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MEETING MINUTES FOR THE
BOARD OF DIRECTORS
OF THE
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
HELD AT
LOUISIANA ECONOMIC DEVELOPMENT
8401 UNITED PLAZA BOULEVARD, 4TH FLOOR
LASERS BUILDING
BATON ROUGE, LOUISIANA
ON THE 20TH DAY OF APRIL, 2012
COMMENCING AT 9:41 A.M.

REPORTED BY: ELICIA H. WOODWORTH, CCR

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- 1 Appearances of Board Members Present:
- 2 A.J. Roy
- 3 Jason Elkoubi
- 4 Alden Andre
- 5 Thomas Cotten
- 6 Shelley Ferro
- 7 Jay Rousseau
- 8 Michael Saucier
- 9
- 10 Staff members present:
- 11 Daria Vinning
- 12 Susan Bigner
- 13 Rick Broussard
- 14 Seth Brown
- 15 Bob Cangelosi

16 Sajni Patel
17 Anne Villa
18 Clark Forrest
19 Brenda Guess
20 Kathy Blankenship
21 Filipe Martinez
22 Melissa Moore

23
24
25

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1 MR. ROY:

2 Good morning. If everyone will have a
3 seat, we'll get started.

4 Call to order the Board of Directors of
5 the Louisiana Economic Development Corporation.

6 Roll call, please.

7 MS. VINNING:

8 AJ Roy.

9 MR. ROY:

10 Here.

11 MS. VINNING:

12 Jay Rousseau.

13 MR. ROUSSEAU:

14 Here.

15 MS. VINNING:

16 Alden Andre.

17 MR. ANDRE:

18 Here.

19 MS. VINNING:

20 Jason Elkoubi.

21 MR. ELKOUBI:

22 Here.

23 MS. VINNING:

24 Shelley Ferro.

25 MS. FERRO:

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1 Here.

2 MS. VINNING:

3 Mike Saucier.

4 MR. SAUCIER:

5 Here.

6 MS. VINNING:

7 Ball Sareen.
8 (No response.)
9 MS. VINNING:
10 Thomas Cotten.
11 MR. COTTEN:
12 Here.
13 MS. VINNING:
14 Harry Avant.
15 (No response.)
16 MS. VINNING:
17 Louis Reine.
18 (No response.)
19 MS. VINNING:
20 Robert Stewart.
21 (No response.)
22 MS. VINNING:
23 Seven out of 11 members. We have a
24 quorum.
25 MR. ROY:

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1 I'll ask everybody to please silence
2 their cell phones.
3 First order of business, the minutes of
4 the March 16th meeting.
5 MR. ANDRE:
6 Move for approval.
7 MR. COTTEN:
8 Second.
9 MR. ROY:
10 Any discussion?
11 (No response.)
12 MR. ROY:
13 Hearing none, all in favor, "aye."
14 (Several members respond "aye".)
15 MR. ROY:
16 All opposed "nay".
17 (No response.)
18 MR. ROY:
19 Without objection.
20 I'll ask that someone make a motion to
21 allow me to take the agenda out of order.
22 MR. COTTEN:
23 I'll move.

24 MR. ROUSSEAU:
25 Second.

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1 MR. ROY:
2 Motion and second.
3 Any discussion?
4 (No response.)
5 MR. ROY:
6 Hearing none, all in favor, "aye".
7 (Several members respond "aye".)

8 MR. ROY:
9 All those opposed, "nay".
10 (No response.)

11 MR. ROY:
12 Hearing none, motion approved.
13 We have some guests from out of town who
14 have time constraints, and I'll ask Jeff Davis Parish
15 Police Jury and Louisiana Spirits to come up first.

16 Good morning.

17 MS. FOX:
18 Good morning.

19 MR. PIERSON:
20 Hi. I'm Don Pierson, Senior Director
21 for Business Development at the Louisiana Economic
22 Development. Thank you for accommodating the agenda.

23 MR. ROY:
24 I'm not sure if everyone has their
25 microphone on. Please turn it on.

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1 MR. PIERSON:
2 That would be better. Thank you.
3 At the last meeting, we had some
4 communications that didn't take place on our part, so
5 thank you for allowing us to come back and eliminate any
6 issues that linger in the Board's mind, but, certainly,
7 a great project that we're really pleased to bring to
8 Jeff Parish. We're kind of in a rural area, a lot
9 harder to bring jobs to rural parishes, and, perhaps, to
10 metropolitan areas. Thirty-eight jobs with a great
11 company that's had a proven track record of building
12 jobs in Louisiana. We're really pleased with that.
13 I'll ask the parish to speak through their agent, Marion
14 Fox, in just a moment; but, certainly, the jury adopted

15 a Resolution of Support for the company, which we felt
16 was very important that they were behind the public in
17 the structure of that site as well, so we wanted to come
18 back today just to make sure if there were any questions
19 or concerns that the Board had, we were able to address
20 this.

21 Ms. Fox.

22 MS. FOX:

23 Thank you.

24 Thank you for having me here today. I'm

25 sorry about the communication mixup at the last meeting.

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1 I certainly would have been here; but, anyway, I just
2 wanted to let you know today that the Jeff Davis Parish
3 Police Jury is fully behind this project. They had a
4 unanimous vote. You will find their Resolution and
5 letter in your packet along with the Jeff Davis Parish
6 Economic Development Board, and I also include in your
7 packet a plat showing you exactly where the proposed rum
8 plant is located, just so that you could see where it
9 was in the -- right off of I-10 on the service road.

10 So if y'all have any questions, I'll be
11 glad to answer them.

12 This is Skip Cortese --

13 MR. CORTESE:

14 Skip Cortese with Louisiana Spirits.

15 MS. FOX:

16 And Tim Litel.

17 MR. LITEL:

18 Tim Litel with Louisiana Spirits. My

19 brother was here on behalf of us last time. So Skip and
20 myself are both the majority owners in the Louisiana
21 Spirits venture.

22 MR. ROY:

23 Very good.

24 MR. COTTEN:

25 Marion, thank you for coming. We are an

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1 organization that loves economic development. When we
2 hear about -- you know, the Lacassine Economic
3 Development area, it really intrigues me about how that
4 entity was set up, and I was a little unsure how you
5 were related to that entity, but you're not related to

6 the Lacassine park. You know, that park does have
7 potential, and I'm glad that we have -- at least the
8 Jeff Davis Police Jury is behind the development of your
9 organization. I want to thank y'all for coming to clear
10 up that issue because when you just have one person
11 trying to communicate, we read 40 pages and a lot of
12 questions. So I really appreciate you coming forward
13 today. Thank you.

14 MR. LITEL:

15 No problem. Thank you for having us.

16 MS. FOX:

17 I just want to say one other thing about
18 the Lacassine Industrial Park, the Industrial Park at
19 Lacassine: Yes, the Columbians are in foreclosure. We
20 believe that at the end of this process, we're going to
21 have a company in there that's going to really make that
22 a viable project. As of today, we have four
23 confidential letters on the commissioner's desk of
24 people who are very interested in that, so that's going
25 to just lend more quality jobs, more investment in our

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1 area, and I know that's a concern and I know that came
2 out the day that y'all had the meeting, so I understand
3 that, but thank y'all.

