

MEETING OF THE SCREENING COMMITTEE OF THE  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION, TAKEN  
AT THE LOUISIANA STATE EMPLOYEES RETIREMENT  
SYSTEM (LASERS), 8401 UNITED PLAZA BOULEVARD, 4TH  
FLOOR, BATON ROUGE, LOUISIANA 70809, ON THE 21ST  
DAY OF SEPTEMBER 2012 COMMENCING AT 10:24 A.M.

REPORTED BY:

RACHEL Y. TORRES, CCR, RP  
CERTIFIED COURT REPORTER

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BOARD MEMBERS :

THOMAS COTTEN

MICHAEL SAUCIER

ALDEN ANDRE

STAFF MEMBERS :

DARIA VINNING

RICK BROUSSARD, ESQ.

BRENDA GUESS

SUSAN BIGNER

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MR. COTTEN:  
Good morning. This is a meeting of the Screening Committee of the Louisiana Economic Development Corporation, Friday, September 21st. Call to order.

MS. VINNING:  
Thomas Cotten.

MR. COTTEN:  
Here.

MS. VINNING:  
Mike Saucier.

MR. SAUCIER:  
Here.

MS. VINNING:  
Alden Andre.

MR. ANDRE:  
Here.

MS. VINNING:  
We have a quorum.

MR. COTTEN:  
Great. Our first item on the agenda is the Economic

1                   Development Loan Program, EDLOP,  
2                   with Tiburon Associates. Ms.  
3                   Bigner.

4                   MS. BIGNER:

5                   Good morning. I have Jack  
6                   Blalock with me from Tiburon  
7                   Associates. This is an EDLOP.  
8                   Tiburon is going to be located in  
9                   Minden, Louisiana, and they are  
10                  requesting \$500,000 to assist in  
11                  the cost of constructing and  
12                  equipping their purchasing  
13                  equipment for their Camp Minden  
14                  facility. The proposed funds will  
15                  be used to build a welding and  
16                  machine shop and purchase  
17                  associated equipment. The company  
18                  was founded in 2001 and was based  
19                  in Alexandria, Virginia. They  
20                  provide the defense community and  
21                  the federal government with  
22                  program expertise and technical  
23                  innovation in the areas of  
24                  manufacturing, engineering,  
25                  technical knowledge, transfer,

1 base operations, research &  
2 development and acquisition  
3 management. Tiburon serves the  
4 Department of Defense customers  
5 such as the Army, Navy, Air  
6 Force, Defense Logistics Agency,  
7 Missile Defense Agency, U.S.  
8 Coast Guard and the Office of the  
9 Secretary of Defense.

10 Tiburon won a U.S. Army  
11 contract to open a maintenance  
12 overhaul facility for transport  
13 vehicles for the -- to move  
14 military equipment and personnel  
15 to the battlefield. The new  
16 facility will be located at Camp  
17 Minden, which is north -- which  
18 is the north Louisiana National  
19 Guard training site. The new  
20 facility will have the capability  
21 to overhaul any Army vehicle.  
22 This includes the Mine-Resistant  
23 Ambush Protected vehicles, which  
24 are currently serviced at the  
25 Army -- I'm sorry. At the Red

1 River Army Depot in Texarkana.  
2 They are expecting to create 350  
3 new jobs, and they have a payroll  
4 with an ending payroll of \$13.9  
5 million. Their annual revenue is  
6 approximately \$100 million and  
7 currently has -- currently have  
8 21 active subcontracts for  
9 anywhere between \$100,000 to \$69  
10 million. Cash flow from the  
11 business appears to be adequate  
12 in the ratio of 2.45:1 to cover  
13 the debt service for the proposed  
14 EDLOP.

15 In addition to this, the net  
16 worth of the company and its  
17 principals are more than  
18 sufficient to repay the loan  
19 should jobs and payroll not cover  
20 it.

21 1.4 of this project is going  
22 to be funded by Tiburon with  
23 \$500,000 for a total cost --  
24 project cost of \$1,950,000.

25 In your package on the first

1 page you see a list of equipment  
2 that they are looking to purchase  
3 with these funds, and we will  
4 have a lien against the equipment  
5 that they are purchasing.

