MEETING OF THE BOARD OF DIRECTORS OF THE LOUISIANA ECONOMIC DEVELOPMENT CORPORATION TAKEN AT THE LASALLE BUILDING, LABELLE BOARD ROOM, 1ST FLOOR, 617 NORTH 3RD STREET, BATON ROUGE, LOUISIANA 70802 ON AUGUST 25, 2017 COMMENCING AT 9:30 A.M.

REPORTED BY:

RACHEL TORRES-REGIS, CCR, RPR
CERTIFIED COURT REPORTER

APPEARANCES OF BOARD MEMBERS:

A.J. ROY, III, CHAIRMAN
ALDEN ANDRE
CAL SIMPSON
LOUIS REINE
NITIN KAMATH

STAFF MEMBERS PRESENT:
BRENDA GUESS
MELISSA SORRELL
MARISSA DOIN
ERROLL SMITH
STEVE BAHAM
ANNE VILLA

MR. ROY:

Good morning. Call to order the Louisiana Economic Development Corporation meeting. Roll call, please.

MS. SORRELL:

A.J. Roy.

MR. ROY:

Here.

MS. SORRELL:

Alden Andre.

MR. ANDRE:

Here.

MS. SORRELL:

Louis Reine.

MR. REINE:

Here.

MS. SORRELL:

Susan Tham. Mandi Mitchell. Cal Simpson.

MR. SIMPSON:

Here.

MS. SORRELL:

Nitin Kamath.

MR. KAMATH:

Here.

MS. SORRELL:

Will Campbell. Kimberly Johnson. We have five present.

MR. ROY:

Very good. Ask everyone to please silence their cell phones. Apologize for being underdressed. I had -- as someone just said, I had a wardrobe malfunction this morning. Moving along. The approval of the minutes. The LEDC meeting of March the 24th.

MR. REINE:

Alden said he read them, so I move that we approve them.

MR. ROY:

Motion as presented. Anybody else? Motion and second. All in favor, aye.

ALL BOARD MEMBERS:

Aye.

MR. ROY:

All oppose, nay. Without objection.

All right. We had two inhouse approvals since our last meeting, and staff tell us about those.

MS. DOIN:

Good morning.

MR. ROY:

Good morning.

MS. DOIN:

My name is Marissa Doin. The first update that I have is Gordon Technologies, LLC. This one was brought to us by Home Bank, and this is their second guaranty with us. So what Gordon does is they develop and measure -- they develop an upgrade measurement while drilling tools for the oil field industries. They have designed and been issued two US patents patrol that to improve that type of drilling. This loan was needed to purchase equipment to manufacture additional tools to meet customer demands, and with the additional tools they will be able to hire 38 employees. This was 85,000 non-revolving line of credit. We guaranteed at 75 percent, so that's 375,000 for three years.

This opening has a very good demands for the product, and the oil and gas drilling activity has suddenly risen in recent history. They've shown extreme growth and they have potential for future years, which is why staff recommended approval, and this one was approved on April 10th. Questions?

MR. ROY:

Very good. Any -- of course those have been approved, but any comments from the Board. All right. Thank you.

Anything else?

MS. DOIN:

The next one is C. Boutte Enterprises, LLC, and this one was brought to us by Farmers Bank and Trust, and auto repair shop. It's a franchise in the Lafayette area. This one was needed to purchase shop equipment, inventory and office equipment. It's for 200,000 and 75 percent guaranteed. 150,000 for five years, and this one was backed by FFF&E. The owner, Mr. Boutte, is very committed to this project. He injected $61,000 of his own funds to cover startup costs. He is also going to be running the day-to-day operations of the shop. They are going to be creating three jobs as well with this loan and it met all requirements, and this one was approved on May 9th.

MR. ROY:

Very good. Any questions? Comments? Thank you, ma'am.

Next order of business is under the SSBCI program. Rule change.

MR. BAHAM:

All right. I will go ahead and get things kicked off. Earlier this year at our January Board meeting we approached the Board to request a rule change regarding the collateral requirements for our Guaranty Program. At that time, after heavy discussion, the Board wanted to see several questions -- had several questions, which we went back and did a little more research, and in March we presented you -- I believe you have a copy of the presentation from March. I just kind of summarized it and updated it in the packet.

At that time we answered all of the questions that the Board had had with regards to funding availability and revolving the funds as well a comparison to other competing states and the federal government through the SBA program. We presented -- after all of that information, we presented three different options for approval, which the Board at that time had selected to lower the guaranty amount or requirement to match -- the collateral requirement to match the guaranty amount, which if it was a 75 percent loan, instead of matching one hundred percent of the loan value we would match 75 percent because the value of the collateral would be no less than the value of the guaranty, which would allow us to be a little more flexible.

Some additional items that were done, more or less housekeeping things, the Board requested to see some of those housekeeping things, which we have provided in the -- after the summary, we have a copy, which I believe -- I don't know if the copies are in black and white, but they were red lined and added to the rules. One of those things being the residency requirement for the owners. As long as the business is here, that's the main goal is to have the operations and payroll and the jobs here in Louisiana.

Our rules back when they were originally created required not only the business to be here but also the principle owners of 20 percent more ownership or more ownership had to be residents of Louisiana. In today's world that is a little difficult to ask somebody who is branching out and hiring Louisiana citizens to move from California just to have one portion of their shop here in Louisiana.

So that has been added to the

rules, and I can go through it piece by piece. One of the other clarifications that we made in the rules, in addition to the collateral and the residency requirement, was -- it's basically formatting pieces, and let me get the sections and I will just walk you through them.

