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7 MEETING MINUTES FOR THE BOARD OF DIRECTORS
8 OF THE
9 LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
10 HELD AT
11 LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
12 FOURTH FLOOR BOARD ROOM
13 8401 UNITED PLAZA BOULEVARD
14 BATON ROUGE, LOUISIANA
15 ON THE 17TH DAY OF JUNE, 2011
16 COMMENCING AT 9:33 A.M.
17
18
19

20 REPORTED BY: ELICIA H. WOODWORTH, CCR
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1 Appearances of Board Members Present:

2 A.J. Roy
3 Steven Grissom
4 Michael Saucier
5 Alden Andre
6 Shelley Ferro
7 Jay Rousseau
8 Robert M. Stuart, Jr.
9

10 Staff members present:

11 Daria Vinning
12 Brenda Guess
13 Clark Forrest
14 Kristy McKearn
15 Rick Broussard

16 Seth Brown
17 Robert Cangelosi
18 Kathy Blankenship
19 Errol Smith
20 Joyce Davidson
21 Randy Veillon
22 Susan Bigner

23
24
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1 MR. ROY:
2 Call to order the Board of Directors,
3 Louisiana Economic Development Corporation.

4 Role call, please.

5 MS. VINNING:

6 A.J. Roy.

7 MR. ROY:

8 Here.

9 MS. VINNING:

10 Jay Rousseau.

11 MR. ROUSSEAU:

12 Here.

13 MS. VINNING:

14 Alden Andre.

15 MR. ANDRE:

16 Here.

17 MS. VINNING:

18 Steven Grissom.

19 MR. GRISSOM:

20 Here.

21 MS. VINNING:

22 Shelley Ferro.

23 MS. FERRO:

24 Here.

25 MS. VINNING:

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1 Mike Saucier.

2 MR. SAUCIER:

3 Here.

4 MS. VINNING:

5 Bal Sareen.

6 (No response.)

7 MS. VINNING:
8 Thomas Cotten.
9 (No response.)
10 MS. VINNING:
11 Harry Avant.
12 (No response.)
13 MS. VINNING:
14 Louis Reine.
15 (No response.)
16 MS. VINNING:
17 And Robert Stuart.
18 MR. STUART:
19 Here.
20 MS. VINNING:
21 Seven out of 11 members, we have a
22 quorum.
23 MR. ROY:
24 Very good.
25 I'll ask everyone to please silence

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1 their cell phones.
2 We have the May the 20th Board minutes
3 before us. Any additions or corrections?
4 MR. ANDRE:
5 Before I recused myself last month, I
6 was explaining that my company was in
7 negotiations with Ormet, and the minutes
8 reflect that we're not in negotiations, so
9 on page 29 line 16, retract the word "not".
10 MR. ROY:
11 Very good.
12 Any other corrections or additions?
13 I assume you're putting that in the form
14 of a motion?
15 MR. ANDRE:
16 Yes.
17 MR. ROY:
18 Motion to approve as corrected.
19 MR. ROUSSEAU:
20 Second.
21 MR. ROY:
22 Second.
23 Any additional discussion?

24 (No response.)

25 MR. ROY:

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1 Hearing none, all in favor, aye.

2 (Several board members respond with "aye".)

3 All opposed, nay.

4 (No response.)

5 MR. ROY:

6 No objection.

7 Small Business Loan Program, Mr.

8 Veillon, Baton Rouge Shrimp Company.

9 MR. VEILLON:

10 Mr. Chairman, members of the Board, I
11 would like the first introduce the owner of
12 Baton Rouge Shrimp Company. Mr. Thomas
13 Lusco is the president and chairman of the
14 Baton Rouge Shrimp Company, and also Kevin
15 Rudge, he is vice president of Regions Bank,
16 and they're making the loan and requesting a
17 guarantee. This is a guarantee from Regions
18 Bank for the Baton Rouge Shrimp Company.
19 Mr. Thomas Lusco owns 100 percent of the
20 company, and it's going to be a seafood
21 processing and distributor. The loan is for
22 \$1,680,000. The guarantee is for 1,092,000.
23 They're going to create about 37 permanent
24 jobs.

25 Mr. Lusco has got a good background.

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1 He's the owner of Louisiana Seafood
2 Exchange. At one time, made some money and
3 went into the Arby's franchise and was able
4 to sell it and make money. Anybody who can
5 go in an Arby's franchise and sell it and
6 was able to make money has got some good
7 financial chops, so he's proven to be a
8 success, as you can see.

9 Mr. Lusco would like to give you a few
10 words about his company, who, what, when and
11 where and what he's trying to do.

12 MR. LUSCO:

13 Good morning, ladies and gentlemen. I
14 am born and raised and educated here in

15 Louisiana. My entire work career has been
16 here. I've got about 30 years of experience
17 in the seafood business. I grew from zero
18 in a company called Louisiana Seafood
19 Exchange. At one point, I was a largest
20 distributor here in Louisiana, actually one
21 of the three top in the southeast. I grew
22 to a point of over 16,000,000 in sales. I
23 had over 100 employees. Because of medical
24 reasons I struggled. I had a brain tumor,
25 but it was benign, thank God, so we're past

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1 that.