6 Staff recommends approval of  
7 this project as an EDLOP Jobs  
8 Credit Loan. The company will be  
9 given five years to achieve their  
10 proposed commitment of 350 new  
11 jobs with a payroll of \$13.9  
12 million as stated by LED's offer  
13 letter dated June 19, 2012 and  
14 accepted by Tiburon. Jobs and  
15 payroll must be retained  
16 throughout the five year life of  
17 the contract. If the required  
18 jobs are created and retained at  
19 the stipulated annual payroll  
20 levels, then this EDLOP will be  
21 considered satisfied. However, if  
22 the company does not create the  
23 projected jobs and payroll on an  
24 annual basis, the unearned credit  
25 balance for that year will become

1                   due and payable to LEDC plus  
2                   interest. All credits will be  
3                   based on payroll.

4                   If approved by the LEDC  
5                   Board, the contingencies -- the  
6                   recommended contingencies are as  
7                   follows: The funding for the  
8                   project will depend on the  
9                   availability of LEDC funds  
10                  allocated for EDLOP by the Board  
11                  at the time of approval. This  
12                  project must also be approved by  
13                  the Division of the  
14                  Administration's Office of  
15                  Facility, Planning and Control as  
16                  eligible for the Capital Outlay  
17                  funding. A recorded first lien on  
18                  the capital equipment is -- will  
19                  be acquired with the EDLOP -- I'm  
20                  sorry. A recorded first lien on  
21                  the capital equipment will be  
22                  used as collateral. Board  
23                  Resolution from the company  
24                  designating authority to enter  
25                  into an EDLOP agreement must be



1                   supplied a copy of the Disclosure  
2                   of Ownership form showed stamp of  
3                   recordation with the Louisiana  
4                   Secretary of State's Office. A  
5                   certified copy of the Certificate  
6                   of Authority to do business in  
7                   Louisiana issued by the Louisiana  
8                   Secretary of State. A statement  
9                   from a CPA, engineer or architect  
10                  stating the anticipated useful  
11                  life spans of the facilities,  
12                  machinery and/or equipment  
13                  included in the project according  
14                  to the IRS standards for  
15                  depreciation. Confirmation that  
16                  all required technical studies or  
17                  other analysis and licenses or  
18                  permits needed prior to the start  
19                  of the project have been  
20                  completed, issued and/or  
21                  obtained, in the event that such  
22                  are required in connection with  
23                  the project. Evidence of other  
24                  funding sources applied for,  
25                  awarded, or denied in relation to

1                   this project. Written  
2                   certification that the company  
3                   does not have any pending or  
4                   outstanding claims or liabilities  
5                   relating to failure or inability  
6                   to pay promissory notes or other  
7                   evidence of indebtedness  
8                   including state or federal taxes  
9                   or bankruptcy proceeding or any  
10                  pending, federal, state, or local  
11                  proceeding concerning denial or  
12                  revocation of a necessary license  
13                  or permit.

14                  The EDLOP application will  
15                  have 90 days to start the project  
16                  -- applicant will have 90 days to  
17                  start the project or will have to  
18                  appear before the LEDC Board to  
19                  explain why the project is not  
20                  underway.

21                  Actually, the project is  
22                  already started. They opened the  
23                  doors in May and they've already  
24                  hired 40 employees as of  
25                  yesterday, so I'm going to turn

1                   it over to Mr. Blalock and let  
2                   him tell you a little bit about  
3                   the project and answer any  
4                   questions that you may have.

5                   MR. BLALOCK:

6                   Thank you. I appreciate that.  
7                   Thank you. I appreciate that.  
8                   That was a nice write-up y'all  
9                   did. Gentlemen, I appreciate  
10                  y'all coming out this morning to  
11                  go through this project with us  
12                  and give me a chance to share a  
13                  little bit with y'all about what  
14                  Tiburón plans to do in northwest  
15                  Louisiana, and I won't take all  
16                  of your Friday morning up on  
17                  this.

18                  I want to say that since the  
19                  onset of this project we've been  
20                  nothing but impressed not only  
21                  with the hospitality of the  
22                  northwest region and everybody  
23                  that we've had to -- that we  
24                  dealt with putting this project  
25                  together and the -- the quality

1 of the workforce or the people  
2 that we engage and support from  
3 the state, we couldn't have asked  
4 -- couldn't have dreamed of a  
5 better situation. And I will tell  
6 you that I had done numerous  
7 projects in my past that are not  
8 exactly like this from where  
9 we're engaged state resources and  
10 economic development, and I will  
11 tell you this and I told this to  
12 Governor Jindal that this is the  
13 best Economic Development  
14 organization that I've ever  
15 worked with.