4 MR. COTTEN:

5 And I think that at least now we know
6 you, so if you do represent some of these other
7 businesses, we will have a relationship, so thank you
8 for coming.

9 MS. FOX:

10 You're welcome. Thank you for having
11 us.

12 MR. ROY:

13 Any other questions or comments?

14 MR. SAUCIER:

15 Yes. I had some questions about how the
16 money was going to be disbursed and y'all not being able
17 to make it to the last meeting. I appreciate you coming
18 in. These funds are to be monitored and disbursed
19 through the sponsor, and thank you for coming.

20 MS. FOX:

21 Thank you.

22 MR. ROY:

23 Any other questions or comments?

24 (No response.)

25 MR. ROY:

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1 Hearing none, what's the pleasure of the
2 Board?

3 MR. COTTEN:

4 I motion. Is there a motion on the
5 floor to accept the project.

6 MR. ROY:

7 Motion to accept the project as
8 presented.

9 MR. ANDRE:

10 Second.

11 MR. ROY:

12 Second by Mr. Andre.

13 Any discussion?

14 (No response.)

15 MR. ROY:

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

17 (Several members respond, "aye".)

18 MR. ROY:

19 All opposed, "nay".

20 (No response.)

21 MR. ROY:

22 Without objection.

23 MS. FOX:

24 Thank you.

25 MR. ROY:

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1 Keep us posted on your success. Thank
2 you very much.

3 MS. FOX:

4 Thank you. Appreciate it.

5 MR. ROY:

6 Next order of business JB Bait Company
7 under the Small Business Loan Guarantee Program.

8 Mr. Brown.

9 MR. BROWN:

10 Good morning. I have here with me

11 Mr. Shawn Verrett. He's the loan officer with Farmers

12 Merchants Bank, and I have Mr. Bill Carney, Jr. He is

13 one of the owners of JB Bait Company.

14 JB Bait Company is here in -- Farmers
15 Merchants Bank and Trust Company is requesting a
16 guarantee for JB Bait Company under the Small Business
17 Loan and Guarantee Program. They come with the criteria
18 of a proven concept of what is needed, experience in
19 management and a potential of 16 new jobs. JB Bait
20 Company, LLC was started by William Carney, Jr. and
21 Jeffrey France in January of 2011, if I'm not mistaken,
22 even though they have not started operations as of yet.
23 The company specializes in harvesting processing
24 menhaden fish. They're known as Pogie fish in
25 Louisiana. This company will be doing a

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1 one-of-a-kind -- they're doing something that we have
2 not done since probably 2005. They're harvesting them
3 for bait. Pogie is now harvested for other things,
4 oils. They use them in minerals, vitamins, if I'm not
5 mistaken, and other things they process with it.
6 Wildlife and Fisheries, seeing there was a need for this
7 bait, this feed, because of what's happened in the
8 Atlantic Northeast right now, they're putting a cap on
9 how many feed they can fish for. This project is --
10 they're asking for a loan guarantee for building, for
11 construction of a new facility, and it will be secured
12 by furniture, fixtures and equipment. The guarantee is
13 not to exceed \$1.1-million dollars, and that's based on
14 75 percent of a million and a half dollars. The cash
15 flow adequately -- the project is a collateralized loan.
16 The value is 50 percent, so they have more than enough
17 collateral in this project. This is a project that is
18 needed in Louisiana.

19 I'm not going to get off into what the
20 company does and the structure. If y'all have
21 questions, I'll let Shawn and them -- you know, they can
22 talk more extensive about it. So having said that,
23 based on -- staff recommended JB Baits, LLC for a
24 guarantee and offers the following conditions and
25 covenants that are in the term sheets that's before you

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1 right there, for the consideration that LEDC Board
2 chooses to approve this request.

3 If you don't have any questions for me,
4 if you have any questions, Shawn and Mr. Carney is

5 available.

6 MR. ROY:

7 Questions anyone? Question or comments?

8 MR. COTTEN:

9 Mr. Carney, believe it or not, I've been
10 in a Pogie plant way back when.

11 MR. CARNEY:

12 Sorry to hear that.

13 MR. COTTEN:

14 Yes, I understand that.

15 MR. CARNEY:

16 If you catch my drift.

17 MR. COTTEN:

18 Give us the history of the decline in
19 that industry in South Louisiana, if you could, please.

20 MR. CARNEY:

21 In particular, the bait industry, or the
22 menhaden industry?

23 MR. COTTEN:

24 Both.

25 MR. CARNEY:

0015
1 Both?

2 MR. COTTEN:

3 I guess this is an operation that
4 involves a vessel that goes out, scans for fish?

5 MR. CARNEY:

6 Correct.

7 MR. COTTEN:

8 You've got a spotter plane, he spots the
9 fish?

10 MR. CARNEY:

11 Right.

12 MR. COTTEN:

13 And then the ship captures them and
14 brings them to the processing plant?

15 MR. CARNEY:

16 Exactly.

17 MR. CARNEY:

18 And then your venture is the processing
19 plant and a boat, is what we're looking into?

20 MR. CARNEY:

21 We're wanting to bring back and capture

22 the bait end of the menhaden industry. You have the
23 large, regular menhaden industry, which is really down
24 now to two companies in the Gulf of Mexico. Back in the
25 '70s, when I was flying for them as a fish pilot, we

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1 Zapata, we had Seacoast Products, we had Louisiana
2 Menhaden, we had Petrou, so we had four or five
3 businesses out there, and there were a couple of them,
4 like Zapata and Seacoast Products that were big.
5 Through the years, they're just evolved and more or less
6 merging a lot. I know Seacoast was bought out by
7 Zapata. Zapata has now been bought out by Omega, Omega
8 Protein, and Omega now has their three plants in
9 Mississippi and the intracoastal in Cameron. You have
10 Daybrook is in Empire, and that's a bigger industry
11 company there also.

12 Anyway, it's very much alive and well
13 from their standpoint. They have about 30 boats that
14 cover the Gulf with Omega. Petrou's got, I think, 12
15 that they run out of Empire, and so the Gulf of Mexico,
16 from a standpoint of the menhaden industry, is in good
17 health. The fleets are in good shape. They went out
18 this week for the first time, but there's another part
19 of this menhaden industry that is actually the bait end
20 of it. And the bait on what they call snapper boats up
21 on the east coast is alive and well, but there's a move
22 along those states on the East Coast to draw them back
23 on the amount of fish catch, and that directly affects
24 the bait business itself, but the key part of the bait
25 business, as far as Louisiana is concerned, is that we

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1 have a very good crawfish and blue crab industry that
2 needs the bait in which to catch the crawfish and the
3 blue crab, and the only place that they can get the
4 number one bait, which is menhaden, is from the East
5 Coast. So all of the bait that you see that -- I will
6 say 90 percent of it, because you do have a little bit
7 of catfish heads for the blue crab, but all of that bait
8 comes from East Coast, they catch over there, they
9 freeze it, they package it, they bring it all of the way
10 over here, so our Louisiana industry of blue crab and
11 crawfish is at the mercy, so to speak, of what happens
12 over on the East Coast.