2 I see an opportunity here. Louisiana is
3 the largest landing port of shrimp in the
4 United States. It's only second to Alaska
5 in the entire USA as far as seafood goes,
6 and there's a major opportunity here. We're
7 taking shrimp here, shipping them other
8 states and allowing them to be processed and
9 then shipping back to Louisiana and selling
10 to our restaurants, and I'm going to cut
11 that out, to a portion anyway. I'm going to
12 process here in Baton Rouge in our
13 5,500-square-foot facility right by Manda
14 Meats, another Louisiana staple in the
15 industrial area close to the new State
16 Capitol.

17 I just see an opportunity here that
18 looks really ripe. And, like he said, I
19 will create somewhere around 40 jobs within
20 the first year. By the end of 2013, I
21 should have about 80 employees, only
22 because of the size of the building.

23 And that's basically it.

24 MR. RUDGE:

25 I'm Kevin Rudge with Regions Bank. We

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1 had a history with Mr. Lusco at Louisiana
2 Seafood Exchange. This offered us an
3 opportunity to get into a project with
4 someone that we've had a history with, but,
5 yet, was in a depressed startup market in

6 the seafood industry and with the startup
7 shrimp company, so this offered us an
8 opportunity with y'all's guarantee to feel
9 more comfortable entering into the project.

10 MR. ROY:

11 Anyone else?

12 Any questions or comments?

13 (No response.)

14 MR. ROY:

15 I have one. I was just at a conference
16 where Lauren Scott spoke and he spoke about
17 the seafood industry, and it looks like the
18 oil spill has suddenly effected oysters and
19 shrimp somewhat. Perhaps the biggest
20 problem that he spoke about was perception
21 around the country. What do you see in that
22 respect and how would you address it?

23 MR. LUSCO:

24 Well, the oysters have been definitely
25 effected because they can't move, but the

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1 shrimp move. They attach themselves in the
2 flow of water, and fish are the same way.

3 Actually, prices are starting to drop at
4 the dock right now because of an
5 overabundance of shrimp, so that's not
6 going to be an issue. As far as perception
7 goes, it's something we need to change with
8 the rest of the country. You know, we're
9 kind of the bottom guy now, so people
10 actually want to help us get back up there.
11 So we are going to provide a premium
12 product.

13 One of the things that I didn't mention
14 that is that going to help us, there was a
15 five-year moratorium on imported shrimp.
16 That's our biggest competition. It was just
17 reinstated again for another five years
18 across the entire United States in March, so
19 we have another five years of the moratorium
20 that's going to help local, wild-caught
21 shrimp as far as prices goes.

22 The shrimp are premium. You guys are

23 from the South I'm assuming, and everybody
24 eats shrimp. If they eat nothing else in
25 the seafood industry, it's shrimp around the

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1 entire country. I can't produce myself
2 enough shrimp to supply the demands that are
3 out there, so I don't see a real issue with
4 that. I really don't.

5 MR. ROY:

6 In terms of tonnage of shrimp produced
7 in the country, how does the Gulf and
8 Louisiana fair to the rest of the country?

9 MR. LUSCO:

10 Louisiana is number one. We produce
11 somewhere in the neighborhood of 1.4 billion
12 pounds of shrimp per year. Like I said,
13 they're being sent to Alabama, Texas, even
14 Mississippi to be processed and sent back
15 here to be sold in our restaurants. Now, we
16 do have processors here. Don't get me
17 wrong. There's just not enough them to
18 handle 1.4 billion pounds of shrimp.

19 MR. ROUSSEAU:

20 That's what I was going to ask. Who is
21 your biggest processors? Who is your
22 biggest companies --

23 MR. LUSCO:

24 Most of the guys that -- see, I'm not
25 one to peel the shrimp. It's too hard and

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1 intense, and with water comes money, and I
2 couldn't be in Baton Rouge itself, so as far
3 as a distribution point, Baton Rouge is
4 where I want to be. I'm located right off
5 of 110, I-10 and I-12. So, I mean, I have
6 good access out.

7 Most of the guys are on the Gulf Coast,
8 to be honest with you, but what they don't
9 do -- you see, I've marketed my entire life.
10 They don't market. They sell to the guys
11 like I used to be. Well, I'm going to be a
12 producer and a marketer. So as far as what
13 I do, my competition will be the guys that I

14 used to be.
15 MR. ROY:
16 Anyone else?
17 (No response.)
18 MR. ROY:
19 Let's go ahead and approve it.
20 MR. STUART:
21 I'll move it.
22 MR. ROY:
23 Motion for approval as presented.
24 Mr. Andre?
25 MR. ANDRE:

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1 Second.
2 MR. ROY:
3 Second by Mr. Andre.
4 Any discussion or comments from the
5 public?
6 (No response.)
7 MR. ROY:
8 Hearing none, all in favor, aye.
9 (Several board members respond with "aye".)
10 MR. ROY:
11 All opposed, nay.
12 (No response.)
13 MR. ROY:
14 Without objection.
15 Congratulations.
16 MR. LUSCO:
17 Thank you.
18 MR. ROY:
19 I was a fan of Louisiana Seafood.
20 MR. LUSCO:
21 Let me think about it, the po-boys?
22 MR. ROY:
23 Fantastic.
24 MR. LUSCO:
25 You know, believe it or not, that's what

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1 we were really most noted for, and that was
2 about six percent of our business.
3 MR. ROY:
4 Good luck to you. Keep us posted.

