1 appropriations a million dollars
2 for workforce training, but in
3 the projecting it's projected at
4 zero percent.

5 MS. BLANKENSHIP:

6 Okay. The prior year, okay.
7 In fiscal year '10, the workforce
8 development and training program
9 we expended. That is the prior
10 actual, \$1,058,633. We've
11 eliminated the workforce
12 development -- what we consider

board of directors- LEDC.txt

13 the traditional workforce
14 development and training program,
15 and now those programs for
16 workforce training are being --
17 we are funding the Fast Start
18 program, so Fast Start has
19 substituted for our traditional
20 workforce and development
21 training program because we are
22 doing customized workforce
23 training now. And we also have
24 prior year obligations that are
25 still under contract for prior

45

1 work -- traditional workforce
2 contracts in the amount of
3 \$1,322,628, so there are still
4 contracts that are active under
5 the traditional program that
6 we'll be paying for in this
7 fiscal year, so that's been set
8 aside.

9 MR. REINE:
10 The Vendor Compensation Fund,
11 it used to go into a training
12 fund. Somewhere along the line
13 that got swapped out for
14 something else.

15 MS. BLANKENSHIP:
16 The old workforce development

board of directors- LEDC.txt
17 training fund, it used to be its
18 own statutory dedicated fund, in
19 fiscal year '01, '02 I think it
20 was at 9 of 2001 when the
21 Department of Economic
22 Development Reorganized. The old
23 funds were abolished and all of
24 the funds were consolidated into
25 the LED fund, so we didn't have

‡

46

1 set aside SILOs anymore because
2 what was happening back then is
3 that the workforce development
4 and training fund was being
5 underutilized and we had a bigger
6 need -- at the time we had an
7 economic development war fund, I
8 think, so we couldn't transfer
9 moneys between the fund, and so
10 there wasn't as much flexibility.
11 So when we reorganized in 2001
12 the SILOs were abolished and all
13 of the moneys were consolidated
14 so that we would have more
15 flexibility.

16 MR. REINE:

17 So basically a legislature
18 issue can be one but you don't
19 have to?

20 MS. BLANKENSHIP:

board of directors- LEDC.txt

21

Yes.

22

MR. GRISSOM:

23

Just one more comment with

24

regard to workforce. If you

25

scroll down the FY-1011

♀

47

1

projections down to the \$3.5

2

million for Fast Start, those--

3

essentially that is LEDC's

4

funding towards workforce for the

5

current fiscal year of Fast

6

Start. Fast Start was actually

7

recently recognized as the top

8

workforce training program in the

9

nation, so we're very pleased.

10

We hope to have Jeff, the

11

Executive Director of Louisiana

12

Fast Start present to this Board

13

perhaps next month or the

14

following month to share the

15

results of that program, and we

16

are very pleased with that recent

17

recognition of being the top of

18

the nation particularly knowing

19

that the program was only started

20

about two years ago.

21

MR. REINE:

22

And one of the last items of

23

revenue is Northrop Grumman Ships

24

systems and paying back some

♀

25 board of directors- LEDC.txt
arrangement that you have and

48

1 considering the current news
2 about--

3 MS. BLANKENSHIP:

4 That represents the bond debt
5 payments. That is
6 non-discretionary and the State
7 must pay those bond debt
8 payments, and as far as the, you
9 know, the contractual agreement,
10 do you want to comment, Mr.
11 Grissom.

12 MR. GRISSOM:

13 Certainly. LED is in current
14 discussions with Northrop Grumman
15 with regard to the Avondale
16 facility, and we are obviously
17 working very aggressively to try
18 to work to maintain as many jobs
19 as possible at the facility. We
20 are looking at different
21 scenarios depending on what types
22 of backlog end up being available
23 for that facility. Looking at
24 potential for the workforce
25 associated with that facility

♀

49

1 board of directors- LEDC.txt
within the Greater New Orleans
2 area, but certainly working very
3 aggressively with Northrop
4 Grumman, and in particular with
5 regards to the contract in this
6 particular working through what
7 might be the best solution with
8 regard to the equipment that was
9 funded.

10 MR. REINE:

11 Maybe I misunderstood. I
12 heard you say something about the
13 state has to pay the debt.

14 MS. BLANKENSHIP:

15 The bond debt payments. Each
16 year for Northrop Grumman, CG
17 Railway and Union Tank Car those
18 three projects are bond debt
19 commitments that must be paid.

20 MR. GRISSOM:

21 Essentially some funds were
22 applied towards projects at those
23 facilities in the past and the
24 source of those funds were bonds,
25 and so interest and principal

50

1 payments associated with those
2 bonds and for those three
3 projects, that's what you are
4 seeing here.

5 board of directors- LEDC.txt
MR. REINE:

6 So the State will payback
7 those bonds or Union Tank Car or
8 whoever?

9 MR. GRISSOM:

10 The State.

11 MR. REINE:

12 The State. And the State does
13 that in some commitment --

14 MR. GRISSOM:

15 That's correct.

16 MR. REINE:

17 -- to retain the jobs and
18 economic development of those
19 entities being here in the State?

20 MR. GRISSOM:

21 That's correct.

22 MR. REINE:

23 And how much longer are
24 Northrop Grumman -- my concern is
25 if they shut down Avondale, they

51

1 walk away, how much money is on
2 the table with this and do we eat
3 it or they got to step up for it?