Quick. Subsection 109. Section 109, Subsection C, No. 1 is where it addresses the one to one collateral requirement and reduce it to shall be no less than the guaranteed portion of the loan. And below that, No. 3, in the same subsection, let small b, the appraisal it's just grammatical correction, shall not be more than 90 days old instead of cannot.

In the same subsection, small letter c, we again corrected the collateral coverage from one to one requirement to the value of the collateral to be used for the guarantee amount. And then in subsection 5, little b, one of the other main things that we looked at to just clarify it's always been our policy and part of our rules to never take a borrowers primary residence as part of the collateral. We just feel that having their home as a state entity it just would not be prudent upon us. They've -- if they do default they are basically are losing their business and no sense of them losing their home and the state being involved in that, so we clarify that and limit it to person -- personal items that will not accept, which is basically the primary residence. We were very specific in that and we added that language in there.

I believe that is the bulk of the changes until we get to the end in -- let me sure I get the right subsections here. The very enter, deliberations. Mr. Cangelosi may be able to point me to it.

MR. CANGELOSI:
117.

MR. BAHAM:
117. Subsection 117. Oh, it's an additional guidelines, and, I'm sorry, Mr. Cangelosi, but you may be better equipped to explain this piece of it than what I may be able to.

MR. CANGELOSI:
From time to time we have --

MR. ROY:
Mr. Cangelosi, if you can pull your mike down.

MR. CANGELOSI:
Can you hear me. From time to time we may have a need to interpret what we have provided in our rules. I can't think of one right now, but we've had

several occasions where somebody said does that include this or that, and we've had to make a decision in our experience what we should include something or should not include something, so I thought it would be good, in the future, to prepare guidelines when those situations occur, we create a little guideline following the future so we would be consistent with our interpretations. These would be something that we would do inhouse and not necessarily involve you-all unless it's serious and that we think that should be done. There is a provision for the guidelines that can be prepared from time to time by inhouse committee and approved by that committee and reworded by that committee, if necessary. Doesn't change the rule. It's just an interpretation of what we meant by the rule.

MR. ROY:

Anything else?

MR. REINE:

What section is that?

MR. CANGELOSI:

That was section 117.

MR. REINE:

How do you determine -- (microphone is off. Inaudible.)

MR. CANGELOSI:

We just excluded them. We always excluded them.

MR. ROY:

Any other?

MR. BAHAM:

No. That was all -- all of the changes. The residency requirement, I forgot to mention the section that was in was in Section 107, Subsection B, No. 1 and No. 3 is where we eliminated the residency requirement for primary owners. All in all that's the basic changes. That is all of the changes, and I'm going to pass it back over to you.

We put together a presentation for the rule change and I'm going to let Brenda clarify anything.

MS. GUESS:

The only thing -- the only thing that I would like to add is that we have been talking to some of our banking partners and they are very excited about the possibility of potential change to the program. We are working with the City of Minden -- is it Minden, yeah, the City of Minden with their economic development area. We are trying to get an outreach with the under serve in that community. I think that working with the City of Minden will be a spring board for us to go into other rule in undeveloped areas of the state and they are very excited about working with us under that program.

So the -- the marketing staff as they -- the staff, as they have been marketing, rather, have been asking questions of the bankers, you know, how would that change anything, would that increase the activity, and it would help them to do other loans that they would otherwise not do.

MR. ROY:

Ann, do you have anything to add.

MS. VILLA:

Just for clarification, the state still has SSBCI federal money available for loans, and my question and maybe the question of the Board is do those rules that were in place at the time that the federal grant was issued to Louisiana, do we -- does LEDC still need to abide by those rules and these rules only impact future loans outside of the grant.

MS. GUESS:

No. In fact, the question was put to treasury regarding our change of rules, and if our rules were to change, we would still -- well, and being now that there is no federal -- the SSBCI portion went away -- the office, rather, is going away next month. We will still operate those funds that we have would still be with the new rules that we adopt. So adoption or changes of rules by state would not necessarily -- would not affect the -- the rule, whatever rules would be in effect would govern whatever remaining funds that the state would have.

MR. CANGELOSI:

If I may make one more comment. I just realized, too, there is another item in Section 107, Section 4B, which says:

Bars, saloons, daiquiri shops and package liquor stores, that -- that's an example of what I was talking about for the guidelines. We had already excluded bars and package liquor stores with -- HAD request for saloons and request for daiquiri shops, and it was our interpretation that bars and package liquor stores included saloons and daiquiri shops. So when we were making these amendments, we had actually put saloons and daiquiri shops in the rule.

From now on when we have that situation come up again, we'll put it in the guidelines so we won't need to concern you-all with that change or that interpretation, I should say.

MR. ROY:

Yes, sir. It's been a while since we met about it, and correct me if I'm wrong, but it seems like the rules are not as robust onerous, for lack of a better description, than what we discussed, that is, there are fewer changes. Am I correct in making that assumption?

MR. BAHAM:

Yes. At our last meeting we actually presented three different options, which is probably why it seems like it's less than what we had actually discussed, and this was the option that the Board felt most comfortable with given the fact that we've always had since inception the collateral requirement, and this is, and Brenda can correct me if I'm wrong --

MR. REINE:

What?