5 MR. LUSCO:

6 Thank you. Appreciate the assistance.

7 MR. VEILLON:

8 Mr. Chairman, I just want to take a
9 minute to tell you that today is my last
10 day, the 17th of June, 2011. I'm retiring
11 from the department after 20 years and
12 moving on. I just wanted to tell y'all it's
13 been a blast. We had a good time making
14 loan deals and guarantees, and I think we
15 put a lot of people to work and did some
16 deals that ordinarily probably would not
17 have been done and I think we put some
18 experts on the payroll too.

19 I wish y'all luck and y'all do a good
20 job and I appreciate your support and
21 cooperation and I think better days are
22 ahead for LEDC.

23 Thank you.

24 MR. ROY:

25 Very good. And I would like to add to

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1 that point, I think when I got on board I
2 had no gray hair and Mr. Veillon perhaps a
3 little more hair period.

4 MR. VEILLON:

5 I'm assuming I have less than I had.

6 MR. ROY:

7 He had served with honor and
8 distinction and I think the minutes ought to
9 reflect just that and we appreciate your
10 service to us very much.

11 MR. VEILLON:

12 Thank you so much.

13 MR. ROY:

14 Ms. Blankenship, the Secretary
15 Treasurer's Report.

16 MS. BLANKENSHIP:

17 Secretary Treasurer's Report as of June
18 17th, 2011, the budget for the Financial
19 Assistance Program is \$2,000,000, with a
20 previously approved project in the amount of
21 1,007,672. And today's project for LEDC's

22 exposure was 273,000, which brings the
23 balance to 719,328.

24 In Capital Outlay, our budget is
25 \$12,785,658. We've approved projects today

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1 of 5,320,000, for a balance of \$7,425,658.

2 And if you would turn to page three, the
3 Fund Balance has not changed from last
4 month. Senate Finance has met, and the next
5 stop for HB1 is the Senate Floor, so we
6 should know this time next month what the
7 final outcome will be on the budget. We did
8 get some of the House cuts that were
9 proposed by the House. We're reinstated by
10 the Senate Finance Committee, so we'll just
11 have to wait and see if they stick.

12 MR. ROY:

13 Any questions or comments?

14 MR. GRISSOM:

15 I would like to point out one thing, we
16 have a presentation later on in the agenda
17 focused on a number of small business
18 entrepreneur service initiatives. You'll
19 notice under Other Expenses the Small
20 Emerging Business Technological
21 Assistance -- I'm on page three -- Small
22 Business Development, so the presentation is
23 to update the Board on what's going on with
24 those expenditures within the department.
25 So I just wanted to highlight that linkage

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1 between LEDC and this program.

2 MR. ROY:

3 Okay.

4 If there are no other questions or
5 comments, I'll entertain a motion to accept
6 the Secretary Treasurer's Report.

7 MR. SAUCIER:

8 I'll move.

9 MR. ROY:

10 Motion by Mr. Saucier.

11 MR. ROUSSEAU:

12 Second.

13 MR. ROY:
14 Second by Mr. Rousseau.
15 All in favor, aye.
16 (Several board members respond with "aye".)

17 MR. ROY:
18 All opposed, nay.
19 (No response.)

20 MR. ROY:
21 Without objection.
22 MS. BLANKENSHIP:

23 I also want to make a comment to let the
24 Board members know that the travel
25 expenditures for fiscal year '11 will be due

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1 in our office by July 25th. An e-mail --
2 I'm sure Daria will be sending an e-mail out
3 to all of the Board members next week on the
4 deadline for it, so I just want to make sure
5 if you have not submitted -- if you have
6 expenses you have not submitted, you know,
7 for several months, you want to get those in
8 as soon as possible so we can close out our
9 fiscal year.

10 MR. ROY:
11 Thank you, Kathy.
12 Mr. Smith, Accountant's Report.

13 MR. SMITH:
14 Good morning.
15 LEDC status report as of May 31st, 2011,
16 Total Participation Loans, 480,540.
17 Total Direct Loans as of May 31st,
18 \$7,924,911. Past due, \$480,540, which is the
19 car dealership in Monroe that we've been
20 talking about, which has closed. It closed
21 on Wednesday, so hopefully by next meeting I
22 will know what that actually entails,
23 whether the total loan is paid off or
24 whether we are just caught up as far as the
25 payments are concerned.