13 Now, we did have some guys back in the
14 late '80s that started ABC Bait Company out of Morgan
15 City, and they hung on for a while. And there was
16 another one or two smaller operations, but Katrina just
17 cleaned everybody out, and nobody has ever come back.
18 So this is something that we've been talking about, to
19 be honest with you, since the late '70s to do it, and it
20 was just in the last year and a half that our -- I
21 approached some of my old colleagues that we use to fly
22 with -- there's some of us still out there flying, if
23 you could believe that -- and I said, "Hey, it's time to
24 do what we always talked about doing and get the bait
25 business back," and I had worked with Wildlife and

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1 Fisheries over the years, for like 20 years really, and
2 they said, "We want to help y'all." So that's been the
3 nebulous to start JB Bait Company.

4 We have one good boat that's called
5 Taylor's Creek. She come out of Boston, Massachusetts,
6 and she's an old fishing vessel, real sea worthy, and
7 she could be the pride of Louisiana when we get her out.
8 Well, she already is. She's been here a year now, but
9 she's fixing to go out in the next two weeks. We're
10 going to start catching our share. We've had a lot of
11 help from Omega Protein because all of the these
12 fisherman are family-oriented and they all come from the
13 same families. And, to be honest with you, they come
14 from the East Coast, Virginia, in particular, Reedville.
15 Most of our captains here with Omega Protein come from
16 that area, so they've been helping us. They want to
17 really see the bait business start and get back up here
18 in Louisiana.

19 We're going to expand as necessary. We
20 would like to see the crawfish industry grow here in
21 Louisiana with this, because you have -- just to give
22 you an idea, you have 150-million pounds -- 150-million
23 pounds of bait that's needed each year to take care of
24 our Louisiana crawfish and blue crab. We're shooting
25 for 15-million with the one boat, so we're only

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1 scratching the surface of that. So we hope -- and there
2 are some captains that say they want to get a boat and
3 get in with us and start doing it, so we hope that we

4 won't be dependent on East Coast products anymore. So
5 we'll have Louisiana bait menhaden that will take care
6 of our industries here and that's our whole intent and
7 that's what we're doing.

8 MR. COTTEN:

9 Your boat is smaller or same size than
10 the other ones?

11 MR. CARNEY:

12 Ours is smaller.

13 MR. COTTEN:

14 Give me the dimensions.

15 MR. CARNEY:

16 To give you an idea, these big Pogie
17 boats are a good 125, 150-foot long. They carry upwards
18 of a million pounds or a million fish, as they say. Our
19 boat is 300,000. We take about of 30 to 40 percent of
20 what those bigger boats catch. Now, the main reason for
21 that is that we need a finished product that's in really
22 good shape, and so we want to keep those fish cold. We
23 want to keep them fresh, and we're going to almost be a
24 day boat. In other words, we make daily runs, bring
25 those fish in and process them, because we got to keep

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1 them adequately. Those bigger boats, they could pile
2 them on. They bring them back in and lot of different
3 conditions and they don't have to be looking that good,
4 but they generally are, and that's why they have big
5 refrigeration, too, because they have to keep some
6 quality, but maybe not as much as ours, and we need to
7 get ours into the freezers a lot quicker than they get
8 theirs. And they're going after quantity. We're going
9 after quality first, then quantity second. So our whole
10 business plan and our freezer, which FM Bank is so
11 generously working with us on and getting our packaging
12 freezing facility all put together is based around the
13 quantities that that boat can handle. And that's our
14 initial start. And we already have the room to expand
15 and all, and so we're just going to move from there,
16 small steps as we move ahead.

17 MR. COTTEN:

18 How do you power your freezers?

19 MR. CARNEY:

20 It's all freon-based. Now, on the boat,

21 it's ammonia-based, freon, big-blast freezers.

22 MR. COTTEN:

23 Like electrical power sources?

24 MR. CARNEY:

25 Yes.

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1 MR. ANDRE:

2 Sir, what was the impact on the oil
3 spill on this industry? Has it come back? Was it
4 damaged and it's come back? Was the supply --

5 MR. CARNEY:

6 Matter of fact, they had a bonus year
7 last year. They had a bonus year. A lot of fish, and
8 they're out there early again, which is what the sign
9 was last year. They were there early and they're early
10 again. So they went out and they're fishing already.
11 The norm is that April, you sort of take naps. May,
12 you're taking a few more naps, but you start to work a
13 little bit, but from about May 15th on, you're going to
14 work, and here they are going to work and that's another
15 good sign. And all of the scout planes have seen a lot
16 of good fish. Well, you have to go out and watch them.
17 There's a tremendous amount of menhaden in the Gulf of
18 Mexico. Our Atchafalaya Basin just nourishes them. In
19 fact, I slip on the boats to watch -- the babies come
20 into our slip, and they'll all be in schools and they
21 just meander and they'll go up next to the boat, sort of
22 sliding along and they'll keep on going. That's all the
23 little ones that will go grow up and go off, and we'll
24 catch them later when they grow up.

25 MR. ANDRE:

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1 I have one question. Crawfish and crab
2 is very seasonal.

3 MR. CARNEY:

4 Yes, sir.

5 MR. ANDRE:

6 Would you operate year around and just
7 freeze, or would you operate in a season?

8 MR. CARNEY:

9 We have a season that's set by Wildlife
10 and Fisheries. That's actually from April 1st through
11 November 30th. Now, that actually tags on seven weeks

12 additional. Wildlife and Fisheries has what they call a
13 bait season, which means only the bait boats can go out
14 from April 1st to the third Monday in April, and then
15 the big boats come out then and then everybody fishes
16 together and they have to come in on October 30th, we
17 can stay out until November 30th. And that is idea to
18 help mainly the crawfish industry because they're
19 starting in November and they go through. That's where
20 refrigeration storage is a big issue, and the gentlemen
21 that are coming up behind me to talk to you just told me
22 he's got a lot of freezer space here in Baton Rouge and
23 we need to get together, so we're going to do just that.
24 That's good to know because we don't have a tremendous
25 amount of freezer space here in Louisiana, but with

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1 entities like this that are coming on board, they have
2 it. We're going to try to make things stay alive and
3 well.

4 But to answer, particularly, there was no
5 indication of any harm to the fish at all. What they
6 tend to do it is they, in the mornings, they come
7 inshore and they feed in the shallows and they're gill
8 feeders and it's just billions of them and they turn
9 around in the evening and you see them going offshore.
10 They going offshore so fast that they run a wake behind
11 them, and they just as black as the ace of spades, just
12 billions of these fish going offshore. It's really
13 something to watch, and there's a lot of them. So
14 they'll be here. As long as we have the Atchafalaya
15 Basin, they'll be here. They're not going anywhere.

16 MR. ANDRE:

17 So during the non-bait season, you would
18 shut down your facility?

19 MR. CARNEY:

20 We have to. We can't go -- what fish we
21 have stored, we're going to be -- you know, until we run
22 out of them, that's why these fish storage facilities,
23 you sort of start feeding the pipeline in August and
24 September getting the crawfish industry a bunch of it;
25 but, like I eluded to earlier, we're just scratching the

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1 surface, but we'll be able to provide some, but we're
2 not nearly enough to be able to at this point in time

3 provide all of the industries.

4 MR. ANDRE:

5 But the employees in the boat fishing
6 would not work?

7 MR. CARNEY:

8 No. They go back to Virginia. It's a
9 seasonal thing for them. They'll work those seven
10 months. They pretty much make what they need to cover
11 them for the off season. We take the boats and the
12 boats go up on the dry dock. They get their shipyard
13 work done, get a lot of -- we tear up a lot of equipment
14 on those boats.