4 MR. GRISSOM:

5 We're currently in the middle
6 of those discussions, but for the
7 next board meeting we can be more
8 in detail.

board of directors- LEDC.txt
9 MR. REINE:
10 Isn't there a contract that
11 states what the conditions are?
12 MR. GRISSOM:
13 Absolutely. Absolutely. I
14 don't have the contract details
15 here with me, but I can bring
16 that to our next board meeting.
17 MR. REINE:
18 But it would be something
19 stated that they have to come up
20 with the money?
21 MR. GRISSOM:
22 I believe that is correct.
23 MR. REINE:
24 You will give us more
25 details?

‡

52

1 MR. GRISSOM:
2 Absolutely.
3 MR. REINE:
4 Thank you. Thank you.
5 MR. ROY:
6 Mr. Cotten.
7 MR. COTTEN:
8 I would just like to make a
9 comment on the loan guarantee
10 program. We have \$1 million from
11 the second page, financial
12 systems, loan assistance program,

13 board of directors- LEDC.txt
and we are reserving, I think, 25
14 percent on that for reserves. So
15 \$1 million, we reserve 25 percent
16 today, 29 percent, so that could
17 go pretty quick on our loan
18 assistance program. So I wanted
19 to bring that to everybody's
20 attention. Where in the past
21 what amount would you normally
22 have available just to put in
23 perspective.

24 MS. BLANKENSHIP:
25 I didn't bring the

53

7

1 budgeted --
2 MR. COTTEN:
3 Just your best recollection.
4 Your institutional knowledge is
5 fine.
6 MS. BLANKENSHIP:
7 Anywhere from about six
8 million, but that's when we were
9 reserving one hundred percent, so
10 now we're reserving 25 percent
11 and that leverage is \$4 million,
12 but I do have actuals handy with
13 me, and under our loan assistance
14 program, in fiscal year '10 when
15 we -- what I did is I took it for
16 the total value, not the 25

17 board of directors- LEDC.txt
18 percent, but one hundred percent,
19 our fiscal year '10 for loan
20 guarantees was \$2,715,488, and
21 fiscal year '09 was \$6,682,074.

22 The five year average for the
23 last five years at one hundred
24 percent is \$3,139,285. So with
25 our \$4 million leverage, we're
still that -- we're still in the

54

♀

1 range.

2 MR. COTTEN:

3 We're in the range but we're
4 assuming more risk. We're
5 assuming a greater risk with
6 that.

7 MS. BLANKENSHIP:

8 Right. But we have got -- we
9 have a healthy reserve and --

10 MR. COTTEN:

11 I concur. I agree. I am
12 just stating the obvious. I
13 think it's a good program. Thank
14 you.

15 MR. ROY:

16 Any questions, comments?
17 Hearing none, I will entertain a
18 motion to accept the Treasurer's
19 report as presented.

20 MR. REINE:

21 board of directors- LEDC.txt
So move.
22 MR. ROY:
23 Motion approve.
24 MR. AVANT:
25 Second.

55

1 MR. ROY:
2 Second. Any discussion? Any
3 comments from the public? Hearing
4 none, all in favor, aye.
5 ALL BOARD MEMBERS:
6 Aye.
7 MR. ROY:
8 All oppose, nay. Without
9 objection. The Accountant's
10 Report, Mr. Smith.
11 MR. SMITH:
12 Good morning. LEDC's status
13 report as of August 31, 2010,
14 total participation loans as of
15 August 31st is 4485,703. I will
16 mention that I'm hoping to report
17 the next time we meet that this
18 MB Realty participation loan is
19 paid off in full. Total direct
20 loans as of August 31, 2010,
21 \$8,151,007. Past due, \$651,007.
22 Aviation Group and Capital Fund
23 BIDCO.
24 EDLOP loans, we currently

25 board of directors- LEDC.txt
have two. The balance as of

56

1 August 31, 2010 is \$1,832,692.
2 Guaranty loans, the balance as of
3 August 31, 2010, \$7,133,949.
4 Currently have 19 guaranteed
5 loans, and I think in a prior
6 meeting I was asked for
7 guaranteed loan what was our
8 default rate. Our default rate
9 is 7.1 percent. None past due at
10 the moment. Allowance for loan
11 loss is participation and
12 direct --

13 MR. ROY:

14 That's over the last year?

15 MR. SMITH:

16 As of June 30th. June 30,
17 2010. Allowance for loan losses
18 participation and direct, balance
19 as of August 31, reserve,
20 \$311,750. Loan balance,
21 \$8,636,710. Allowance for EDAP
22 loan losses, balance as of August
23 31st is \$244,831 with a loan
24 balance of \$1,832,692.
25 Guaranteed loans, my reserve

57

1 balance as of August 31st is

board of directors- LEDC.txt

2 \$1,284,828. My current loan
3 balance is \$7,133,949. That
4 concludes my report. Oh, I'm
5 sorry, I forgot to mention -- one
6 thing that I forgot to mention.
7 If you look at the allowance for
8 guarantee loan loss, it says
9 charge of \$616,210. We had a
10 Ron's warehouse, and somebody can
11 chime in on that if you need
12 further explanation, but that
13 loan was called in July, and we
14 had to pay our portion of that
15 was \$616,210.