16 That being said, we're real  
17 proud that we've opened up the  
18 doors of our facility, Camp  
19 Minden. We've renovated a -- an  
20 old building, existing building  
21 what used to be the Louisiana  
22 Army ammunition plant that had  
23 been idle for quite sometime. We  
24 are in the process now of working  
25 up an agreement with the National

1 Guard to lease an additional  
2 300,000 square feet that we  
3 anticipate that we will renovate  
4 that we just say we're going to  
5 need to support each workload.

6 This project is a little bit  
7 different, I think, in the nature  
8 than some of the projects that  
9 y'all may have presented to in  
10 that at the parallel to apply for  
11 and working with the state on all  
12 of these incentive packages, we  
13 were opening up the doors, we  
14 were having to buy equipment to  
15 go to work and we were hiring  
16 people and now parallel. Right  
17 now, we're -- decision we're at  
18 -- as Susan said, we're at 40  
19 people. By Thanksgiving we should  
20 be -- we hope to be around 100  
21 because we need that many people,  
22 and in January, we'll -- we'll be  
23 well over 100 and we'll be  
24 starting a second shift.

25 It's our intention to be a

1 long term employer in the Webster  
2 Bossier Parish area. We want our  
3 -- we want our company to be the  
4 employer of choice. We want  
5 everybody to -- when they  
6 graduate high school, we want  
7 them to feel comfortable that  
8 they provided advanced in -- or  
9 the skills that we're putting in  
10 place to train them that they'll  
11 have a place to come to work, and  
12 I know -- I have met a lot of  
13 people in the area over the last  
14 couple of years and I want to say  
15 everybody that I talked to had a  
16 relative, an aunt, an uncle,  
17 somebody that used to work in the  
18 Army Distribution Plant out  
19 there, they call it the Shell  
20 plant. I don't know if it was as  
21 big an employer as the Shell  
22 plant was because they were about  
23 four thousand people, but we  
24 intend to -- we intend to have  
25 that kind of legacy. We want

1                   everybody to say, well, we had a  
2                   -- that Tiburon was a great place  
3                   to work. That's our intention.  
4                   We're going to be here for the  
5                   long haul. We are making an  
6                   investment as we speak in  
7                   infrastructure and employees and  
8                   we're moving through key  
9                   employees out of our Pennsylvania  
10                  operation. Everybody else that  
11                  we're hiring is coming from the  
12                  local area. We brought the  
13                  general manager from Pennsylvania  
14                  just because of expertise. He's  
15                  got a skill set that you can't  
16                  replicate, can't teach in the  
17                  school. He understands how to fix  
18                  Army vehicles. We needed him  
19                  there to start the place up and  
20                  then we'll grow our own  
21                  management, but it's been my  
22                  direction to -- my whole team  
23                  that if we need something we look  
24                  to buy local. If we need an air  
25                  compressor, we look to buy local.

1                   If we need a pickup truck we look  
2                   to buy local. If we need  
3                   materials to fix something up, we  
4                   buy local, so we are -- we are  
5                   trying to be -- it's our  
6                   intention to be a good partner.  
7                   We want to be a good citizen, and  
8                   we're going to spend as much of  
9                   our money, our investment money  
10                  in the local -- in the local  
11                  parishes as practical. Unless it  
12                  can't be found, we're going to do  
13                  business locally.

14                  We've started working with  
15                  FastStart Program to create not  
16                  only jobs for the future doing  
17                  needs assessment, but they're  
18                  helping us out with job fairs and  
19                  recruiting filling the positions  
20                  that we need currently. I know I  
21                  kind of rambled around all over  
22                  the place. I'm certainly, again,  
23                  proud -- proud to be here, proud  
24                  to be an employer in the State of  
25                  Louisiana, and it's my personal



1 goal, short of ship building, I'd  
2 like to be the largest defense  
3 contractor in the State of  
4 Louisiana.

5 MR. ANDRE:

6 I have two questions. Where  
7 was this work being done before?

8 MR. BLALOCK:

9 If it was going to be done  
10 before, it was going to be done  
11 at the Red River Army Depot in  
12 Texarkana, Texas. However, the  
13 work that we're doing is  
14 considered surge work. That's the  
15 -- it's work that we go -- that's  
16 going to the depot that sees  
17 their capability to do. We are  
18 like their surrogate repair  
19 depot. We are either going to do  
20 work that the depot -- that the  
21 Army organic facility can't do.