15 MR. COTTEN:

16 So you have boats coming in from other
17 areas assisting you? You're not just your one boat?

18 MR. CARNEY:

19 Well, right now, we're just our one
20 boat.

21 MR. COTTEN:

22 Just your one boat?

23 MR. CARNEY:

24 Yeah, just our one boat. There's one
25 other that's supposed to come from the East Coast and

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1 start fishing here, but it hasn't come yet, and we don't
2 know if that's going to happen or not. But we have our
3 one boat, and we're going to do what we can with our one
4 boat at this point in time. We're going to expand, of
5 course, but we're starting with just the one.

6 MR. COTTEN:

7 Can you give me your history yourself?

8 What has your career been?

9 MR. CARNEY:

10 What has my career been?

11 MR. COTTEN:

12 Your career for the last 30 years.

13 MR. CARNEY:

14 Last 30 years. Actually, been with the
15 LSU Ag Center the for the last 20. I've owned three
16 other businesses and operated them and I flew back in
17 the '70s and '80s with Seacoast Products, and that's
18 where we learned the trade, so to speak. I have a lot
19 of business background. I have a PhD in Vocational

20 Education. I'm retired from the LSU Ag Center, and my
21 retirement work is going to be with JB Bait. And my
22 partner, Jeff France is third generation menhaden
23 fisherman. His dad was a captain. Matter of fact, his
24 dad 30 years ago told me we needed to be doing this, and
25 we didn't listen to him back then, but we decided now is

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1 the time we need to do it.

2 MR. COTTEN:

3 He's your pilot?

4 MR. CARNEY:

5 Well, he's one of our pilots. Jeff is
6 actually going to be on the boat. He's going to be on
7 the boat. We have -- I have two or three others that
8 are retired spotters. We own our own airplane, by the
9 way, so we have our own spotters, so they're going to be
10 part time with us. Also, Omega has all of their pilots
11 out there, and Omega allows them to help us out if we
12 need, but we're in a different situation because we're
13 not looking to go far out, not like these guys do.
14 These guys burn a lot of fuel and they move around a lot
15 because they're looking for that. We're just going our
16 freshwater, we know the mud holes, Tiger Point, all of
17 those places right there. Caught many of menhaden right
18 there. We're just going to get our couple of three
19 sets, put them in the hole, come back home, get them out
20 of there, get them frozen and away they go back out
21 again. We've got it all covered. We have it all
22 covered.

23 MR. COTTEN:

24 That's impressive. You sold me on the
25 knowledge, the operation, manufacturing. Marketing, how

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1 are you going to market this? Who is your market
2 person? How do you have all of these sales lined up?
3 Tell us --

4 MR. CARNEY:

5 We actually have my son involved, who
6 actually has been in the oil business for a number of
7 years. I have two other son-in-laws, one's an attorney
8 and one is banker, and then we have -- well, then the
9 biggest ace in the hole is my nephew, who has a big
10 crawfishing wholesale operation out in Crowley, Acadiana

11 Crawfish, and he's chomping at the bits because he has a
12 big freezer operation. He sells a lot of bait, and he's
13 one of the bigger wholesalers for crawfish, and he says,
14 "I'm your man." And he says, "I will sell all of your
15 bait. Don't worry about that." And he has others that
16 are in Hackberry, and so if you look at it, there's just
17 not a lot of them. There's really only about a half
18 dozen or so in each area that are the main bait
19 distributors. They're the people we're going to work
20 with. And so the marketing is, I hate to say it, but
21 it's the easiest part because there's such a demand for
22 it, such a demand.

23 MR. COTTEN:

24 Thank you.

25 MR. CARNEY:

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1 We're just scratching the surface. It
2 won't be hard to get rid of -- matter of fact, right
3 now, the crabbers are all coming to us, "When are y'all
4 going to have the bait?" "When are y'all going to have
5 the bait?" They're out of bait. They're out of bait.
6 They're just not getting it. The little guys. The big
7 guys are still getting it from the East Coast, but you
8 have to buy trailer loads of it, and the little guys
9 can't do it, so we tell them, "We'll have it for you,
10 and it won't be long," and we take care of the little
11 guys, too. And so this time every year, they're out of
12 bait. They're just out of bait, and it's not easy for
13 them to find this bait. Catfish heads are about the
14 only thing.

15 MR. ROUSSEAU:

16 Are your margins better since you're
17 selling to the smaller --

18 MR. CARNEY:

19 No. We're not the retailer. They are
20 right now. Our margins would be better if we retail
21 also. We want to just take care of the wholesale, big
22 and small. Let them take care of their customers
23 because most of them have the product, the crabs or the
24 crawfish coming into that wholesaler and, in turn, the
25 wholesaler is providing them with bait to go right back

0029

1 out with. So it makes for a good flow economically and

2 all of that. So, no, we're just going to do our best to
3 keep them supplied, and, hopefully, we'll be able to do
4 it all in the years to come. That's our plan.

5 MR. BROWN:

6 The impact that it will have on us, the
7 United States Marine Fisheries gave permission to
8 boaters to cut corners by 9,000 metric tons of menhaden
9 fish. The belief is that the lobster fishermen and
10 stone crab fishermen up there on Eastern Seaboard would
11 have first dibs on the menhaden fish. Prices started
12 going up because of this, so it is going to affect
13 fisherman if we don't have a liable company down here to
14 feed their supply of bait.

15 MR. CARNEY:

16 That's a good point, a very good point.

17 MR. ROY:

18 Any other questions or comments?

19 Mr. Saucier.

20 MR. SAUCIER:

21 Hopefully in about six hours, I will be
22 throwing a cast net for Pogies in Grand Isle. I know a
23 lot of are out, and what I've seen in the shrimp,
24 Pogies, the oil spill took pressure, gave -- nobody was
25 able to fish that 18 months, and the trout and red fish

0030

1 and shrimp and Pogies have come back incredibly strong,
2 so I'm going to make a motion to approve your deal.
3 Just leave some out there for us recreational fishermen.

4 MR. CARNEY:

5 We're going to take care of y'all, too.

6 MR. ANDRE:

7 Second.

8 MR. ROY:

9 Motion and a second.

10 Any other discussion?

11 (No response.)

12 MR. ROY:

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

14 (Several members respond "aye".)

15 MR. ROY:

16 All opposed, "nay".

17 (No response.)

18 MR. ROY:

19 Congratulations. It sounds like our
20 Board is very intrigued with your business and perhaps
21 we should join you sometime with shrimp boats and maybe
22 Mr. Cotten would be our captain. Good luck to you.

23 MR. CARNEY:

24 Thank you y'all. Much appreciated.

25 MR. ROY:

0031

1 Keep us posted.

2 Baton Rouge Shrimp Company. Mr. Brown.

3 It's a seafood day.

4 MR. BROWN:

5 I've got Mr. Thomas Lusco with us today.

6 You all met him in June, and I have Mr. Howard Smith
7 from Progressive Bank of an area we normally don't get
8 any business from bankers, from Winnsboro, Louisiana.