MR. BAHAM:

We have always, since inception of the program, had a one to one collateral requirement, so one hundred percent, and Brenda may be able to clarify if I'm wrong, but I believe this is the first major change to these rules since it was created, so -- and the Board, rightfully so, wanted to take a very prudent and educated approach to this before any decisions were made, which is why we went back in January and March and did a lot of research and answered all of those questions with regards to how we compare with the SBA, how we compare to the competing states, adequate default rates. Given their default rate since 2011 has been zero, and what would be an acceptable threshold for that, and, of course, the revolving of funds going forward because we anticipate that if we do reduce the collateral requirements, it's a logical to think that we would be able to take on more risk and therefore be more attractive to the owners of the state, and with that analysis we feel that we would be able to turn the money not only faster but we would be able to do a lot more of those smaller loans that we have been missing on, especially in the startup realm and in the communities, as Brenda had mentioned, which is this was one of the big selling points of getting involved with the City Minden and their activities that they are approaching and a lot of the banks that they are going to be working with in their unique program, they are kind of chomping at the bit for us to get up there and get these things in place so we can get moving, but -- and -- and I know staff on their marketing trips, they've

come back and reported that they
discussed that with the bankers
in -- around the state and they
are all interested in seeing some
more -- the state taking on a
little more risk and making it
more competitive with the SBA,
and we feel that this will allow
us to have that flexibility to
give them more options, and as
far as the fees, which was
another concern that the Board
had asked, how do we compare as
far as revenue and fees with the
SBA, obviously SBA has unlimited
access to funds, but our fees are
in line, if not better than the
SBA, and when I say better, I
mean, more affordable. SBA has
an annual fee and sometimes a
monthly fee for maintenance and
reporting. We have a one time
guaranty fee and we match it with
the bank and then 99 percent of
the time we're lower than what

the bank charges.

MR. ROY:

Any questions? Comments?

MR. REINE:

Yeah. I got a couple of questions. In the residency deal, um, at any point is there a preference to Louisiana residents?

MR. BAHAM:

Absolutely. We would prefer to have Louisiana residents start their own business, and this is one of the reasons why we believe lowering the collateral will allow it. We've missed out on quite a few loans because of short fall collateral. Particularly to a startup traditional mom and pop operation that has anywhere from one to three individuals that are going to be in the business. We have had the opportunity through our business development team, which means companies from all over the country and in the world in some cases that have had interest in moving to the state and their operations are pretty impressive but they are not on the level of offering the larger incentive such as an EDAP award, so what we -- what the business development team has tried to offer is the guaranty program but because of the residency requirement, the owners that live outside of the state, they -- they don't feel that they should be forced to move to Louisiana just to open up a branch.

MR. REINE:

I am not suggesting they are, but if it becomes very competitive, how do we -- is there a process in the application that says if you live here you come first and that we're not going to exclude, down the road, Louisiana residents who would have met all of the requirements because we've dealt with the out of state people.

MR. BAHAM:

There is no definitive in the rules or application that says that particular piece where we would give preference to a Louisiana citizen over someone who is not, but I believe the -- the portion that Mr. Cangelosi had added with the discretion and interpretation, I believe that would allow us, if it came down to that, which I don't think we've ever had an issue of not being able to service anyone, but if it ever came down to that, we could justify giving a loan to a Louisiana resident over a non-resident.

MR. REINE:

Okay. But, you know, we are temporary and the rules will be here when we are gone. It's not in the rules and that kind of worries me.

You talked about bank collateral and we don't take a personal residence, which I am not promoting that we do, but if we're guaranteeing for the bank -- does the bank take a personal residence as collateral?

MR. BAHAM:

In some cases they do.

MR. REINE:

And so what happens if we're not going to take it as collateral but they do and the loan goes bad and they take the residence and we don't participate.

MS. GUESS:

Well, normally what happens is --

MR. CANGELOSI:

Yes, we will participate. Even though we didn't require it, if they have the benefit of it we would participate in that benefit.

MS. GUESS:

If I might add to that, Mr. Reine, that we make sure that the collateral requirements are met and sometimes the bank will take that personal residence over and above the collateral requirement in an abundance of caution, but we never rely on that other piece that the bank is taking if it's a personal residence to count towards the collateral.

MR. REINE:

I would suggest we don't take peoples houses anyway. If the bank was going to take it, they were going to lose it. I didn't want us to be the odd man out.

MR. ROY:

In this scenario, we would -- our guarantee would be met of -- if they foreclose on the house, they would that get.

MR. CANGELOSI:

If they get profits or benefits from that, we would participate in the benefit to our -- our 75 percent.

MR. REINE:

We charge a fee. What do we do with the money? Where does the fee go?

MS. GUESS:

Well, the fee goes into an economic development fund for the LEDC. It goes, um, if we -- I think it revolves -- Erroll.

MR. REINE:

I know it don't go to Board's per diem.

MR. SMITH:

Hi. Erroll Smith. Yes, we collect the fees and the fees go into the LEDC funds, as Brenda said, and used for administrative costs.

MR. REINE:

Which is already funded in the budget?

MS. VILLA:

A portion of our means of financing for LED, obviously, is fees and self-generated.

MR. REINE:

Thank you.

MR. ROY:

Question. Have we explored any opportunities that are created by the cracks, if you will, and SBA what they do not do. For example, I don't believe they would do a guarantee if it involves new money or you are refinancing -- I'm sorry -- you are refinancing debt on the books or perhaps that of your money, but those -- those limitations on SBA could create some opportunity for us. Of course, I realized it's -- we have a limited source of money and we could open up the floodgates, but I'm just wondering if staff may have pursued those options or those --

MS. GUESS:

Well, what the current rules have provisions for refinancing, and I think it's a certain percentage that it has to be -- it can't be more than 25 percent of what the outstanding loan would be. It has to have new money tied to it, and I think because of, like he mentioned, the limited amount of funds that we do have, that was not something that we were basically considering.

Right now the -- the most attractive thing about our guaranteed program is our line of credit because SBA still does not do a true revolving line of credit, and once we pitch that to our banking community, they are -- their customers made that revolver, true revolver, which is something that SBA still does not provide.