22 MR. ANDRE:

23 Second question, then, and  
24 the follow-up, does it bother you  
25 that you are spending one and a

1 half million, you are asking us  
2 to participate in a half million,  
3 and yet if this President is  
4 reelected, he vows to reduce the  
5 military budget significantly.

6 MR. BLALOCK:

7 Well, that is a concern, but  
8 my analysis shows, and if you  
9 look at the -- when you look at  
10 the 12 percent cuts across the  
11 board, that the 12 percent as  
12 it's going to be applied to the  
13 Department of Defense makes my  
14 business fairly insulated from  
15 that because we're talking about  
16 war equipment. We're restoring  
17 war equipment to its original  
18 state so it would be ready for  
19 the next go around. The 12  
20 percent is being applied  
21 primarily to acquisition of new  
22 systems; jet planes, ships, new  
23 programs like that to research  
24 and development and then to  
25 manpower. That's where we see the

1                   12 percent, according to the  
2                   White House report on -- you  
3                   know, I track that very, very  
4                   closely, and according to the  
5                   latest White House report, that's  
6                   how the 12 percent is going to be  
7                   applied. It does not affect --  
8                   the 12 percent cut does not  
9                   affect what they refer to as  
10                  their operation and maintenance  
11                  budget of which our -- that's our  
12                  market. That's where we work.  
13                  They market that budget for the  
14                  next five years where they --  
15                  when the budget across the next  
16                  five years is the fiscal year  
17                  defense plan, our budgets have  
18                  been -- are insulated from that  
19                  cut.

20                  MR. ANDRE:

21                  Thank you.

22                  MR. SAUCIER:

23                  I had that same question and  
24                  you answered it well. I do have  
25                  another question. I'm trying to

1 get an idea of your gross average  
2 annual payroll.

3 MS. BIGNER:

4 Mr. Saucier, could you talk  
5 into the mic. The mic.

6 MR. SAUCIER:

7 Your gross annual average  
8 payroll on Table 4 appears to be  
9 around \$36,000 a year. When you  
10 look at Table 5, it appears to be  
11 \$26,000 a year.

12 MS. BIGNER:

13 And that was one of the  
14 reasons that we're stating that  
15 we are going to go by Table 5 and  
16 we're going to go by the offer  
17 letter. He was working on this  
18 table late last night and it's  
19 off, yeah, by about 400,000, but  
20 he is very comfortable that he is  
21 going to far exceed these  
22 numbers.

23 MR. SAUCIER:

24 So we are using more  
25 conservative for the job payback?

1 MS. BIGNER:

2 Right. Right. And the offer  
3 letter -- the contract will be  
4 drawn up with the offer letter,  
5 which is you see the objectives  
6 on page 2.

7 MR. SAUCIER:

8 Right.

9 MS. BIGNER:

10 So those will be the  
11 objectives in the contract and  
12 those are the objectives that he  
13 will abide by.

14 MR. BLALOCK:

15 Let me talk about average  
16 salary. The -- the government  
17 now, the Department of Defense is  
18 now implementing or mandating  
19 that these bids be put together  
20 using the SEA weights  
21 determination schedule. You,  
22 know, contracting schedules they  
23 tell you that in your region,  
24 your area that a welder, this is  
25 what you are going to pay, so

1                   what that allows them to do then  
2                   is that the level playing field  
3                   from all of the bids -- their  
4                   bidders by using -- implementing  
5                   the weight determination  
6                   schedules. Then it comes down to  
7                   cost to on how low can you drive  
8                   your overhead down and still make  
9                   money where you can successfully  
10                  bid, you know, given that you are  
11                  qualified to do the work, so the  
12                  -- when initially started talking  
13                  with y'all about, you know,  
14                  overall incentive packages, in  
15                  particularly this one, we were in  
16                  the process of bidding our first  
17                  contract, and in the interim  
18                  there, the government implemented  
19                  the weight determination schedule  
20                  on us. That changes what we  
21                  thought we were going to pay to  
22                  what the government is telling us  
23                  we got to pay, so, to be honest  
24                  with you, and I tried to explain  
25                  to Susan, is that the projections

1                   -- the payroll projections put  
2                   together initially aren't going  
3                   to look -- they will be close,  
4                   but there's going to be a delta  
5                   with what they are actually going  
6                   to be today. The only way we are  
7                   actually going to know what those  
8                   salaries are is really going to  
9                   be what did we pay at that  
10                  particular point in time. As we  
11                  are just starting out, we've --  
12                  because of the nature of the work  
13                  that we're being tasked to do, I  
14                  am having to hire at the lower  
15                  end of the pay scale because I  
16                  need blasters, people to  
17                  sandblast equipment, and I need  
18                  laborers to help do some things.  
19                  I don't need to hire any  
20                  mechanics yet. You know, when we  
21                  get into a different type of  
22                  operation where we are going to  
23                  actually do one hundred percent  
24                  overhaul on vehicles where we do  
25                  engine work and all of that, and