9 This morning Progressive Bank is
10 requesting a loan guarantee for Baton Rouge Shrimp
11 Company and the Louisiana Small Business Loan Program
12 for Baton Rouge Shrimp Company. It is a proven concept
13 with a whole lot of experience in management and a
14 potential for an additional 12 new jobs. And let me say
15 this, initially when I presented this project, there was
16 some discrepancy in communication. Mr. Lusco, the
17 initial project for the facility when they came and
18 presented for the facility, 38 jobs were what he was
19 requested at the time, but the facility, it was the cost
20 overrun and his wish list got a little smaller for his
21 blast freezers. That's something he had in the back of
22 his mind that he wanted to do. This morning, I'm coming
23 before you because he wants to add those blast freezers
24 in the amount of \$460,000. He's requesting a \$345,000
25 guarantee. With those, 12 additional jobs will be

0032

1 added. We're going to ask that the Board approve this
2 one. They approved it under the SSBCI Fund. We were
3 going to go back to the traditional LEDC Fund we because
4 we had some misunderstanding about the job creation.
5 The cash flow is adequate. Mr. Lusco is very passionate
6 about what he does. He's been supplying Louisiana with
7 seafood on the wholesale side for the longest. Even as
8 a little boy, I heard of Louisiana Seafood Exchange and
9 didn't know much about seafood, other than eating it.

10 I'm not going over too much what he does. It's just as
11 usual. I'm just going to say that based on the
12 analysis, staff recommends Baton Rouge Shrimp Company,
13 Inc. for a guarantee and offer to the following
14 conditions and covenants in the term sheets before you
15 for consideration in the event that the LEDC Board
16 chooses to approve this request.

17 If you have any questions, we're open.

18 MR. ROY:

19 Any questions or comments?

20 MR. ANDRE:

21 I have a have question.

22 MR. ROY:

23 Mr. Andre.

24 MR. ANDRE:

25 Your expansion is to the existing

0033

1 business in Baton Rouge; right?

2 MR. LUSCO:

3 Yes.

4 MR. ANDRE:

5 May I ask why we're doing banking in
6 Winnsboro?

7 MR. LUSCO:

8 I have a bunch of recreation land in
9 North Louisiana, and I've been dealing with Howard for
10 over 15 years basically, so we have a good understanding
11 of each other. And he just moved to a new bank and
12 asked me to get him some business, so this is it.

13 MR. COTTEN:

14 How often does your bank come to Baton
15 Rouge?

16 MR. VERRETT:

17 How often do we come?

18 MR. COTTEN:

19 Do you have -- I mean, this is like out
20 of your geographical territory. How does your bank come
21 to Baton Rouge.

22 MR. VERRETT:

23 This is actually an exception to our
24 policy to come to Baton Rouge, but our history with
25 Mr. Lusco on his recreational property, as Mr. Lusco

0034

1 say, for 15 years now, they allowed me to be here.

2 MR. COTTEN:

3 So your bank feels very strong about

4 Mr. Lusco?

5 MR. VERRETT:

6 That's correct. We looked at the
7 application of Mr. Lusco and it was brought up to top
8 brass, everybody was impressed to the point where we
9 could do this.

10 MR. BROWN:

11 Mr. Lusco, in these blast freezers, he
12 can handle more product. I found that out in
13 conversation with him that with the blast freezers, he
14 can freeze his product much quicker and allow him to get
15 it out. Instead of taking seven days on the usual to
16 freeze it, it takes a matter of hours to freeze it, then
17 he can handle more product, therefore, he's going to
18 need more people to do it. So this will also enhance
19 his original amount of jobs he was guaranteeing with
20 this project.

21 MR. LUSCO:

22 To clarify that, we'll be freezing in
23 half the time we've been able to freeze without the
24 blast freezers, and in order to do that, it's going to
25 create 20 before it's over, but because of the volume

0035

1 it's going to create the jobs number one, and number
2 two, it's going to allow us to handle a lot more
3 product.

4 MR. ROY:

5 Any other questions or comments?

6 MR. COTTEN:

7 Your forecasts are pretty strong. Tell
8 me about your sales, because that's going to be the key
9 component of your operation.

10 MR. LUSCO:

11 I started Louisiana Seafood Exchange
12 back in '88 for nothing, and when I sold it, it was
13 doing 16-million in sales. So 25 to 30 in just shrimp
14 is really kind of conservative, to be honest with you.
15 Most companies do about 50-million in sales.

16 MR. ROY:

17 Is that Louisiana Seafood Exchange in

18 New Orleans?

19 MR. LUSCO:

20 Yes, in New Orleans and Baton Rouge,
21 here.

22 MR. COTTEN:

23 So you sold your company and now you're
24 coming back?

25 MR. LUSCO:

0036

1 Yes, exactly. And I bought this
2 building back in '05 with this in mind the whole time,
3 and I had Exxon Mobile was running it for years triple
4 paying the bills, so I just kind of sat back and waited.
5 And I see an opportunity now. One of the features that
6 appeals to everybody else is we're putting in a new
7 green process that is chem free, and the Whole Foods of
8 the world are just going to eat this thing alive. I've
9 got brokers from all over the country because Louisiana
10 Seafood dealt nationally. We just weren't a local
11 company. I shipped all over the country. Louisiana
12 product, of course. Louisiana lands \$1.4-million
13 dollars worth of shrimp a year. I mean, the supply is
14 there. It's just a matter of putting the two together.

15 MR. ROY:

16 Anybody else with questions or comments?

17 (No response.)

18 MR. ROY:

19 Hearing none, what is the pleasure of
20 the Board?

21 MR. ROUSSEAU:

22 Motion to accept as presented.

23 MR. ROY:

24 Motion to accept as presented.

25 MR. ANDRE:

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1 Second.

2 MR. ROY:

3 Second.

4 Any other discussion?

5 (No response.)

6 MR. ROY:

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

8 (Several members respond "aye".)

9 MR. ROY:

10 All opposed, "nay".

11 (No response.)

12 MR. ROY:

13 Congratulations. Please keep us posted.

14 MR. LUSCO:

15 Thank you.

16 MR. ROY:

17 Come back and see us.

18 ION Fund has been pulled from the agenda

19 to a later date.

20 Secretary/Treasurer's Report,

21 Ms. Blankenship.

22 MS. BLANKENSHIP:

23 Secretary/Treasurer's Report as of April

24 20th, 2012, the Financial Assistance Program has a

25 budget of \$200,000. Approved projects to date \$65,625,

0038

1 for a balance of 134,375.

2 The budget for the EDAP Program has been

3 adjusted to \$10,580,283, and this is due to a budget

4 reduction that is being proposed in HB 1059. \$2,040,005

5 currently, and a proposed amendment that will be

6 forthcoming of 2,799,856 would bring the adjusted

7 balance to \$10,580,283. This is due to budget

8 shortfalls across the state, and in years past, the EDAP

9 Program has been funded a variety of ways. Some years,

10 general funds was deposited into the LED fund, other

11 years, they were funded through GEO bonds. The EDAP

12 budget reflects a cumulative total of all sources of

13 funding, whether they reside in the LED fund or not,

14 because you have authority to approve projects from all

15 sources. So the \$2,040,005 is the amount that is

16 remaining in the LED fund. And the 2,799,856 is from

17 another appropriation from previous years that was a

18 statutory dedicated in what they call the Over

19 Collections Fund. So it does not reside in the LED

20 fund, but, you know, it's part of the overall balance.