MR. ROY:

Any other questions? Comments? Hearing none, I entertain a motion.

MR. REINE:

What's the process? We make a motion and then it's got to do a public hearing or how do we do all of that?

MR. CANGELOSI:

Yes. It's got to go through the promulgation process.

MR. REINE:

So we make a motion to adopt the rule and it goes through the public process, you take comments and then it comes back for another round?

MS. GUESS:

That's correct.

MR. CANGELOSI:

Yes.

MR. ROY:

Motion to begin the process of publication as presented. First, Cal Simpson. Second by Mr. Kamath. Any discussion? Hearing none, all in favor, aye.

ALL BOARD MEMBERS:

Aye.

MR. ROY:

All oppose, nay. Any comments from the public? Hearing none, it's approved.

MS. GUESS:

Thank you very much.

MR. ROY:

Staff, I was a little concerned of that we were thinking about changing too much too fast. I think this is good. It will service us well and we can see where we go from here.

MS. GUESS:

Thank you.

MR. ROY:

Next order of business is under the EDRED Program.

MS. VILLA:

Hi. Good morning. Anne Villa, Secretary for LED. Mr. Chairman, Board members, Secretary Pierson regrets not being able to attend today's LEDC Board meeting as he unfortunately had a conflict. Please know that on behalf of the Secretary, LED and the state, without this Board's support, dedication of funding for the Economic Development Site Readiness Program, we, as a state, would not be where we are today with the announced economic projects.

Truly, EDRED has transformed the state's economic development standing compared to other states. Without your past support of this program and the resources allowed through past allocations, the state cannot complete for existing project expansions and for -- or compete for new industry relocating to our great state. Site selectors have made this a basic requirement in the request for information to accept only RFI's for states with certified sites.

I believe in your packet you have an overview of the Economic Development Site Readiness Program, as we refer to, we have so many acronyms, EDRED. So if you don't mind, I will go through those slides with you. And I also have Larry Henson, our Business Intelligence Director for LED here we me if you have any specific questions that probably I won't be able to answer. He works with this day in and day out.

Just for kind of a little history on the program, prior to EDRED's initiative, Louisiana found itself losing some very competitive national projects.

The state didn't have sufficient inventory of development ready sites to submit to those RFI's that I mentioned earlier. While other states fully had sites that they had developed in industrial parks, so Louisiana was at a disadvantage by only submitting agricultural and green field sites with the inherent possibility of unknown fatal flaws. Site consultants increasingly will only accept certified or development ready sites for proposals for major projects.

The purpose of the EDRED program was to work with our regional economic development partners to identify and evaluate a portfolio of the best industrial sites in the state and then advance -- and then invest in enhancing the marketability and its competitiveness of those sites by completing fatal flaw analysis and basic site due diligence on the front end. Ultimately EDRED helps to grow the number of LED certified sites.

As a result of the original allocation that this Board approved back in 2012 of $4 million in July of 2012; and $1 million in October of 2015, the state's inventory of certified sites has grown from 20 certified sites in 2012 to 83 certified sites today. LED had certified sites in 12 parishes prior to -- prior to EDRED. Today, 33 parishes now have certified sites.

LED is now able to compete more effectively for major projects looking at multiple states and avoid elimination for not having any quality development ready sites. Whenever you Google certified sites program, LED certified sites is the No. 1 search result in any Google search for certified sites. And LED, the State of Louisiana, ranked second as the largest state run sites program for the United States. EDRED provides a 75 percent match per site due diligence required for certification, and we have CEA's that we enter into with our ten regional and local economic development allies, so we do have CEA's and LED and EDRED provides for 75 percent matching funds for those regional partners, so those regional partners are investing as well into the site preparation and for the site application.

The attributes of the certified sites, it -- we have development ready. It's essential for due diligence to be completed. We have significant site information that's been gathered and documenting -- documented, which is key to our RFI's, and then we have an independent third party engineering review of the site once it's completed.

Advantages of the site certification, it no longer have the uncertainty in the potential obstacles that are eliminated through the enhanced site knowledge, and we become more competitive nationally and we have greater marketability, and we are granted priority in site proposals.

The next slide, as you can see, we had 27 RFI's that require development ready sites in the last 30 months along. LED had received 27 site requests from consultants and client companies that require development ready sites or else note there was no

-- there was no way we could submit an RFI. These 27 projects represented the opportunities for Louisiana to compete for nearly 17,000 highly qualified -- high quality jobs. The site request, we wanted either state certified sites, substantially developed ready sites or sites with significant due diligence being completed. All of the reports and documentations of the engineering due diligence were required to be submitted. These are the exact same sites -- these are the exact same site engineering studies that LED site certification produces with these EDRED grants. 23 to 27 requests of the certified sites came from some of the nations top site consulting firms, and those are listed there.

On the next slide, you can see back in April of this year, April 28, 2017, Graphic Packaging and an DHL teamed up for $274 million project that was announced in northeast Louisiana. As you can see, Louisiana competed successfully against other states: Georgia, Arkansas, and Mississippi to attract a combined logistic facilities in Monroe. The companies evaluated multiple sites before choosing this 726 acre Millhaven Road property, which is an LED certified site, which is adjacent to the Kansas City Southern Railroad and north of I-20 and about two miles east of the Monroe Regional Airport. With this project, we'll be able to retain 800 jobs in our state and it's estimated to create an additional 93 jobs.

The next slide takes you through a list of the certified sites that have been sold so far.