16 MR. REINE:

17 I am confused. The loan was
18 called?

19 MR. SMITH:

20 Seth.

21 MR. BROWN:

22 Actually, Ron's warehouse
23 went in default in, I want to
24 say, March of this year, and we
25 got notification of it somewhere

58

1 at the latter part of June that
2 it went into default. The bank
3 is currently trying to collect
4 and try to making us whole. Ron
5 has inventory. The company is

board of directors- LEDC.txt
6 still functioning. It's not --
7 as far as I know of it's not in
8 bankruptcy as of yet, but
9 unfortunately it went under.
10 Initially they came to us because
11 they lost their line of credit
12 during the meltdown in '08. I
13 think a major bank, I don't want
14 to call the bank, pulled the
15 credit and they need to get up
16 and function, and unfortunately
17 it didn't work out.

18 MR. REINE:
19 So the bank called the loan.

20 MR. BROWN:
21 The bank called the loan.

22 MR. BROUSSARD:
23 They are going after the
24 collateral.

25 MR. REINE:

59

1 That's my next question.
2 What's the collateral?

3 MR. BROWN:
4 The collateral, they have
5 inventory. It was a line of
6 credit and that was backed by
7 inventory.

8 MR. REINE:
9 So they are going to try and

board of directors- LEDC.txt

10 recoup the money somewhere.

11 MR. BROWN:

12 Yeah.

13 MR. REINE:

14 They charge off until.

15 MR. BROWN:

16 Charge off until.

17 MR. REINE:

18 Thank you.

19 MR. ROY:

20 Any other questions or

21 comments on the portfolio?

22 MR. REINE:

23 The position, the original
24 loan amount is seven and a half
25 million?

‡

60

1 MR. SMITH:

2 Yes.

3 MR. REINE:

4 Current is seven and a half
5 million.

6 MR. BROWN:

7 Yes.

8 MR. REINE:

9 And how long does that run? I
10 just don't understand why the
11 principal is the same as the loan
12 amount if this is -- (inaudible).

13 MS. BIGNER:

board of directors- LEDC.txt

14 This loan was legislatively
15 demanded that we loan the Saints.
16 It was under a previous Governor.
17 It was \$7.5 million and it goes
18 to the Louisiana Stadium, which
19 is another state agency. The
20 requirements of the loan is that
21 the Expo Center has to make a
22 profit before they can pay us
23 back.

24 MR. REINE:
25 Do we get to hold --

61

1 MS. BIGNER:
2 They called a couple times.
3 MR. REINE:
4 I got it. This is a loan
5 from one state agency to another.

6 MS. BIGNER:
7 Yes, sir.

8 MR. REINE:
9 Legislature tells you you get
10 it back if you get it back.

11 MS. BIGNER:
12 It was part of one of the
13 deals for the Saints.

14 MR. REINE:
15 Aviation Group.

16 MS. BIGNER:
17 Aviation Group is the same as

board of directors- LEDC.txt

18 Aviation Exteriors, which we
19 talked about earlier.

20 MR. REINE:

21 I just want to know if
22 somebody is 30, 60 days behind,
23 what's the deal?

24 MS. BIGNER:

25 Okay. In the Finance

♀

62

1 Committee I came and I asked that
2 this is a loan that was
3 originated in 2007. They were
4 paying \$10,000 a month. They have
5 run into a problem with one of
6 their contracts with Fed-Ex and
7 they have asked for us to do a
8 six months interest only, accept
9 interest only payments for six
10 months and it was approved in the
11 Finance Committee with the
12 understanding that by October
13 25th they are caught up on the
14 interest only payment, so by the
15 25th of October we should be
16 caught up on that one.

17 It will be interest only
18 until through January and in
19 February they will start back on
20 the principal and interest
21 payments.

board of directors- LEDC.txt

22

MR. REINE:

23

And that gets approved in the

24

subcommittee and not the whole

25

group?

♀

63

1

MS. BIGNER:

2

That was done with the

3

Finance Committee this morning.

4

MR. REINE:

5

The committee does that and

6

not the whole Board?

7

MS. BIGNER:

8

It was -- we did the Finance

9

Committee and the Finance

10

Committee was supposed to report

11

to the full board on it.

12

MR. BROUSSARD:

13

The Finance Committee reports

14

to the Board and the Board

15

approve the recommendation.

16

MR. REINE:

17

Okay. Thank you.

18

MR. ROY:

19

We can carry it out some

20

more.

21

MS. BIGNER:

22

If you have any questions I

23

will be more than happy to answer

24

any of the questions that you

25

have got.