21 So with that, the current priority of HB 2 for fiscal

22 year '13 is a new infusion of \$10-million. So

23 basically, it's being replenished with a little extra as

24 a priority two, which means to new \$10-million will be

25 available at the October bond commission hearing next

0039

1 year, because they usually fund priority one at the July
2 hearing, and then they go to priority two in October.
3 So this new \$10-million would be available in October,
4 but we still have -- even with the reduction, projects
5 approved to date is 1,205,500, and we still have a
6 remaining balance of \$9,374,783 and then we'll have
7 another \$10-million in October of next year.

8 MR. COTTEN:

9 This year, in October 2012?

10 MS. BLANKENSHIP:

11 Right. Fiscal year '13, so October '12.

12 MR. COTTEN:

13 Okay.

14 MS. BLANKENSHIP:

15 Are there any questions about that?

16 (No response.)

17 MS. BLANKENSHIP:

18 All right. Also, the State Small
19 Business Credit Initiative, budget balance has been
20 adjusted. Previously it was approximately \$4.3-million.
21 It's been increased by a total of 4,305,189 for a new
22 balance of 8,433,468.

23 If you'll turn to page two, we have
24 exceeded our first tranche from the Fed for the Budget
25 Authority. We have appropriated 4,128,279, and we've

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1 requested the second tranche because we've met 80
2 percent of the first tranche. Once we get to 80 percent
3 obligated of the first tranche, we can request the
4 second tranche. So we've requested the second tranche,
5 but it's not going to be actually appropriated until
6 fiscal year '13. So the cash flow, we're fine, so we
7 can continue to approve projects, because on the Venture
8 Capital, for example, if we're not spending a million
9 dollars at a time, it's going to be over a three to five
10 year period, so our cash flow is fine, so we can
11 continue to approve projects. And we have requested the
12 second tranche from the Fed, and when that's deposited,
13 it will be deposited into the federal funding source and
14 they can be available for projects on July 1, which we
15 have requested in the fiscal year '13 budget request.
16 And we have split the allocation between the Venture

17 Capital Program and the Loan Assistance Program in
18 accordance with the application, and we'll have a third
19 tranche that we'll be eligible for to bring our total
20 approval of potentially 13-million. But the Venture
21 Capital, we are taking all 100 percent of the budget for
22 the Venture Capital Program, so when we request the
23 third tranche, it will not be a new infusion into the
24 Venture Capital portion. We have dumped basically our
25 full allotment. So once -- you know, it's like first

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1 come, first serve. Once we run out of the Venture
2 Capital portion, when we get the third tranche, there
3 won't be any new infusion into the Venture Capital
4 section.

5 MR. COTTEN:

6 That has a 5-million cap on that;
7 correct?

8 MS. BLANKENSHIP:

9 Caught.

10 MR. COTTEN:

11 So the current level you're showing 5
12 point --

13 MS. BLANKENSHIP:

14 It's 5,250,000.

15 MR. COTTEN:

16 That's the max we're going to allocate
17 toward that?

18 MS. BLANKENSHIP:

19 And we've already expended 3-million.

20 We've obligated today approved projects \$3-million, and
21 that would make our balance of 2,250,000 on the Venture
22 Capital Program.

23 MR. COTTEN:

24 Can I make an interjection right now
25 that I want to open to the Board? You know, it's

0042

1 2-million left; do you want to allocate a million and a
2 million to two more funds, or do you want to maybe break
3 it up into smaller components?

4 Thank you for coming up to answer this
5 question.

6 MS. BIGNER:

7 You knew I was coming.

8 I have an application on my desk from
9 Gulf Coast Bidco for 650,000. I'm expecting one from a
10 company -- well, it's not a company. LEDA has
11 Opportunity Machine over in Lafayette, and it was my
12 understanding that they are interested in the program
13 and I don't expect them to request no more than about
14 450. So that, right there, is going to be 1-million.

15 MR. COTTEN:

16 And one today, they wanted some money,
17 also.

18 MS. BIGNER:

19 Right. They would like a million, so
20 there's your two million right there, which gives
21 another 250,000. I spoke to one of the bankers today,
22 and he said he has a group in Lafayette that's not
23 connected with LEDA, who was trying to get a fund
24 together and they may be interested, so I would say we
25 probably have it earmarked. They just have not all come

0043

1 forward, and that's what we're expecting. But if
2 something comes up before that, before we bring them to
3 the Board, then that's the Board's decision as to how
4 they want to allocate it.

5 MR. COTTEN:

6 Earmarks, I mean, he who comes to the
7 table first with a plan acceptable to us gets the
8 funding.

9 MS. BIGNER:

10 Right. That's correct.

11 MR. COTTEN:

12 I'm just saying, does the Board want to
13 just have two or more people present for a million and
14 it's over, or do you want to divvy it up into smaller
15 pots and spread the wealth around? That's just a note
16 or conversation or opinion.

17 MR. BROUSSARD:

18 She's got three on deck right now.

19 MS. BIGNER:

20 I've two applications right this minute.
21 One of them was ION II, which was supposed to come today
22 and they've deferred for a month. They actually want a
23 million. They only have sufficient funding to get a
24 third of that. They're going to see if they can get

25 additional funding to come back. They really want the

0044

1 full million. I have Gulf Coast Bidco sitting on my
2 desk, which I expect to present next month if everything
3 a there and everything, and they're looking for 650,000.
4 So that's what I actually have on my desk.

5 MR. COTTEN:

6 I guess I just -- from the standpoint of
7 what is the objective of this Venture Capital Fund? Is
8 it to put five companies in Louisiana, most in Baton
9 Rouge in the VC business, or do you try to sprinkle it
10 across the state to see further opportunities in the VC
11 concept? This is an innovative -- we don't do this in
12 Louisiana. This is something that is brand new. I
13 don't want to say new, but it's Joe Lovett and Ross
14 Barrett, the two franchises in Louisiana, we're trying
15 to draw more attention. So I'll just open it for
16 discussions.

17 Jason, can you give us some insights
18 there, or your thoughts on it?

19 MR. ELKOUBI:

20 Sure. Just to highlight my thoughts,
21 you know, you somehow have to balance the, I guess,
22 interest of getting the dollars to folks who are ready
23 to go quickly, the capacity to make good business
24 decisions and these dollars are invested with some real
25 capacity to do that in a sensible way, versus the, you

0045

1 know, the interest of holding that over the longer
2 period of time. You get some additional folks
3 interested who have the capacity to make the good --
4 what's the word I'm looking for -- disciplined business
5 decisions about how they may invest these dollars. So I
6 think -- I guess my thought at a higher level is that
7 maybe what we ought to do is somehow look at the
8 presence of this kind of capacity around the state and
9 try to make a good judgment call about the likelihood
10 that, you know, some additional applicants with the
11 appropriate capacity would materialize if, you know, we
12 try to structure it in that way. I don't know if Susan
13 or other Board members have, you know, perspective of
14 what sort of capacity exists in some of the other
15 regions, but I think we have to. You know, we certainly

16 have strong confidence that you would see some
17 additional applicants with that appropriate capacity.
18 In other words, if were to say to a current applicant
19 with the appropriate capacity, "We're going to hold off.
20 We're going to restrict the amount of the investment
21 we're going to make in the investment." So I think it's
22 a matter of strengthening that balance.