We have the Millhaven Plantation in Ouachita, which is being used by the DHL graphic packaging that I just described. We have the Livingston Industrial Park in Livingston Parish, where Martin Brower is using. And correct me if I pronounce it -- Summit Fremaux in St. Tammany, which is being used for an office mixed use development. Industrial Park East in Calcasieu, which is half of the site leased to multiple tenants; and the Charleston Industrial Park in Ouachita. We had one lot that was sold to a truck terminal. And then Donaldsonville Industrial Park in Ascension Parish, we have Gaubert Oil. It's Gaubert Oil. And there is a sugar certified site, sugarcane site which was in East Baton Rouge of mixed used development. And Gisacy South (ph) in Ascension is a spec warehouse development. So we have multiple certified sites that has been since put into use by companies.

The next slide, and I would like to say, if you can, just kind of put the two next to side by side, shows a comparison of LED sites that were certified in 2012. They were only 20, and as you can see, we have a listing of the parishes, and there were a couple of parishes that had very few to no certified sites. There were only 20 at the time, but if you advance forward now, we actually have 83 certified sites and the parishes each have grown. We have Acadiana that went from two certified sites in 2012 to five today. In the bayou region we had zero certified sites and we now have one. The capital region had three certified sites, we now have 30; and the central region there was one, and today we have eight. And in the northeast region we had two certified sites. Today we have eight. And in the northwest we had three certified sites and today we have eight. Southeast had seven certified sites. Today we have 16. Today we have 16. And in the southwest we had two certified sites, and today we have 7.

So as you can see, the results that we have been able to obtain by utilizing the funds that you were able to allocate from our EDAP funding to be used for EDRED for the certification of these sites.

And the next slide just takes you through the allocation of that $5 million that we've had over the past five years. Takes you through the different CEA's that we have and where the money was spent, and as you can see, our unobligated balance is only at 7,000.

So this is why we are here today to ask for an additional allocation of $2 million to the EDRED program, which is in the -- which is in part of EDAP. That is money that was already appropriated to LED through EDAP. We just have to come to the Board and ask the Board's permission to then allocate set aside a certain portion of those funds to use for this -- this program.

And there's additional information that is in your packet. We have a recent certified site that was just announced in June 28 that was in West Feliciana Parish -- I am sorry, East Feliciana Parish that was recently announced and then also ad that -- I am sorry. There is an ad, too, that was placed announcing our newest certified site. And in addition you have a letter from the secretary with his support along with additional letters from the local regional economic development organization with their letters of support as well letting you know how important this program has been to development of sites and our state that makes us more competitive and able to compete, quite frankly, for projects that we may not be able to compete for because we don't have the certified site. It's kind of become the gold seal of standard -- probably good housekeeping. Gold seal of standard by having those certified sites available to us and we can put these in those RFI's; otherwise, we wouldn't be able to compete.

So with that, if you have any

questions.

MR. ROY:

Mr. Reine.

MR. REINE:

Testing my memory. If I remember correctly and what I heard that these projects require the local participation as part of the funding.

MS. VILLA:

Correct.

MR. REINE:

And we limit the dollar amount either by acreage or, what, per project, and originally we were talking about $3 million for three years and the Board had agreed to $1 million for a year, so are you asking for $2 million for the next two years, is that what you are asking for? At the appropriate time, I make a motion to approve.

MR. ANDRE:

Second.

MR. ROY:

Motion for approval of $2 million into the -- said $2 million into the EDRED program. Second. Any questions -- second. Any other discussion?

Just one quick question. Most of the businesses that take advantage of these sites are they in state and they are moving around or are they out of state and coming in? Combination of both?

MR. HENSON:

Combination. I think it's a combination. The Martin Brower and the DHL were both major multi-state competitions. I think most of the others were instate companies doing expansions, so two of those were definitely projects we competed across the entire southeast for multiple states.

MR. ROY:

Very good. Did you say that we were second in the --

MR. HENSON:

Second behind Indiana, and we're certifying more per year than they are, so we intend to catch them.

MR. ROY:

Very good. All right. Any other discussion? Comments? All in favor, aye.

ALL BOARD MEMBERS:

Aye.

MR. ROY:

All oppose, nay. Any comments from the public?

MR. REINE:

Now can I make a comment.

MS. VILLA:

Thank you. On behalf of the secretary, LED and state, we do thank you for that allocation and we'll continue to provide updates whenever -- probably when I get the secretary treasurer's report

I will update you on a brief couple of times a year how we're doing with this. Thank you.

MR. REINE:

I understand the complications of having some sort of resolving funds, but regarding the enhancing the value of peoples property, we're doing that of cost of the state. Just seems to me that if there is some method in which we could get some return on that investment it would increase the pool to do this further on.

Does any state have any kind of deal where they pre-certified the land, and if it sells, that part of the cost of this certification is returned?

MR. HENSON:

We have not seen any cases like that. Very few states even provide a matching grant at all.

MR. REINE:

Well, and, like I said, I understand it would be very complicated, but if y'all continue to look at that, I really thank you for enhancing individuals property values that if there is some way in that deal we could recoup part of that then that would make it available to provide that service to outside of, you know, what would capture that to provide more services, to have more business properties available, if y'all just continue to look at it, I'd appreciate it.

MS. VILLA:

One other comment that I may add, and, Mr. Henson, correct me if I am wrong, but there are certain development organizations that do require the landowners to contribute to that other 25 percent, so in some instances the landowners are participating in that matching grant that we require the local regional economic development organization of a 25 percent match, so some of those re-dos are requiring the landowner to also kind of participate in that match and in conjunction with what they are matching.

MR. HENSON:

In almost every case the landowner has to come up with at least one third capital region that's one third of that 25 percent, and in most other cases it's half or all of the 25 percent is from the landowners pocket.

MR. REINE:

Thank you.