1 MR. REINE:
2 Dealing with other peoples
3 money, if I vote I would like to
4 know what I'm voting on.
5 MS. BIGNER:
6 Yes, sir. I understand that.
7 We have been dealing with
8 Aviation Group for over 20 years
9 and they paint airplanes and they
10 have a contract with Fed-Ex and
11 Fed-ex pulled the contract
12 because they need their airplanes
13 to keep up with demand and their
14 contract is supposed to go back
15 in on January, so in January the
16 contract will pick up again and
17 they will be able to have the
18 funds to come back and pay the
19 full \$10,000 monthly payments.
20 MR. REINE:
21 Okay.
22 MR. ROY:
23 Questions? Any other
24 questions, comments?
25 MR. COTTEN:

1 I guess just the option was

2 board of directors- LEDC.txt
to force the loan, right? We are
3 kind of working with them.
4 MS. BIGNER:
5 Yeah. Yeah.
6 MR. COTTEN:
7 It was a work out, yeah. And
8 supposedly Fed-Ex is going to
9 pick up after the 1st of the
10 year?
11 MS. BIGNER:
12 Right.
13 MR. COTTEN:
14 Thank you.
15 MR. ROY:
16 Anyone else? Hearing none, I
17 will entertain a motion to accept
18 the Accountant's Report.
19 MR. COTTEN:
20 I motion to accept.
21 MR. ROY:
22 Motion to accept.
23 MR. ROUSSEAU:
24 Second.
25 MR. ROY:

⊕

66

1 Second. Any discussion? Any
2 comments from the public? Hearing
3 none, all in favor, aye.
4 ALL BOARD MEMBERS:
5 Aye.

6 board of directors- LEDC.txt
MR. ROY:
7 All oppose, nay. without
8 objection. Mr.Grissom,
9 President's Report.

10 MR. GRISSOM:
11 Thank you, Mr. Chairman. I
12 wanted to provide a brief update
13 on a performance in the
14 department, in particular
15 highlighting a few recent
16 announcements as well as a few
17 recent third party ranking
18 highlighting some of the
19 successes of the State.

20 Overall Louisiana continues
21 to perform well, continues to
22 attract investments to create
23 jobs despite times of economic
24 uncertainty. At the end of the
25 second quarter of this year,

‡

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1 Louisiana's unemployment was tied
2 for second lowest in the south,
3 so despite trending unemployment
4 rates, Louisiana continues to
5 perform well relative to the
6 south and relative to the
7 national economy. Employment
8 levels as well continued to
9 outpace itself in the U.S., so,

10 board of directors- LEDC.txt
11 in other words, since the
12 recession the number of jobs
13 retained in the State versus
14 other states throughout the U.S.,
15 Louisiana certainly outperformed.

16 This performance is being
17 recognized and I wanted to
18 highlight one recognition that we
19 recently received. I will read
20 from this press release because
21 it is -- these are some comments
22 that I think are quite
23 advantageous to us. We tried to
24 use these third party validations
25 in our communication to prospects
to let them know that we're

68

♀

1 speaking about reality. We were
2 talking about the performance of
3 the Louisiana economy and
4 attractiveness of the Louisiana
5 economy.

6 So in the August timeframe,
7 Pollina Corporate Real Estate
8 released its annual ranking in
9 business friendly states.
10 Louisiana earned Pollina's first
11 ever most improved state
12 designation based on its improved
13 ranking from 2008 to 2010.

board of directors- LEDC.txt
14 Louisiana ranked 20th in the 2010
15 list, indicating we still have
16 work to do, but that's up from
17 27th in 2009 and up from 40th in
18 2008, so moving 20 spots.
19 Pollina ranks on 50 states based
20 on several dozen factors
21 including business taxes,
22 workforce training programs,
23 working compensation cost,
24 economic development incentives,
25 energy cost, marketing programs

69

1 and state economic development
2 efforts. In the 2010 report,
3 Pollina had stated Louisiana, and
4 this is in quotes, "Louisiana has
5 shown astounding progress. No
6 other state has ever shown this
7 type of movement going up 20
8 places in ranking in such a short
9 time. Louisiana is on its way to
10 the economic development
11 Superbowl. We meet with many
12 companies every year in the
13 course of our business and we
14 have noticed an increase in the
15 number of companies that are
16 considering and move to the state
17 or want to have a state evaluated

18 board of directors- LEDC.txt
as a potential location."

19 So, again, this is just one
20 particular ranking, but one that
21 indicates the type of validation
22 that we're seeking, that we're
23 actively cultivating and
24 indicating that people outside of
25 the state are recognizing the

70

1 performance of the Louisiana
2 economy and the improvements the
3 state is making.

4 Along that same thing, in
5 April Site Selection Magazine
6 ranked LED the second best state
7 economic development agency in
8 the U.S.. That was Louisiana's
9 first ever appearance in the top
10 ten, so we are very excited about
11 that. In July, later in the
12 year, Southern Business and
13 Development Magazine ranked
14 Louisiana co-state for the year
15 for the second year in a row for
16 securing more significant
17 business development per capita
18 than any other southern state in
19 both 2008 and 2009. And then
20 additionally, Louisiana Fast
21 Start, I mentioned this earlier

22 board of directors- LEDC.txt
23 in the meeting, was recently
24 ranked the best state workforce
25 training program in the country
by Business Facilities Magazine.

♀

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1 That, again, that's a great
2 testimonial that we are able to
3 communicate to businesses that
4 aren't that terribly familiar
5 with Louisiana, enable to
6 demonstrate to them through third
7 party validation that good things
8 are happening in Louisiana.

9 We are going to try to have
10 Jeff present to the Board about
11 the Louisiana Fast Start program
12 here in the future and confident
13 that you will be impressed.