23 MR. COTTEN:

24 So I had made -- knowing that, you know,
25 this is a new concept, I made several phone calls to

0046

1 Louisiana Tech, ULL, and let those people know that this
2 money was available. They were very excited, because
3 they're all trying to do economic development, and you
4 go to each major metropolitan area of the state trying
5 to raise money, the capacity, the structure upon which
6 this VC Program is built, it takes a little time to put
7 together for those who are foreign to it. Your two
8 franchises here in Baton Rouge were ready to take it.
9 And thank goodness the New Orleans Startup Fund did a
10 great job of putting their plan together. I just feel
11 that we're in an infancy stage in this sort of
12 investment style in Louisiana. I know we did have a VC
13 Fund years ago.

14 MS. GUESS:

15 Correct. Well, we still have it. I
16 mean, we have the capacity to do it. There was a
17 shortage of dollars to fund the Venture Program and then
18 our dollars were not coming in as we had anticipated.
19 We weren't receiving a lot returns back from those
20 investments that were made previously, so we still have
21 that capacity if we have the additional moneys. The
22 other thing is that we mentioned about the first come
23 first serve, with the -- even though there may be some
24 additional companies in the pipeline, whoever gets to
25 the finish line first gets the dollars. Within the

0047

1 distribution of the funds that were allocated for the
2 Venture and for the Guarantee Program under SSBCI, as
3 long as we -- we have the ability to possibly transfer
4 additional dollars if we have those additional companies
5 to come forward to us to request VC Fund as long as it
6 doesn't affect our overall leverage that we have to do

7 with the combination of the Venture and the Loan
8 Guarantee Program over the five-year period. So we
9 still have some flexibility should we run out of the
10 funds that have been allocated, but that would be
11 something we would have to look at maybe when we get to
12 that point.

13 MR. COTTEN:

14 In your professional opinion, the risk
15 factor of VC Program versus a loan program?
16 Mr. Broussard? Very risky on the VC.

17 MS. GUESS:

18 Very risky.

19 MR. COTTEN:

20 I would not want to put anymore money in
21 the VC. I think we've got a loan running out, and
22 that's a real risky program.

23 MR. BROUSSARD:

24 If you look at the history of the LEDC,
25 the leverage of moneys between private and federal

0048

1 dollars came from the Loan Guarantee Program, not from
2 the Venture Capital Program. That's why the moneys were
3 divided the way they were. You would get back the --
4 it's more tedious to get us there, and if we don't get
5 there we won't get the moneys from the tranche.

6 MR. COTTEN:

7 I would not want to put anymore in the
8 VC. I would want to stay at the five. I'm just saying,
9 we've got 2-million left. If you want to go one and
10 one, that's fine. I'm just open for discussions here.
11 What I would love to see it sprinkled across the state,
12 drop some in Shreveport, Monroe, Lake Charles,
13 Lafayette.

14 MR. ANDRE:

15 New Roads.

16 MR. COTTEN:

17 And New Roads.

18 MR. BROWN:

19 May I add something to it? You're not
20 going to get the sprinkling -- I understand the Board.
21 You're not going to get a huge sprinkling because of the
22 nature of the VC. It has to be a perfect marriage with
23 some type of infrastructure put in place, where New

24 Orleans, they Idea Village, they have the Innovative
25 Technology Center on Canal Street, they have places

0049

1 where VC companies are there before. I was sent a
2 statistic by somebody that was in the VC business. In
3 Louisiana, there are less businesses that are in need of
4 a VC than the whole City of Houston, and that's
5 understandable. In the whole City of Houston, they have
6 greater population than Louisiana. I can see that
7 being at Louisiana Tech because of the whole technology
8 thing that is taking place there. There's going to be
9 some company that comes up out of there where they can't
10 get traditional financing from an institution like a
11 bank or something like that where VC steps in. Baton
12 Rouge, they have LSU here, they have an incubator here
13 as well. Lake Charles, you may find something there,
14 you may not in the oil industry, because if you got a
15 startup there, they can find conventional financing.
16 They can find debt-structured finance, other than coming
17 through needing a VC. Somebody that's willing to take
18 on something that risky, and VCs have done that in the
19 past. That's all they have done. You can look around
20 the country. VCs are concentrated in Boston because of
21 the Intercapital areas because of what comes out of
22 there. They're concentrated on Silicone Valley because
23 of what came out of there in New York City as well. In
24 Texas Silicone Valley because of Dell Computers and Sun
25 Micro-Processing Systems and things of that nature, so

0050

1 our job is what we were trying to do before, is to build
2 a VC program here, provided that we have more incubators
3 and more places where innovation creations come out,
4 because VCs traditionally have taken care of anything
5 that's been innovative. So you're not going to find it
6 over in Caddo Parish. You're not going to find it over
7 in Madison up in the Northeast corners of the state
8 there because there's no infrastructure for it. And
9 Baton Rouge Metro Area is going to have it. So having
10 said that, I'm done.

11 MR. COTTEN:

12 I think Tech was moving pretty quickly
13 to put something together to come before you, and I
14 think UL was putting something very quickly. A lot of

15 investment bankers out there are looking for
16 opportunity, and all it takes is for one or two people
17 to get together, make some phone calls, stir some
18 interest, get a fund together and then roll with it and
19 they get a half a million to match. So that's -- you're
20 statement is correct. The demand for VC is not here.
21 We're trying to seed that, and hopefully we can create
22 innovative assets to not mature here and it will never
23 be a profitable or lucrative industry. That's why I
24 think 5-million the max we want to go for, because we're
25 traditionally what they call culturally skilled labor

0051

1 and created with those areas of the hand and working
2 hard and that's where the loan guarantees is where that
3 money is best put. So thank you.

4 MR. ROY:

5 Mr. Elkoubi?

6 MR. ELKOUBI:

7 Yes. Just one additional thought. I
8 think what might be helpful here is to, you know, over
9 the course of the next month or so, before our next
10 meeting, have some discussion about -- you know, given
11 where we're at, we've already, I think, allocated three
12 of the \$5-million. What are the outcomes if you really
13 want to achieve with these dollars in terms of what sort
14 of capacity did we want to see in the funds that we are
15 investing these dollars in? What's the geographic or
16 industry distribution where we would really like to see
17 the investments are going? You know, basic principles
18 or criteria that we would want to see in place in order
19 to feel like we've made some appropriate decisions with
20 how these dollars are allocated. I think if we have,
21 you know, a clear framework in place, we can make
22 decisions going forward in a very consist, predictable
23 way, then all of the applicants understand they have a
24 reasonable degree of fairness and consistency and how
25 we're handling the remaining dollars in this program.

0052

1 So what I would suggest, and in response to your
2 question is spend a little time between now and the next
3 meeting of coming up with a set of criteria to be able
4 to chose from so that next year, we would be able to
5 chose with minimum resources.

6 MR. COTTEN:

7 Good. I would like that.

8 MR. ROY:

9 Very good. We will discuss more at the
10 next meeting.

11 Anything else on the
12 Secretary/Treasurer's Report.

13 MS. BLANKENSHIP:

14 We just haven't gone over the Loan
15 Assistance Program portion of the budget.

16 So the new revised subcategory for the
17 Loan Assistant Program of SSBCI, adjusted budget of
18 \$3,183,468. Projects previously approved by the Board,
19 554,192. The two projects approved today were JB Bait
20 Company and Baton Rouge Shrimp Company total \$367,500,
21 for a new balance of 2,261,776.