MR. ROY:

One other question before you go. We are obviously doing very well in terms of ranking. It would seem to me that marketing and making sure that we get the word out is maybe the most important thing if you rank second already.

What are our efforts along those lines?

MR. HENSON:

We do a good bit of marketing if there is social media. We have some dedicated pages on our website. We are utilizing the services of FastStart, our workforce group to go out and shoot drone aerial videos that are very nice and very slick, and we're able to send those out or directly with our website to see them.

MR. ROY:

Very good. I assume part of the money that we appropriate is used towards that effort to market or not necessarily --

MS. VILLA:

Part of our marketing is a separate budget for that.

MR. ROY:
Thank you.
MS. VILLA:
I will go through and go through the Secretary Treasurer's Report.
As of June 30, 2017, our budget for FY-'17 is -- and I don't have the FY-'18. We'll have that at the next Board meeting. We had a $15,163,823 was the budget. We had approved for objected expenditures of $5,135,419, which left us a balance of $10,026,404. There are no pending Board approvals. We do, however, have 2,050,000 projects that are under review, which gave us a projected year end balance of $7,976,404.
If you can go to the next page, kind of in summary it shows you our approved projects that we had for our EDAP program for the year. We had a total of

3,970,000, and then the projects that are under review are listed as well, 2,050,000, which left us with a projected year end of 6,405,526 in the EDAP program. And then as discussed earlier, we have actually, as of today, that cash balance is lower, but as of the end of the year is 157,436 for the EDRED program. Our FY-'17 appropriation of $10 million was in priority in funding for capital outlay. And then on -- I am sorry. I skipped over a page. I forgot the paper on both sides. I skipped over our state's small business accredited initiative for FY-'17. Our lending assistance program is a listing of all of the loan guarantees that we had for the year totals 1,167,419, which left us for a balance of 1,413,442.

MR. ROY:

Any questions? Comments?

MS. VILLA:

Questions and comments. And then on the last page you actually have our Louisiana Economic Development Fund balance. We had a fund balance of -- a fund balance availability that's actual for FY-'17 of 18,357,431, and our total expenditures were 13,788,574, which left appropriation balance available to -- actually, I should say 6-30-17 at the bottom. It was 4,504 -- 4,568,857. And then you see our projection there for FY-'18 has a funds balance availability of 18,710,844 with total expenditures expecting at 14,579,203, which would leave us a projected fund balance at the end of '18 of 4,131,641.

And then on down -- once you get down to the fund balance it takes you through kind of on the prior year contractual obligations for financial assistance, and then matching grants and SEC FastStart, which would leave you an adjusted fund balance for FY-'17 of 1,588,844 for the end of '17.

And then I will have -- for the next Board meeting we'll have a new Secretary Treasurer's Report for fiscal year '18.

MR. ROY:

Any questions, comments? Hearing none, I entertain a motion to accept the Treasurer's motion.

MR. ANDRE:

I make a motion.

MR. KAMATH:

Second.

MR. ROY:

All in favor, aye.

ALL BOARD MEMBERS:

Aye.

MR. ROY:

All opposed, nay. No

objection.

Ms. Villa, maybe this will be a good time surrounding the fiscal year.

MS. VILLA:

I actually I do have that.

MR. ROY:

Oh, you do.

MS. VILLA:

That's what happens when you print on both sides and I'm not sitting at my computer. I can go through that as well.

So we have approved the first Secretary Treasurer's report for the record?

MR. ROY:

Yes.

MS. VILLA:

Okay. Thank you. So the second Secretary Treasurer's report is August 25, 2017 for FY-'18. We have an FY-'18 budget of $6,951,261. We have the approved for projected expenditures of 93,750, which leaves us with a balance of 6,857,511 prior to the project under review of $2,050,000, which would leave us with a projected year end balance of $4,807,511. And then on the next page we have the breakout of the financial lean assistance budget of $190,000. So there is no projects under review for that. And then we have our state small business accredited initiative program with a budget of 1,223,442, and we have one inhouse approval that was done on August 16, I guess that one will be presented at the next Board meeting of 93,750, which leaves us with a balance of 1,129,692 in the Loan Assistance Program.

And for our EDAP, we have the budget of 5,530,383 and the projects that are still under review, the 2,050,000, which leaves us with a projected year end balance of 3,480,383. And then for EDRED we have the projected balance right now of 7,436, and then we'll do an allocation as the contracts come through from that EDAP fund for those new projects that we just approved the allocation.

So for EDAP you can see the breakdown of our appropriation for FY-'18. We have 7 million in priority five. It's broken out to go towards Lotte Chemical, Triton Stone, which would leave us available 5,526,204 of which we'll allocate 2 million to the EDRED program to enter into those contracts as they come forth.

Then on page 4, we have the fund balance for LED. We have a projected fund balance of 18,710,844 with a total expenditures of 14,579,203, which leaves us with a fund balance available of 4,131,641 projected for the end of FY-'18.

And then go on -- we have adjustments that will take it further down to 1,588,844 for the end of FY-'18 for the fiscal year. Any questions?

MR. ROY:

Questions? Comments? So approve the --

MS. VILLA:

Approve the Secretary Treasurer's Report for the second Secretary Treasurer's Report.

MR. ROY:

Motion to approve the budget.

MR. SIMPSON:

Move approve.

MR. ROY:

Motion. Second.

MR. REINE:

I second.

MR. ROY:

Any discussion? Hearing none, all in favor, aye.

ALL BOARD MEMBERS:

Aye.

MR. ROY:

No objection.

MS. VILLA:

Thank you.