14 Moving on, I wanted to touch
15 on a few recent announcements.
16 These are fairly significant
17 announcements, in other words,
18 larger opportunities but
19 announcements that will result in
20 many, many additional
21 opportunities for small
22 businesses in the state that
23 might provide services, as far as
24 equipment to these facilities.
25 One is a Nucorp Corporation,

♀

1 which recently announced one of
2 the largest industrial projects
3 in Louisiana history. This
4 multi-phase project in St. James
5 Parish could create 1,250 new
6 direct jobs, permanent jobs, and
7 up to 3.4 billion in capital
8 investment. It's a multi-phase
9 project. We are still working
10 through environmental permitting,
11 but very excited about that
12 announcement and very excited
13 that we have attracted Nucorp to
14 Louisiana.

15 Separately, in New Orleans,
16 recently Blade Dynamics announced
17 a major new advancement project
18 at NASA's Michoud facility.
19 Michoud is a world class asset,
20 but one that is currently
21 underutilized because of the
22 discontinuation of the external
23 tank program and space shuttle
24 program. LED is actively
25 cultivating businesses that can

±

1 Leverage that facility creating
2 employment opportunities in New

board of directors- LEDC.txt

3 Orleans and this -- Blade
4 Dynamics is a joint venture. Dow
5 is involved with it, American
6 Super Conductor Corporation is
7 involved with it. It's
8 anticipated to grow 600 new
9 permanent jobs, averaging about
10 48,000 per year plus benefits
11 over the-- I think the five year
12 timeframe, so very exciting.

13 Two significant
14 announcements. One that will
15 directly impact a number of
16 people in Louisiana with new
17 direct jobs, particularly the
18 Nucorp project. Many
19 construction jobs associated with
20 that significant capital
21 investment, but one that also
22 impacts the small businesses
23 throughout the Baton Rouge, New
24 Orleans regions, and those
25 businesses being able to serve

♀

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1 those new investments and
2 companies here in the state.

3 So with that, I would like to
4 thank all of our Board members
5 for your participation, for your
6 attendance here today, and thank

board of directors- LEDC.txt
7 you very much for your continued
8 support of the Economic
9 Development in the State. Thank
10 you.

11 MR. ROY:

12 Thank you.

13 MR. GRISSOM:

14 Jeff was unable to make it.
15 We hope to have him here at one
16 of our next Board meetings.

17 MR. ROY:

18 Ms. McKearn,
19 Secretary/Treasurer Report. LEDC
20 Report.

21 MS. MCKEARN:

22 Thank you, Mr. Chairman. I
23 just want to give the Board an
24 update on efforts that we are
25 going through to expand the

♀

75

1 marketing of our loan guarantee
2 program. In January we will join
3 the Louisiana Bankers Association
4 as an associate member. Our
5 membership will allow an access
6 to the LBA membership directory.
7 Also a monthly presence in the
8 LBA newsletter. It will allow
9 our LEDC loan staff to
10 participate in continued

board of directors- LEDC.txt
11 education opportunity through the
12 LBA and will be able to consider
13 our program at their annual
14 convention. We're also going to
15 be participating in the workshops
16 or other information events
17 sponsored by the Small Business
18 Development Centers. We have
19 made contact with SBDC's State
20 Director, Mary Lynn Wilkerson,
21 for inclusion in their activities
22 for the 2011 calendar year.

23 We are going to be
24 participating in the brown bag
25 event sponsored by the Louisiana

76

1 CPA Association. We will be
2 working with our LED
3 communications division to
4 develop a new marketing piece
5 with the loan guarantee program.
6 This will be a supplement to the
7 existing small business overview
8 sheet, which you-all should have
9 a copy of in front of you, and
10 will be directed specifically to
11 the banking community which will
12 outline the benefits of using the
13 program. We were also going to
14 work with our chairman, Mr. Roy,

board of directors- LEDC.txt
15 for a letter of support and
16 endorsement to appear either in
17 the LBA newsletter or using the
18 directory on the LBA membership.
19 So, again, just a brief update on
20 what we're doing to continue to
21 market the program.

22 MR. COTTEN:

23 Kristy, please show us -- I
24 think we have a couple of these.
25 We are represented on this piece

77

1 of paper.

2 MS. MCKEARN:

3 Yes.

4 MR. COTTEN:

5 I think -- help us out, guys,
6 Small Business Loan Program by
7 LEDC.

8 MS. MCKEARN:

9 Yes. Brenda, if you want to
10 chime in this. You have been
11 working on this piece of
12 communication.

13 MS. GUESS:

14 Yes. What was the question,
15 Tom?

16 MR. COTTEN:

17 This is -- I want to say
18 Secretary, I think this is part

board of directors- LEDC.txt
19 of the reason we're getting all
20 of the accolades along with the
21 work your department is doing in
22 the big arena. These are all the
23 state incentives. As a
24 practitioner CPA advising small
25 businesses, this is invaluable to

78

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1 me to try to see if I have a
2 client that fits this. I would
3 advise the Board to please take
4 time. These are complicated
5 programs but they are beneficial
6 programs. You have got -- and if
7 you do, it's a very good
8 incentive for the small business
9 and large, so --

10 MS. GUESS:

11 In addition -- thank you very
12 much. In addition to our
13 marketing staff as we were
14 talking about the loan guarantee
15 program, we're also pitching in
16 the rest of the department.
17 There are several programs on
18 here. The Enterprise Zone to
19 Quality Jobs to Restoration Tax
20 Abatement Program, Technology
21 Commercialization, the EDAP, but
22 the R & D tax credit program,

board of directors- LEDC.txt

23 they all are housed within our
24 business incentive services
25 division, so we're kind of, you

♀

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1 know, putting on both hats when
2 we go out and talk to other
3 people about the programs that we
4 are administering business
5 incentives and also for the rest
6 of the department. We have been
7 asked, though, by our banking
8 partners to give them a little
9 bit more detail on how the loan
10 guarantee program goes, so we're
11 going to work with communication
12 to develop something to drill
13 down not quite too deep into the
14 specifics, but give them an
15 overview of the loan guarantee
16 program to use as a supplement
17 with this as well.