1 all will be predominantly  
2 mechanics versus blasters and  
3 painters because they are at the  
4 low end of the scale. So you see  
5 a few points different in a  
6 fiscal year or in a -- in an  
7 accounting year that's because I  
8 can't anticipate if -- if I'm  
9 going to get a weight  
10 determination schedule mandated  
11 by the government or I'm going to  
12 get to choose my own labor rates.

13 MR. SAUCIER:

14 Thank you. Last question.  
15 Just a general question. Your  
16 employment base, what do you see,  
17 are you seeing young people  
18 apply, older people that are out  
19 of work?

20 MR. BLALOCK:

21 Right now we're retraining  
22 older workers primarily, which is  
23 good and bad. The good thing is,  
24 you know, you get a person with  
25 work ethic, they've been



1 displaced for no reason of their  
2 own. We're able to use some of  
3 the training and re-qualification  
4 programs that y'all provide.  
5 However, they are older workers  
6 and they are -- they are not  
7 going to be around ten years from  
8 now. They may not even -- you  
9 know, some of them are in their  
10 late 40s and early 50s, you know,  
11 you are not going to get that  
12 many years out of them. What we  
13 have to do to ensure that we have  
14 a quality workforce today, we  
15 have to put in those programs  
16 that allows us to train the high  
17 school students today, get them  
18 excited by doing this kind of  
19 work and coming to work for us,  
20 and so that constantly have  
21 enough qualified workers. We are  
22 going to do that through a  
23 combination of apprentice and  
24 internships to bring the kids in,  
25 let them get a taste of them. And

1 I want to develop a reputation as  
2 a good employer. We pay a fair  
3 wage. We pay above per capita  
4 wage right now, and then we -- as  
5 being a preferred employer, we're  
6 there for the long haul and they  
7 can -- they can count on jobs,  
8 and we think that we are -- we've  
9 been successful in this niche  
10 market for quite sometime, and we  
11 feel very strongly that -- that  
12 this is a growth market for us  
13 and we certainly wouldn't have,  
14 you know, made this kind of  
15 effort if we thought that there  
16 was a huge risk involved.

17 MR. SAUCIER:

18 Being over 50, I would  
19 encourage you to train those  
20 older people maybe to be  
21 managers, too.

22 MR. BLALOCK:

23 Well, we -- absolutely. Other  
24 than the general manager that we  
25 brought in from Pennsylvania, and

1 he's well over 50, we are -- the  
2 next layer of superintendents are  
3 all local and they will be the  
4 pool that we will promote from,  
5 but you have to understand I had  
6 to have somebody that was savvy  
7 enough to kick this thing off  
8 successfully.

9 MR. COTTEN:

10 No more questions. Any  
11 comments from the public? Okay.

12 MR. ANDRE:

13 Move.

14 MR. SAUCIER:

15 I will second. These budgets  
16 cuts are probably coming, but you  
17 are in a, if anything, just like  
18 not being able to buy a new car,  
19 you are going to maintain it for  
20 a longer period of time, so good  
21 luck to you.

22 MR. BLALOCK:

23 Thank you, sir. I appreciate  
24 it.

25 MR. COTTEN:

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All in favor?  
ALL BOARD MEMBERS:  
Aye.  
MR. COTTEN:  
Any oppose? None. Passed.  
Thank you very much.  
MS. BIGNER:  
Thank you, gentlemen.  
MR. COTTEN:  
Any other business? Thank  
y'all. Meeting -- motion for  
adjournment. Adjourn.

(Whereupon the meeting adjourned at 10:46 a.m.)

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REPORTER'S CERTIFICATE

I, RACHEL Y. TORRES, a Certified Court Reporter, do hereby certify that the within witness, after having been first duly sworn to testify to the truth, did testify as hereinabove set forth.

That the testimony was reported by me in shorthand and transcribed under my personal direction and supervision, and is a true and correct transcript, to the best of my ability and understanding; that I am not of counsel, not related to counsel or the parties hereto, and in no way interested in the outcome of this event.

RACHEL Y. TORRES, CCR, RPR  
CERTIFIED COURT REPORTER