MR. ROY:

I had one thought that I think would be interesting, if it's not too much trouble, and surrounding this change of fiscal year that I think it will be interesting for the Board to see how much money we'll actually put out back -- I don't know how far we can go without too much difficulty, five years would be fantastic, to show how much money we'll actually put to work in each program over the last five years. I think this would be an interesting spreadsheet to look at.

MS. VILLA:

Most definitely. I mean, I

have been here for a little over five years, so I have all of that information on my computer, so I'm quite certain we can get that for you, and also I think it's important to also note how many, you know, the number of jobs that have been created by those programs.

MR. ROY:

Absolutely. Very good.

MS. VILLA:

Or by those guarantees.

MR. ROY:

Okay. The Accountant's Report. Ms. Villa.

MR. REINE:

I don't know whose report this is in. I don't know why I can't remember, but this golf balls keeps --

MS. VILLA:

This lady will have it.

MS. HENDRICKS:

Good morning.

MR. ROY:

Good morning.

MS. HENDRICKS:

I'm Molly Hendricks and I will be going over our LED accountant status report as of July 31, 2017. We do have one direct loan that's Golf Balls. The current amount is 674,400. Our total EDLOP and EDAP loans are 563,981. Our guaranteed loans, we have one current guaranteed loan, Deep Hole Drilling. That amount is 97,624. Our allowances, the allowance for direct loans is set at 15 percent for the total of 101,160. Our allowance for EDAP loans is at 15 percent, which is 84,597. And our allowance for guaranteed loan losses is at 18 percent for a total of 17,572.

For SSBCI guaranteed loans, we have 17 current loans. 16 of which are current, current, for a total of 5,036,808. Our one that is past due is 90 days past due, Bayou Bites for a total of 40,063. Our allowances, then, are set up actually at 18.8 percent for a total of 946,689. And that should conclude my report.

Does anyone have any questions?

MR. ROY:

Any questions or comments?

MR. REINE:

Yeah. When did this Golf Balls -- I assume it's golfballs.com?

MR. ROY:

Yes.

MR. REINE:

When was that loaned out.

MR. BAHAM:

Golf Balls wasn't actually a loan. It started out as one of our VC investments that we were a part of years and years ago.

That fund has since liquidated, and that was the piece of stock that was leftover from that -- that fund. They couldn't sell that piece off at the time they liquidated, so we maintained the stock. Was it about two years ago -- one or two years ago, almost exactly two years ago, the company and another investment firm that was controlling our investment at that point in time, they were looking to get out of that holding position. They wanted to sell off their shares, and instead of selling the shares, they turned the shares into a loan, so the company is actually paying it off and buying it back. It is essentially what's happening. And to date, according our reports that we received from them on a monthly basis, they are doing fairly well. Golf Balls is currently having a very good year.

MR. REINE:

Okay. That confuses me. It says the loan amount is 674,000. Current amount of 674,000.

MR. CANGELOSI:

Paid only interest.

MR. REINE:

So they paid in interest?

MR. SMITH:

Erroll Smith again. Originally it was a year ago, I think we got, like, $1.2 million that we got for that stock. They gave us $600,000 cash. The 674 they are going to pay interest on that for about a year and a half, if I'm not mistaken. I don't have the schedule in front of me, and then they'll start paying down that principal. That's why you only see what the balance of that loan is. They are actually paying interest every month until maybe, I don't know, six months from now.

MR. REINE:

So there is a set date and set date -- there is a payment schedule.

MR. BURTON:

That is correct. Amortization schedule.

MR. REINE:

Okay. I will forget by next meeting and ask you again.

MR. ROY:

Any other questions? Comments? Thank you. The President's Report.

MS. VILLA:

That's me. Thank you, Mr. Chairman, Board members.

I just want to give a few brief project announcements that we at LED and the state announced in May 19th of this year, Miranda Boxate and Alumina will invest $35 million in St. James in a refinery. The company headquarters will move to Gramercy, and they project to create 65 new jobs of which 15 will be headquarter jobs. The company is going to invest $35 million to expend and upgrade its alumina refinery in St. James Parish, and the company also plans to establish the headquarters there and they are going to retain 395 existing jobs.

On June 16, Mouser announced an industrial packaging project in Ascension Parish, and they project to result in a $130 million capital investment, which would have 75 new direct and indirect jobs in Geismar.

On June 29, CEO William Young announced the manufacturing expansion in Pineville where they will invest $15 million to add seven new plastic production lines, and they are going to result in 32 new and indirect jobs. They are a leader in the production of plastic containers for the food and beverage and consumer products in the industry, and they are going to add seven production lines to increase the capacity and capability of the site.

On June 10th you may have seen Governor Edwards in the Water Institute of the Gulf, CEO Justin Ehrenwerth announced the pact with the global water research leader, Deltares, the water campus, which is being constructed on River Road, is going to -- is going to be -- they signed an understanding with them to pursue the world class solutions and gulf coastal protection and restoration at that site. The research partners will focus on key areas of anywhere -- I am sorry -- from software development and water shed to infrastructure and nature based solutions that preserve coast lines as a pathway for supporting Louisiana's 50 year, $50 billion coastal master plan for attracting private sector employers that apply to the research -- that apply the research to border management projects worldwide, and LED targets the water management as one of the nine key industries that will most stimulate the state's economy with the potential for four thousand new direct jobs on the water campus in Baton Rouge and 45 new indirect and direct jobs statewide in the water management sector over the next generation.

Those were a couple of announcements. And then also we have several projects that we announce when it regards to resources. Back on May 18, LED launched Louisiana Business Connection. It's an online platform that connects small businesses to major industry opportunities in the state. We formally announced Louisiana Business Connection, and what it's going to do is it's going to register at no cost and for the small or large businesses operating the state to register and discovery contract opportunities from the large -- from the large companies to the small ones.