18 So if any of you would like
19 to have additional copies of this
20 for your own use for passing to
21 various organizations or within
22 your communities, please let us
23 know and we'll make them
24 available for you.

25 MR. GRISSOM:

♀

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1 Additionally, we have these
2 in PDF format for e-mails as
3 well. But I find this format to
4 be nice, concise. This drives
5 many of the more active programs
6 the department administers, and,
7 you know, like the way we focus
8 on small businesses as well on
9 one side and then with a more
10 general overview of the
11 incentives that -- really any
12 business but as far as small and
13 qualified for on the other side.

14 MR. ROY:

15 I would like to commend the
16 department and the staff. I
17 think it's fantastic that we are
18 joining LBA. It's a great
19 organization. Something that I
20 have been hoping would happen and
21 would be more aggressive in our
22 marketing and so glad to see that
23 it's years I have been on the
24 Board I have been hoping that it
25 would happen, and I commend the

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1 administration staff. Big
2 dividend in years to come because

3 board of directors- LEDC.txt
4 as Mr. Stuart I think will agree,
5 we're probably a little bit bias,
6 but I think the banks are the
7 primary catalyst for any economic
8 recovery and by getting this
9 information to the banks I think
10 it will be-- pay off big
11 dividends.

11 MS. GUESS:

12 A.J., one other thing that we
13 might want to discuss going
14 forward and probably have a
15 discussion with the Board members
16 to see how-- what your thoughts
17 are, and I think we may have
18 talked briefly in a phone
19 conversation about the -- or the
20 activity that we're trying to
21 create, and often times we're
22 asked about what do we think is
23 the reason why the programs
24 aren't being used quite as
25 frequently as maybe the SBA, and

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1 we were looking at possibly doing
2 something with our fees. We
3 would like to maybe get some
4 guidance to maybe get a report to
5 see what our fee structure has
6 been over the years and amount we

7 board of directors- LEDC.txt
actually collected, and I know
8 that SBA has done a temporary
9 suspension of their guarantee
10 fees, and we don't know if that's
11 something that this Board would
12 like to entertain on a temporary
13 basis, but that's something that
14 we could explore more if they
15 direct us to do so.

16 MR. ROY:

17 And I think it's something
18 that we need to think about while
19 we never consider SBA our
20 competition, so we have to be
21 mindful of what is taking place
22 in the marketplace, and I think
23 at least we ought to think about.
24 Also I think one of the things
25 that the bankers wrestle with the

83

♀

1 most, and Mr. Stuart will echo
2 this, is the ease of use of
3 programs, and the degree to which
4 we can simplify the process is
5 always going to help us I think
6 in getting more applicants and
7 doing -- something to think
8 about. Yes, sir.

9 MR. BROWN:

10 I have been out there

11 board of directors- LEDC.txt
marketing between August and I
12 would say now I talked about 20,
13 25 banks, and of those banks, I
14 would say about half of them are
15 concerned about the fees. There
16 were several projects that they
17 wanted to present and their
18 clients would have scoffed if the
19 fees on top of the points that
20 they charge would have been in
21 there. One project was over a
22 million and a half dollars from
23 borrowers but they were looking
24 at with us and them it was going
25 to be \$70,000 in fees, so, you

84

♀
1 know --

2 MR. ROY:

3 Maybe we should ask them to
4 waive their points.

5 MR. BROWN:

6 Hey, I'm a capitalist. I'm
7 not going to ask that of them.

8 MR. COTTEN:

9 Seth, risk and fees I think
10 are synonymous. Risk.

11 MR. BROWN:

12 well, that's true, but
13 they're immaterial when we looked
14 at the fees that we've collect.

board of directors- LEDC.txt
15 Given what our agency -- the
16 model of our agency, we're not
17 for profit agency. We're out
18 there to serve the public, the
19 bankers in particular. Directly,
20 indirectly to the bankers and
21 directly to the public, small
22 business owner, and, you know,
23 the fees are immaterial to what
24 we're trying to do or what we're
25 trying to accomplish. To me I

85

‡
1 think it's immaterial. That's my
2 opinion. It doesn't support our
3 -- it doesn't support us
4 financially what we're doing, you
5 know, LEDC in particular, so, you
6 know, we won't miss those fees.
7 That's the way I feel about it,
8 and I think SBA-- the other
9 problem with SBA, we don't
10 compete with SBA. One particular
11 scenario there was a loan
12 guarantee I was working on and I
13 failed to look at they were
14 domiciled up in Galliano,
15 Louisiana but they were operating
16 out of the mouth of Alabama, a
17 mouth of river and somewhere in
18 Alabama going to Tennessee. We