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1 Total EDLOP loans as of 5/31/2011,
2 1,699,963.
3 Guaranteed loans, we now currently have

4 19 current loans that are closed. All are
5 current, 7,717,548.

6 Allowance for Loan Loss Participation
7 Direct loans, balance as of May 31st, 2011,
8 reserve, 616,358. Loan balance, 8,405,451.

9 Allowance for EDLOP loan losses as of
10 May 31st, reserve, 254,994. Loan balance,
11 1,699,963.

12 Allowance for Guaranteed loan losses,
13 reserve as of May 31st, \$1,389,159. Loan
14 balance 7,717,548.

15 And, also, I don't know the exact dates,
16 but we will begin our audit probably --
17 preliminary work will start probably, I
18 would think, the last week in July, and
19 he'll probably be with us for a period in
20 August doing our annual audit.

21 That concludes my report.

22 MR. ROY:

23 Is that audit conducted by Hannis.

24 MR. SMITH:

25 Aaron Cooper.

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1 MR. ROY:

2 Aaron Cooper.

3 MR. SMITH:

4 Yes.

5 MR. ROY:

6 Okay.

7 Any questions or comments for Mr. Smith?

8 (No response.)

9 MR. ROY:

10 Anyone?

11 I don't think we have to approve the
12 Accountant's Report.

13 Thank you very much.

14 Mr. Grissom, the President's Report.

15 MR. GRISSOM:

16 Board members, thank you very much for
17 being here. This is our last LEDC meeting
18 for the fiscal year.

19 I wanted to utilize this time and ask
20 Mr. John Matthews to come to present to us

21 as I mentioned earlier in the discussion.
22 LEDC has funded a number of initiatives
23 focused on small business entrepreneurships
24 outside of some of the programs that you see
25 frequently on the Board, such as the Loan

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1 Assistance Program and LEDC and EDLOP
2 programs.

3 So with that, I would like to turn it
4 over to John Matthews for the presentation
5 of some of the initiatives they have planned
6 for the coming year.

7 MR. ROY:

8 I'm assuming for your presentation you
9 would prefer us to be in the audience?

10 MR. MATTHEWS:

11 Yes.

12 MR. ROY:

13 All right.

14 MR. MATTHEWS:

15 First of all, let me say to the Chairman
16 and to the Board that we certainly
17 appreciate this opportunity to visit with
18 you and provide you with information
19 relative to what we're doing with the
20 entrepreneur services group at LED.

21 Joining me are two staff persons, Tory
22 Buckles and David Bennett, who will talk
23 about the availability of the E-Resources
24 initiative and the Economic Guarantee
25 respectively.

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1 Before we get into the discussions, I
2 would kind of like to give you a background
3 as to what we currently have in terms of the
4 issues relative to our Small Emerging
5 Business Development Program, which prompted
6 us to look for strategies to enhance the
7 delivery of services to our small business
8 community.

9 Currently, we have in the Small Emerging
10 Business Development Program thereabout
11 6,000 small businesses that are certified.

12 The program is a 10-year program that
13 provides managerial and technical assistance
14 to our small business owners so they can be
15 more competitive. We help them with the
16 management and technical skills, and all of
17 this is designed to enhance their ability to
18 compete and to create this ability for them
19 to grow their confidence.
20 So it's 6,000 businesses, a budget of
21 \$800,000. We typically in the past have had
22 an opportunity help about 350 businesses
23 with a project expenditure and somewhere
24 around 2,000 jobs, to assist our small
25 business community with access to accounting

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1 training, website design, et cetera, that
2 will certainly create jobs. We created
3 jobs. It would help them to expand their
4 sales. But, as you can see, with only
5 helping 350 businesses out of 6,000 and we
6 get on average 1,000 applications a year for
7 certifications in the certifying program,
8 obviously, we're not even helping 15 percent
9 of those businesses that are in need of
10 help.

11 So we had to figure out how to help
12 additional small Louisiana businesses with
13 the constraint of a current budget of
14 \$800,000, and in addition to that, we had to
15 figure out how to help second-stage
16 entrepreneurs, those entrepreneurs and small
17 businesses that are kind of caught between a
18 gap. You know, there are a number of
19 resources out there to help startup
20 businesses or businesses that are in the
21 first or second year of operations. We have
22 programs and business retentions to help
23 folks that have over 100 employees, et
24 cetera, but there are no programs at LED to
25 basically jump start and help the

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1 second-stage entrepreneur, which is the most
2 likely to create the most jobs in the

3 regions.

4 So through research and through looking
5 at the best factors of other states, we came
6 up with two programs: One being the
7 E-Learning, and Tory is going to talk about
8 E-Learning, but the strategy there is to
9 provide small businesses with information
10 relative to their growth and access that
11 they can gain at 3 o'clock in the morning or
12 3 o'clock in the afternoon, depending upon
13 their schedules. The second program is a
14 nationally-known program called Economic
15 Gardening, and it is a program that
16 basically targets second-stage entrepreneurs
17 and provides them with the resources in
18 order for them to accelerate their growth.
19 You know, we know that there are a number of
20 second-stage businesses, and David will
21 provide you with kind of the profile and
22 definition of what is a second-stage
23 entrepreneur, but if we can put some juice
24 into the second-stage entrepreneur, then we
25 can create a lot of jobs.