The platform enhances opportunities for disadvantaged business enterprise owners by minority -- owned by minorities, women and Veterans to work with prime time contractors and large industrial operations in the state.

Following the beta test in

the state southwest region, Louisiana Business Connection now functions statewide as open to all Louisiana businesses. The data invest goes back to mid-June, but they had attracted at the time 72 prime contractors and 644 small business vendors, and it continues to grow.

Back on May 24th Louisiana launched the business startup program for Veterans. It's a partnership between LED, the Louisiana Department of Veterans Affairs, Louisiana National Guard, Louisiana Business and Technology Center and LSU Executive Education with the college of business for the creation of Louisiana Veterans Entrepreneur Program, which will give business opportunities for Louisiana Veterans as they leave for active duty. LDAP focuses on both short term with intensive boot camp at the outset and long term with ongoing counseling from small business partners.

We also expanded our CEO roundtables throughout the state. CEO roundtables were launched in New Orleans in 2014 to help second stage firms grow jobs and revenue. The CEO round tables can be 15 to 18 qualified decision makers from Louisiana base growth companies over the course of a year. They meet about ten times. Peer to peer learning opportunities for them; networking and so forth, and so now we are going to be expanding that to other cities in the state. Alexandria and Shreveport are the most recent cities to be added, and they are joining New Orleans, Baton Rouge, Shreveport and Lafayette.

Also, we have a new discussion that's set to start for Louisiana Small Contractors Accreditation Program. This is an innovative program to help small construction companies build a solid foundation for business growth and success. It's going to return this fall. We are currently accepting applications for enrollment, and it's going to -- classes are going to begin in October. The program is a small and emerging construction companies in learning the basics of the industry and preparing for the state's licensing exam. It's a six week course that's conducted throughout the state.

And for rankings, Louisiana had some significant rankings announced. Louisiana ranked No. 10 in the site selection economics development ranking in the prosperity cup. The site selection magazine ranked --

rated Louisiana's economic development efforts among the top ten in the US, and prosperity cup rankings for 2017. In its evaluation of economic development performance by each of the 50 states, the magazine ranked Louisiana No. 10 citing its record for new and expanded facilities, high capital investment and substantial job creation.

This is Louisiana's 7th top ten showing in the past nine years in the prosperity cup, which was formerly known as the top competitive states rankings. The Louisiana ranked No. 11 in 2016, so we actually moved up in the rankings.

On July 18, Louisiana ranked No. 1 in the project per capita for the 9th year in a row. Southern Business and Development Magazine ranked Louisiana No. 1

for the 9th consecutive year as the southern state claiming the most economic development project wins per capita. The magazine tracked the most significant capital investment and job creation projects across the -- across the south with states earning points for large employment projects with two hundred or more, and a large capital investment project of $30 million or more attracted during 2016. Louisiana led the region with the most points per million people at 84.4 and it outperforms second place South Carolina, which had a ranking of 80.6, and third place Alabama, which had a points per million people of 65.8. Neither Louisiana nor Texas, the overall points leader, earned the 2017 state of the year publication. The publication awarded that to South Carolina based upon analysis of the states 66 project wins in 2016. Louisiana had a total of 57 project wins in 2016.

And then on July 20th, I am proud to report that for the 8th year in a row LED Faststart ranked No. 1 as a workforce training program in the nation. In the magazine 2017 state rankings report, Louisiana also earned a No. 1 ranking for cyber security growth potential and additional top ten ranking among the best state cost, economic growth, exports, infrastructure and utility cost. New Orleans Lafayette, Shreveport and the Gramercy foreign trade zone received top ten honors as well for regional economic development leaders with the Port of South Louisiana Zone ranked No. 1 for imports. They described LED Faststart as the gold standard for workforce training programs.

Business facilities is just -- Louisiana program is the best offering from any other state every year this decade for expanding companies in target industries, Faststart tailors conference with recruiting, screening, training and orientation solutions that enable a company new employees to be fully prepared for the launch of new operations out of sight on day 1. And that concludes my report.

MR. REINE:

Make a couple of comments. This may be a first, but I want to commend you, first of all, on all of the graphic package. Northeast Louisiana has been such a challenge for so long for new economic development, to see a project of that size and the difference that is making in that section of the state, I truly commend y'all for your efforts there. Also, for your business online deal and the effort to insure that when these major projects come that our Louisiana businesses get to participate and grow in the businesses around those major projects. I'm just thrilled to see that happen, and I commend you on that as well.

MS. VILLA:
Thank you.

MR. ROY:
I commend you on your report, too. You did a great job.

MS. VILLA:
Thank you.

MR. ROY:
Any other questions or comments? Any other business?

MR. REINE:
Move to adjourn.

MR. ROY:
Motion to adjourn. Second. In

favor. We are adjourned.

(Whereupon the meeting was adjourned at 10:39 a.m.)

REPORTER'S CERTIFICATE

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

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

That the transcript has been prepared in compliance with transcript format guidelines required by statute or by rules of the board, and that I am informed about the complete arrangement, financial or otherwise, with the person or entity making arrangements for deposition services;

That I have acted in compliance with the prohibition on contractual relationships, as defined by Louisiana Code of

Civil Procedure Article 1434 and in rules and advisory opinions of the board;

That I have no actual knowledge of any prohibited employment or contractual relationship, direct or indirect, between a court reporting firm and any party litigant in this matter nor is there any such relationship between myself and a party litigant in this matter. I am not related to counsel or to the parties herein, nor am I otherwise interested in the outcome of this matter.

Dated this 19th day of September, 2017.

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RACHEL TORRES-REGIS, CCR, RPR
CERTIFIED COURT REPORTER