19 board of directors- LEDC.txt
can't do that. There was
20 economic development for Alabama.
21 And I suggested the gentleman go
22 to SBA. That was back in March.
23 I talked to this guy in July and
24 he told me he was still waiting
25 on that loan to come out of SBA

♀

86

1 at the time, you know. I think
2 that's unfair to Louisiana
3 bankers, you know what I'm
4 saying, so -- and I feel really
5 bad for them for that and also
6 the business itself, it was a tug
7 boat business, you know. But,
8 you know, having said that, I
9 think the fees are immaterial and
10 maybe we should look at it. I
11 mean, that's my opinion. Not
12 that my opinion is worth
13 anything, but --

14 MR. COTTEN:

15 Seth, just one last point.
16 Federal government can print
17 money, we can't, and that's
18 probably an incentive they are
19 getting for no fees. I hear your
20 fee concern, but, again, we're
21 obtaining risk alone, that's why
22 the banks are -- so it's a fee or

23 board of directors- LEDC.txt
24 it's a rate, and I'm just trying
25 to be approving lender money.
MR. ROY:

87

1 It's probably something worth
2 narrowing out some more. It's a
3 very important thing in the
4 market. Can you refresh our
5 memory as to who is on the policy
6 committee. Maybe that's something
7 we ought to send the policy
8 committee and let them kick this
9 around.

10 MR. REINE:

11 Looking at that, what are our
12 fees and what do we do with them?

13 MS. GUESS:

14 well, we -- there's a
15 guarantee -- we charge the fee on
16 our guarantees depending on the
17 amount of the guarantee; two
18 percent, guarantee --

19 MR. BROWN:

20 It's two percent. For
21 example, one hundred thousand
22 loan, we guarantee 75 percent of
23 that. That \$75,000. We charge
24 two percent, that's \$1,500 in
25 fees.

88

1 MS. GUESS:
2 And then we charge them an
3 application fee of \$100.
4 MS. FERRO:
5 You mentioned we don't
6 compete with SBA. Who do we
7 compete with?
8 MS. GUESS:
9 Probably no one. We don't
10 really compete with SBA. We
11 usually go hand in hand with SBA
12 because of their deeper pockets.
13 For example, we have a building--
14 someone who wants to do a project
15 that is, No. 1, larger than our
16 guarantee. In fact, right now
17 SBA has also temporarily
18 increased their loan limits,
19 their loan amounts, and they have
20 also gone to do a larger
21 guarantee percentage. We do 75
22 percent. We have temporarily
23 gone to 90 percent guarantee. I
24 would say that maybe there is
25 someone that might be our

to

89

1 competitors. There may be some
2 of the local entities that we --
3 but we're basically just doing

board of directors- LEDC.txt

4 things that either SBA they are
5 -- we are set up a little better,
6 for example. We do a true
7 revolving line of credit. We can
8 guarantee people a line of
9 credit. SBA revolver is not
10 truly -- it's a line but it's not
11 a true revolver. So our products
12 are tweaked a little bit
13 differently, so we basically work
14 hand in hand.

15 We have actually in the past
16 participated in loans with SBA.
17 While SBA may have provided a 15,
18 20 year loan for a building, we
19 have actually done maybe the
20 fixed assets and done a line of
21 credit, so their pockets are
22 deeper than ours that's what we
23 tell our bankers and so we look
24 for deals that we can get in and
25 out of, you know, five to seven

90

1 year period of time and return
2 those moneys back to us for
3 reuse.

4 MS. FERRO:

5 It does seem like it deals
6 with the policy committee because
7 without a competitor it's hard to

board of directors- LEDC.txt

8 know the fees are competitive.
9 Other than that it gets into what
10 you were saying, Thomas, about
11 risk, what's the rate, what's the
12 fees, what the risk.

13 MR. SAREEN:

14 I can tell you from my own
15 experience ten years ago when I
16 started my own business, the fee
17 started getting more strongly and
18 large. So at that point decided
19 not to pursue it. And I think up
20 to five hundred thousand is
21 tolerable. You go to a million,
22 million and a half --

23 MR. ROY:

24 Percentage on a big amount.

25 MR. REINE:

91

1 what happens to the fees that
2 you have collected?

3 MS. GUESS:

4 They go into our fund.

5 MR. REINE:

6 To get loan back. Making the
7 individual business pay a fee for
8 us to get (inaudible) -- they pay
9 the bank and make a guarantee
10 with the bank.

11 MS. GUESS:

board of directors- LEDC.txt

12

That's correct.

13

MR. REINE:

14

So they pay the bank to get

15

the guarantee from the bank of

16

the loan and we make them pay

17

another fee to guarantee the

18

money to the bank not to get it.

19

MR. AVANT:

20

We're guaranteeing the

21

majority.

22

MR. REINE:

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We are guaranteeing it to the

24

bank not guaranteeing it to the

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business. The bank is the one

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1

who gets the benefit of the

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guarantee not the company.

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MR. CANGELOSI:

4

Gets the loan that they

5

wouldn't get otherwise without

6

the guarantee. The guarantee

7

benefits the borrower as well.