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1 So what we've done, we've actually moved
2 some dollars around so that we could do a
3 broad brush approach with some of our
4 startup businesses to enhance the number of
5 small businesses that we touch, and we're
6 able to move some dollars around to Economic
7 Gardening to provide new service and a new
8 program that would help our second-stage
9 entrepreneurs with the creation of jobs.

10 With that said, I want to turn the mic
11 over or turn the floor over the Tory
12 Buckles. And, by the way, let me say that
13 David and Tory have done a fantastic job in
14 terms of taking some strategies that we
15 thought would work and taking them to a
16 point where the implementation process is
17 moving forward.

18 So I want to first publicly commend them
19 for jumping in and doing what is required in

20 order to expand the number of businesses
21 that we assist. And in addition to that, I
22 want you to stick with this number of 6,000
23 businesses. That's how many we have
24 certified, 6,000 small businesses that have
25 come to the Department of Economic

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1 Development for help and we currently are
2 only assisting 350 of those businesses per
3 year.

4 So with that, Tory, I would like to have
5 you kind of walk through the courses and
6 what it involves.

7 MS. BUCKLES:

8 Good morning.

9 The way that we receive information now
10 has dramatically changed. Traditionally, we
11 have always thought that we have we could
12 receive our information in the classroom
13 with a professor or with an advisor or a
14 teacher or an instructor giving us
15 information; but now we get our information
16 many different ways, i-Phones, i-Pads, PCs,
17 laptops, and one of the advantages of that
18 is that the information can come to us when
19 we need it. It's available at our
20 convenience. And that is some of the
21 information or some of the feedback that we
22 received from our business owners where they
23 say that "We need education. We need to be
24 trained in various aspects of business, but
25 it's not always really convenient for me to

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1 go to a class for three hours after I've
2 worked a 12 or 16-hour a day," and we can
3 understand that. I think that many of us
4 can say the same thing. Sometimes going to
5 a class after a long day at work is just not
6 always possible. It's a thing we do, but
7 it's just not always possible.

8 So a few months ago we started doing
9 some research about E-Learning, and I'm sure
10 everybody is familiar with that, but I want

11 to give you a better understanding of why
12 E-Learning can help our LSBDCs, our business
13 incubators, our other non-profits that are
14 responsible for providing training to the
15 small business owners that we work with.

16 E-Learning is a new technology. It's
17 flexible. It's an effective learning
18 experience that relates to the real lives of
19 people. The E-Learning that we're proposing
20 is called "blending learning," which means
21 that it's not going to take the place of any
22 small business development center. It's
23 actually going to enhance the training that
24 they offer to small business owners. And
25 why is that? Because now they can take a

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1 single course and create a more effective
2 learning experience.

3 E-Learning is good for economic
4 development. Why? Because it accommodates
5 the needs of small business owners. Again,
6 when we talked to small business owners,
7 they say "Meet me where I am. I need the
8 information, but I need something more
9 flexible."

10 It's also very cost effective for the
11 State. In a few minutes, I'm going talk a
12 little bit about the actual cost of this
13 training, and I think that many of you will
14 probably be very amazed about how cost
15 effective this particular program is for the
16 State. It's interactive. It's visual and
17 audio, and the program is really exciting.
18 It actually engages the business owner
19 throughout the entire learning process, so
20 it's just not statistics. It's not just like
21 they're just looking at a video and they can go
22 to sleep at one point. You have to actually
23 be participatory. You actually have to be
24 responding to prompts from the video. It's
25 flexible. You can study anywhere, anytime,

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1 so if our users have internet access, if

2 they have i-Pads, if they have i-Phones,
3 they can actually access this information
4 online. I could go to my i-Phone right now
5 and take a course, and that's a great. What
6 if you're in the middle of the day, you're
7 at lunch? Usually I like to read a book,
8 but this is great. Now you can take an
9 hour-long class on accounting.

10 It's also accessible to progress
11 reports. We also want to make sure that
12 when we launch a program that we can
13 actually go back and make sure that our
14 users are actually retaining this
15 information. There are pretests and there
16 are posttests, so you can actually see the
17 progress that our businesses have made from
18 when they first take their pretest to the
19 posttest.

20 Most important -- again, we're going to
21 talk about the cost in a little bit -- is
22 the effective return on investment that
23 we're going to get from this program. Our
24 E-Learning initiative is going to launch at
25 the end of the month. It's accessible to

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1 our LED small business link, which is a link
2 that we use for all certifications. It's
3 only available to our SED clients.
4 Currently we have a contract for 2,000
5 licenses. As John says, right now, with our
6 program, we're reaching a couple hundred of
7 our SED users. So this program is going to
8 allow us to tap into the number a number of
9 certified clients that we have, 2,000
10 clients.

11 Our portal is actually divided into
12 three different sections: We have Learn,
13 which is the tool that we're calling our
14 online portal, and we're also going to have
15 a link to SBA SCORE. They also have online
16 training programs, but we decided that we
17 needed something a bit more customized
18 because those programs don't give us the

19 reporting capability that we need to measure
20 the effective return of investment.

21 Our Learn portal is going to be divided
22 into three categories with one for startup,
23 one for mid-growth and one for high-growth
24 because now we know that each one of those
25 have separate consistencies. The startup

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1 company probably may not have a business
2 plan, but a high-growth company, they need
3 something that's far more strategic. So if
4 you'll see on the listing of the curriculum
5 that we passed out earlier, it's a listing
6 of all the courses that are available.
7 There's going to be 40 courses. They're
8 very broad. It's a wide range of courses
9 that are going to be available. Some of
10 those will include Business Strategy
11 Operations, Finance, Professional
12 Effectiveness, IT Business, Web Design,
13 Management and Leadership in Sales and
14 Customer Basing in Sales. We believe we
15 will have the most traction in Accounting,
16 our Financial and our Web Design and
17 Marketing Procedures. Those are typically
18 the requests that we receive mostly through
19 our SED program, meaning those clients need
20 help with QuickBooks training, they need
21 help with buying a business plan, they need
22 help with marketing a website development.

23 Now, let's talk about the cost of this
24 program. Our one-year contract with
25 SkillSoft, who is one of the leaders in

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1 E-Learning, is for \$15,000, so our licenses
2 are \$7.50 per license. I think that's
3 incredible to say that we can educate a
4 business owner in Louisiana for \$7.50.
5 Again, it's 2,000 licenses. It's a
6 40-course library; but in addition to the
7 content that SkillSoft will provide to us,
8 we also have the capability to create our
9 own content. It's referred to as Dialog

10 Design, and this is very beneficial to us.

11 Currently we have a program called LCAI,
12 which is Louisiana Contractors Accreditation
13 Institute, we're actually going to close
14 that site and bring all of these courses
15 onto our Learn portal now. In addition, we
16 also want to videotape new content from our
17 other agencies within our other departments
18 within LED, including Business Incentives,
19 Fast Start, because as we talk more and more
20 to our business owners, they want to know
21 more information about their variety of
22 programs and incentives that are available
23 through LED. So it's very important that we
24 create that customer content as well.

25 In addition to that, there's another

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1 features called Dialog Live, which supports
2 the delivery of live meetings and classes,
3 so if we're traveling all across the state
4 or if there's a major meeting somewhere, we
5 can actually videotape that content and
6 stream it live. And that's an incredible
7 benefit because sometimes business owners,
8 again, they're busy working throughout the
9 entire day and they may not always be able
10 to travel across the state for a meeting,
11 but they probably can take some time out of
12 their day to stream something online.

13 Now, we had a product demonstration. I
14 apologize. We're having a slow internet
15 connection right now, so we're not going to
16 be able to get online, but if anyone needs
17 more information or if they would like to
18 have a personal demo, I would be more than
19 happy to send you the information where you
20 can go online and actually test drive it for
21 yourself. It's a very user-friendly system.
22 We've gotten a lot of great feedback, not
23 only from the LEDC, but also our
24 intermediaries who are our primary -- our
25 first line is actually to get the program to

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1 our SED clients.

2 MR. MATTHEWS:

3 Thanks, Tory.

4 Again, when we talk about small
5 businesses, we have found that there's one
6 issue that's common and that's the lack of
7 capacity, the lack of capacity to operate a
8 business successfully. A lot of them are in
9 business, but they don't know how to run a
10 business. This is, again, in effort to now
11 reach 2,000 more businesses at a cost of
12 only \$15,000 and it's a powerful tool and
13 we're very excited about this tool.

14 The next initiative that we have
15 launched and we are looking to move forward
16 with is what we call Economic Gardening for
17 second-stage growth companies, and David is
18 going to provide us with some insight and
19 information about Economic Gardening and why
20 Economic Gardening is so important and why
21 we need to be planting this sandbox right
22 now.

23 David.

24 MR. BENNETT:

25 Thank you, John.

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1 Economic Gardening is a unique concept
2 in that it is a entrepreneur-centered
3 approach to economic development. It
4 increases attention on both companies with a
5 focus on what we call second-stage growth
6 companies. This model was pioneered and
7 developed in Littleton, Colorado in what is
8 known as the Littleton Technical Assistance
9 Model, in which high-quality information is
10 delivered to the CEO of a small-growth
11 business in market research, strategy and
12 management geographic information systems
13 and in media.

14 This is a natural fit for putting the
15 pieces of the puzzle together for LED. We
16 offer excellent small business development
17 assistance through Fast Start with our

18 workforce development, through business
19 attraction and recruitment, through our
20 Business Expansion and Retention Group and
21 Lead Development and the natural fit is for
22 the growth company development to be a part
23 of this puzzle.