8

MR. COTTEN:

9

We do have a competitor out

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there and that is the third party

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lending institution, not bank,

12

per se, and that's the guy on the

13

corner who has loaned money for

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lending, and one of our

15

applicants today received a 5.75

board of directors- LEDC.txt

16 percent loan, fixed rate,
17 floating, fixed on a permanent
18 loan floating on the interim
19 loan, 5.75 percent to two half
20 over prime, that's a pretty
21 attractive rate. If I went out
22 and opened a market down the
23 street to borrow that money
24 because the bank wouldn't take
25 it, bankers, how much, 10, 12.

♀

93

1 MR. BROWN:
2 Eight and a half.
3 MR. COTTEN:
4 15. I'm saying 12 to 15 on
5 some. I mean, there are
6 competitors, but we are very
7 attractive because if you fit the
8 portfolio of applicants, you have
9 an opportunity to-- for money, so
10 the two percent fee is, I think
11 from my perspective, is
12 reasonable for the risk we're
13 assuming or then you have to look
14 at a rate concession. It's just
15 my feeling, you know. SBA --
16 MR. BROUSSARD:
17 It is reasonable, Thomas, but
18 keep in mind this is only a
19 temporary solution so we can get

board of directors- LEDC.txt

20 back in the game. Trying to
21 build it back up.

22 MR. COTTEN:

23 The question is why is
24 production down.

25 MR. BROUSSARD:

♀

94

1 The economy.

2 MR. BROWN:

3 Thomas, the thing is, I think
4 this gives us an opportunity to
5 attract better loans. For
6 example, the business that I was
7 looking at, these guys don't
8 care, they will go down the
9 street. Where this bank has a
10 cap, you know, on this side we
11 want to do the loan, you know,
12 and the bank down the street, I
13 don't want to mention the bank
14 name, but is deep pocket. They
15 don't need a guarantee, you know.
16 As a matter of fact they done
17 told us to our face, you know
18 what I'm bank I'm talking about,
19 Randy, what we need y'all for a
20 guarantee, you know. So that's
21 the problem they are going to a
22 bigger bank and a community bank
23 is not able to do the loan.

board of directors- LEDC.txt

24 We're mitigating risk for the
25 community bank, and I would like

95

♀
1 for them to attract better
2 customers and get us better loans
3 in our portfolio. We won't have
4 any defaults. It's a win, win
5 situation, you know.

6 MR. ROY:

7 One of the things that we
8 have done -- we have done a few
9 of these is loan participations
10 for banks that are overline and
11 that's something that I think we
12 need to market in particular.

13 MR. BROUSSARD:

14 I don't think so and I will
15 tell you why. The million dollars
16 leverages up to four million.
17 Participations like a direct
18 loan, you don't lower your base
19 and so we get more leverage, more
20 traction out of the guarantee
21 program.

22 MR. ROY:

23 You are right. You are
24 right. We will eat it up more
25 quickly. The flip side is

♀
96

board of directors- LEDC.txt

1 there's generally less risk
2 because but for the fact that the
3 bank has reached a legal lending
4 limit problem, they would not be
5 coming to us and thus they really
6 would like to hold the whole
7 thing and they just can't.

8 MR. BROUSSARD:

9 We had a request recently
10 that would pretty much wipeout
11 the LEDC budget for this fiscal
12 year, case in point.

13 MR. COTTEN:

14 That was my concern with the
15 million dollar reduction in loan
16 because of the state budgetary
17 situation.

18 MR. BROUSSARD:

19 It limits us to the loan
20 guarantee program.

21 MR. ROY:

22 In the interest of time, can
23 you tell us who is on the policy
24 committee.

25 MR. BROUSSARD:

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1 Yes, sir. A.J. you are on
2 the committee. Harry Avant,
3 Stephen Moret, Alden Andre and

board of directors- LEDC.txt
Louis Reine.

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MR. ROY:

Perhaps if the chairman, Mr.
Avant, will --

MR. AVANT:

Is there a copy of the fee
guidelines?

MR. BROUSSARD:

It's in the rules.

MS. GUESS:

We'll get that to you.

MR. AVANT:

We'll get that and start that
discussion.

MR. ROY:

Mr. Avant, if it's okay, it
may be of such importance to the
Board as a whole that others may
want to participate. I'm just
thinking that if we have just the
policy committee members we may
have a tendency because of the

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importance of this to air it out
again in the full Board, so if
it's okay with you we can invite
whoever would like to participate
to come to the committee meeting
and expand the committee. Are
you okay with that?

8 board of directors- LEDC.txt
MR. AVANT:
9 Sure.
10 MR. ROY:
11 Okay. We'll let the chairman
12 of the committee call the meeting
13 at his discretion. And any other
14 information, discussion before we
15 adjourn? Hearing none, entertain
16 a motion to adjourn.
17 MR. REINE:
18 So move.
19 MR. ROY:
20 I don't guess the public
21 needs to comment on that one.
22 Adjourn.
23
24 (whereupon the meeting was adjourned at 11:13
25 a.m.)

♀

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1
2 REPORTER'S CERTIFICATE
3
4 I, RACHEL Y. TORRES, a Certified
5 Court Reporter, do hereby certify that the
6 meeting testimony was reported by me in shorthand
7 and transcribed under my personal direction and
8 supervision, and is a true and correct
9 transcript, to the best of my ability and
10 understanding; that I am not of counsel, not
11 related to counsel or the parties hereto, and in

board of directors- LEDC.txt
12 no way interested in the outcome of this event.

13

14

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RACHEL Y. TORRES, CCR, RPR

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