24 So what we're promoting is to think
25 differently about growing our economy, to

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1 increase this attention on growth companies
2 and to update these services to reflect a
3 more balanced strategy in economic
4 development.

5 Traditionally, many economic development
6 organizations have focused on startup, small
7 businesses that are primarily lifestyle
8 businesses, not necessary growth companies,
9 and recruitment and the movement of
10 companies from one state to another. Under
11 Secretary Moret's leadership, LED has
12 established the Business Expansion and
13 Retention Group, BERG, to focus on the other
14 side of the equation in the growing
15 companies from within the State of
16 Louisiana. These are economic drivers
17 located throughout the state in each of the
18 eight regions and generally are larger than
19 50 to 100 employees. What's missing is the
20 gap that John eluded to, which is our small
21 business services and these larger companies
22 that are being focused on in our BERG
23 group. These are existing growth companies
24 that need and desire some assistance from
25 the state and can truly be beneficial from

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1 that.

2 Why are we focussing on these companies?
3 This is a very interesting chart. From 1995
4 to 2008, probably 70 percent of new net jobs
5 created were through businesses that
6 expanded. This is why this is such a
7 critical area and why BERG has been so
8 effective in their initiatives in what we

9 would like to do from smaller growth
10 companies in Louisiana.

11 So what would a second-stage growth
12 company look like in Louisiana? Second
13 stage is a fairly loosely defined term. The
14 Edward Lowe Foundation, who the Louisiana
15 Economic Development is entering into a CEA
16 with, defines it as 10 to 99 employees with
17 one million to 50 million in revenue and has
18 grown in three of the past five years in
19 revenue and/or jobs. That is fairly loosely
20 defined because an example of Florida
21 focuses on 10 to 50 employees with one
22 million to 25 million of revenue. Kansas
23 focuses on five to 99 employees. They cast
24 a wider net because of their rule of
25 initiatives. For that reason, we have

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1 decided for our pilot program, after
2 consultation with numerous partners
3 throughout the state, to cast a wider net,
4 to broaden our employee allotment and
5 revenue allotment to five to 99 employees,
6 600,000 to 50 million in gross revenue. And
7 these are high-growth, they're
8 high-potential, they're steady growth,
9 they're not just high flyers that might be
10 eluded to as gazelles. These are not
11 usually steady-growing companies that have
12 grown over the last 17 to 20 years.

13 So by casting this wider net for our
14 pilot program, we're trying to make sure we
15 do not exclude companies, and we want to
16 make sure and get the best -- I guess you
17 can say the best reach of this program to
18 see where in the future that we might narrow
19 that down to. So one of the industries and
20 one of the areas we would like to certainly
21 tie into is our Blue Ocean industries as
22 well, even though we're not going to exclude
23 any industries, except retail and -- retail
24 is going to be the main industry that we
25 will exclude from because of the capacity to

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1 export out of their local region.

2 In talking about balance strategy,
3 the intent for recruitment is the movement
4 of companies from state to state to create
5 jobs. What we're looking at doing and what
6 other states, such as Florida and Kansas and
7 numerous states throughout our country, are
8 focusing on is growing our companies
9 internally, and this is more of an
10 information-based service that is truly
11 remarkable in the returns that it can
12 provide. In 2009, Florida passed an
13 Economic Gardening bill in which they
14 allocated 1.5 million dollars in technical
15 assistance and used a virtual Littleton
16 model in which they formed a strategic
17 research team that are team members from
18 throughout the country that could operate
19 virtual environment to provide technical
20 assistance to local companies. They
21 assisted over 157 companies, created 415
22 jobs that of the respondents that responded
23 to a survey.

24 You'll see in the handout that I gave to
25 you, you'll see some different numbers when

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1 the economic analysis was performed, they
2 extrapolated some numbers and those numbers
3 in direct jobs are in the upper 500s. And
4 the very interesting component of that is
5 that with a 1.5 million-dollar budget the
6 direct increase in local and state sales
7 taxes was 8.4 million, representing a
8 six-to-one return on the investment, which
9 is phenomenal, and we would like to
10 reproduce those numbers here in Louisiana.

11 The general process of the strategic
12 research team is that everything is done
13 virtual. The company applies online. A
14 greenhouse is set up in which the CEO and
15 the SRT team leader go through a one-hour
16 phone interview. The CEO dictates to the

17 strategic research team what they need, what
18 issues they're facing and how can the
19 strategic research team help on those
20 issues in focussing on the four categories
21 of market research, strategy and management,
22 geographical information systems and new
23 media.

24 Within hours, not weeks and months,
25 within hours, they start receiving detailed

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1 information and research is being delivered
2 into the greenhouse for the CEO to review
3 and react to. Over the course of a 35-hour
4 engagement, the CEO reacts to information
5 and requests additional information over the
6 course of the investigation the CEO has
7 given to the research team and they
8 responded with this detailed information.

9 At the conclusion of the engagement, the
10 results are reviewed and evaluated by the
11 CEO and then they are able to then act on
12 these research reports to drive their
13 business in a new direction.

14 These are some examples. You can read
15 through those. One of my favorite examples
16 is not on this slide. There was a lady that
17 purchased a manufacturing pump company and
18 she purchased it in North Florida and had
19 about \$300,000 in revenue. She grew this to
20 a three-million dollar business and expanded
21 the product line dramatically, but what she
22 was facing was some growth issues on how she
23 could best expand out of the region that she
24 was operating in. And what she did was she
25 contacted the GrowFL, the Florida Economic

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1 Gardening Group, and engaged in the Economic
2 Gardening Program. She had a pump that
3 operated remarkably better than the
4 competition in low water tables. She had a
5 competitive advantage in that area. So to
6 expand into Georgia, South Carolina, Alabama
7 and other parts of Florida, she wanted to

8 expand in a fashion that utilized her
9 competitive advantage in low water tables.
10 So what the strategic research team did was
11 they mapped out South Carolina, Georgia,
12 Alabama and Florida of the areas as
13 allocated by low water table and high water
14 table and she was allowed to focus on the
15 low water table areas for her bidding
16 opportunities and was dramatically
17 successful in growing her company by
18 focusing on the information that was given
19 to her by the strategic research team. Not
20 only that, she found her market niche that
21 she was able to expand to in the higher
22 water table environments and she was able to
23 expand and create a new product line for
24 that.

25 She's also looking internationally.

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1 They're currently looking to move to Brazil
2 and to, again, compete with the low water
3 environment when the strategic advantage
4 that she had over her competition that was
5 unveiled during this process. So that was
6 an interesting concept on how all of these
7 tie together and how useful they are to a
8 business owner.

9 The Ecosystem or the complete program
10 for Economic Gardening contains a number of
11 issues. We are focusing right now on
12 technical assistance, which is a 35-hour
13 engagement; however, we would love to expend
14 to CEO forums, roundtables and refer
15 networks in the future as we gain a foothold
16 in this program.

17 So that's going to conclude the Economic
18 Gardening.

19 MR. MATTHEWS:

20 Thank you, David.

21 One of the things that we want to
22 highlight is that the concept of Economic
23 Gardening is about exporting, exporting out
24 of our region, exporting out of the state

25 and exporting out of the country, so we're

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1 talking about billions of dollars coming
2 over to the region because we're able to not
3 just help individuals to grow their client
4 base within their regions, but we're talking
5 about exporting and net new jobs.

6 Mr. Chairman and LEDC Board, I thank you
7 for your time. We want to say thank you.
8 We want to say thank you for providing us
9 with an opportunity to serve Louisiana's
10 entrepreneurs, and I think that this morning
11 the whole point is to demonstrate to you
12 that we are looking for new ways, creative
13 ways, to not only better serve
14 entrepreneurs, but to expand the types of
15 services that are available to our small
16 business community given the current budget
17 that we have. We know that if we do a good
18 job with planting these seeds and nurturing
19 our entrepreneurs, we realize that we will
20 reap the value and the benefit over upcoming
21 years because these are the folks that are
22 going to drive Louisiana's economy. These
23 are the individuals that are going to create
24 a diverse economy and that are going to
25 provide a quality of life for this state.

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1 So with that said, I want to say thank
2 you, and if you have any extra dollars lying
3 around, we would be happy to take those
4 dollars and expand what we do.

5 MR. GRISSOM:

6 Any questions?

7 (No response.)

8 MR. GRISSOM:

9 I'll briefly continue my remarks, but,
10 Tory, John, David, thank you very much for
11 the presentation.

12 I also want to say congratulations to
13 Randy. It's been an extreme pleasure
14 working with you and I'm very excited about
15 your retirement and those next steps in your

16 life. So congratulations.

17 MR. VEILLON:

18 Thank you.

19 MR. GRISSOM:

20 Board members, I would be happy to
21 answer any questions. If not, with the
22 presentation made, that would conclude my
23 report.

24 MR. ROY:

25 Thank you.

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1 Any other business before the Board?

2 I, too, want to thank you, Mr. Matthews,
3 for the report and presentation.

4 Anything else?

5 (No response.)

6 MR. ROY:

7 Hearing none, I'll entertain a motion to
8 adjourn.

9 MR. ANDRE:

10 So moved.

11 MR. ROY:

12 Motion to adjourn has been presented.

13 MR. SAUCIER:

14 Second.

15 MR. ROY:

16 So moved.

17 (Meeting concludes at 10:20 a.m.)

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1 STATE OF LOUISIANA:

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

5 I, Elicia H. Woodworth, Certified Court Reporter
6 in and for the State of Louisiana, as the officer before

7 whom this testimony was taken, do hereby certify that
8 the witness, to whom oath was administered, after having
9 been duly sworn by me upon authority of R.S. 37:2554 did
10 testify as hereinbefore set forth in the foregoing
11 pages;

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

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

20 Baton Rouge, Louisiana, on this date _____.

21
22
23
24
25

Elicia H. Woodworth, CCR
Certificate No. 27014