22 And if you'll turn to the last page,
23 page 4, on the Fund Balance, the EDAP adjustment has
24 been made, and the expenditure is an offset, so the same
25 revenue protection of 1,624,717 is the projected balance

0053

1 at June 30th, and we know that we are still going
2 through the process, so we don't know what our July 13
3 expenditures will look like, but we're expecting that
4 they'll be offset of revenue to expenses, so it should
5 be pretty close to the same balance.

6 MR. ROY:

7 Any questions or comments on the
8 Treasurer's report?

9 (No response.)

10 MR. ROY:

11 Hearing none, I'll entertain a motion to
12 accept it.

13 MR. COTTEN:

14 Motion to accept.

15 MR. ANDRE:

16 Second.

17 MR. ROY:

18 Second.

19 Any discussion?

20 (No response.)

21 MR. ROY:

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

23 (Several members respond "aye".)

24 MR. ROY:

25 All opposed, "nay".

0054

1 (No response.)

2 MR. ROY:

3 Thank you.

4 The Accountant's Report, Ms. Bigner.

5 MS. BIGNER:

6 Good afternoon. Good morning. I'm

7 sorry. Yes, I'm rushing today.

8 MR. ROY:

9 Is it that long of a meeting?

10 MS. BIGNER:

11 It's a lot shorter than I'm afraid it

12 was going to be.

13 Errol was not able to make it to the

14 meeting today. He asked that I give you the

15 Accountant's Report.

16 If you'll look at the report, the first

17 page has the Participation and Direct Loans of

18 Investments, the only one that is delinquent is MV

19 Realty, LLC, and I believe they're in the process of --

20 I think they were given 90 days to take care of some

21 stuff, and then we're expecting them to come pay out.

22 If there's any questions about that --

23 MR. BROWN:

24 Just a point of clarification, they have

25 a forbearance, and they're in the middle of work out.

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1 We don't know if it's going to be a landlord/tenant

2 situation with MV Realty, but they're selling the

3 dealership, and he's selling it with the hopes of

4 selling the real estate as well with the dealership and

5 not having a landlord/tenant situation. And, thus, that

6 would take us out of the loan and take us out of the

7 debt together. So I spoke with the banker's assistant

8 about that one, so helpfully we should know something

9 concrete by next month about MV Realty, but they've

10 given a forbearance, so it's not -- you know, it's not

11 in delinquency.

12 MS. BIGNER:

13 Okay. The other two, the Direct Loan,

14 we have Louisiana Stadium and Expo, 7.5-million, and
15 Aviation Group, their balance is 341,531. They're
16 paying current. The note on Louisiana Stadium is due at
17 the end of June.

18 On the EDAP/EDLOP Loans, if you'll
19 notice, August has currently been added to this. It was
20 previously a grant that was not performing, and we did a
21 callback. They have agreed to make payments on this, so
22 it is being -- he's been added to the EDLOP portfolio,
23 and they are current on their payments as well.

24 Then you see the list of Guaranteed
25 Loans, as far as I know, everything is paying current

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1 and nothing is going...

2 The next page is the Allowance for Loan
3 Losses for the Participation and the Direct, for the
4 EDLOP loans, as you can see, he's got it under
5 chargeoffs for August. It was actually just adding that
6 loan to the loan balance, and as you can tell, we've
7 made some recoveries on some of those loans.

8 Then we have the Guaranteed Loan Losses,
9 and as you can see, we are -- we've had returns on Ron
10 Warehouse and Great Enterprise to bring us to the
11 7.3-million in the loan balance on that one.

12 On the next page is on our State Small
13 Business Credit Initiative Status Report, we've
14 previously approved three loans. Only one has closed.
15 The other two are still waiting to close. Great
16 Southern has not drawn on their line of credit, which is
17 a very good sign, which means that they're bringing in
18 enough -- their receivables are equal enough to carry
19 their cash flow, and they're not having to come back on
20 that line of credit, so I was very excited to hear that.
21 Although, it's zero, it's not actually a bad thing.

22 Next we have a balance sheet, and we
23 have income statements, and I believe that was it. And
24 the cash flow.

25 Are there any questions?

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1 MR. ROY:

2 Question or comments?

3 (No response.)

4 MR. ROY:

5 I'll entertain motion to accept the
6 Accountant's Report.

7 MR. COTTEN:

8 Motion to accept.

9 MR. SAUCIER:

10 Second.

11 MR. ROY:

12 Second.

13 Any discussion?

14 (No response.)

15 MR. ROY:

16 All in favor, "aye."

17 (Several members respond "aye".)

18 MR. ROY:

19 All opposed, "nay".)

20 (No response.)

21 MR. ROY:

22 Thank you, Susan.

23 MS. BIGNER:

24 Thank you.

25 MR. ROY:

0058

1 Mr. Elkoubi, President's Report.

2 MR. ELKOUBI:

3 Sure. Thank you, Mr. Chairman.

4 I think all of you have a presentation
5 entitled "Impact of Governor Jindal's Education
6 Reforms." I think there's a few extras for folks in the
7 audience to share. You know, given that we're now
8 coming in the heart of the legislative session, I would
9 like to give you an update on one of the most important
10 elements of legislation being considered this year,
11 something that certainly has a profound impact on
12 Louisiana's children and their families, but also
13 something that has a profound impact on our economic
14 development efforts, and that is public education
15 reform. I think, you know, all of your are familiar
16 with why this issue is important, but just to give you a
17 sense of how it impacts economic development. Obviously
18 it's something that's important to families of workers
19 as they consider, you know, where to make their home as
20 they make family decisions about job opportunities.
21 Obviously, it's important to every business in the

22 finding good, qualified workers who are available in the
23 area. In fact, back in 2005, the LSU Public Policies
24 Research Lab did a survey of national business leaders,
25 folks who were making site selection decisions, and they
0059

1 asked them a lot of questions about how they viewed
2 Louisiana, how they make decisions about business
3 investments, where they locate them, and one of most
4 interesting questions was, "What are the specific things
5 Louisiana could do to improve itself as a location for
6 business investment?" And we got a lot of answers to
7 that survey. The second most frequently cited action
8 Louisiana could take to improve itself as a place for
9 business investment was to improve it's reputation and
10 image for governmental corruption, which is a big part
11 of why the governor and the legislature focused on that
12 issue in special session when he took office. But the
13 only issue that was ahead of that was public education.
14 Concerns about public schools is a huge issue, huge
15 perception issue, not just a substantive issue for
16 Louisiana. You know, we have the Business Expansion
17 Retention Group that spends, you know, approximately 100
18 percent of its time visiting Louisiana companies asking
19 them about their opportunities for expansion and growth,
20 also asking about their hospitals, and one of most
21 frequently cited things that comes up is basically
22 concerns about workforce, finding people who have skills
23 and knowledge to help create a business.

24 We've talked a lot of about rankings,
25 you know, and fortunately Louisiana has improved
0060

1 dramatically on almost every measure of economic
2 vitality and performance that's relevant. In many
3 cases, we have, you know, moved from kind of the bottom
4 of the list to ranking up to the top 10. In other
5 cases, we've moved very dramatically into the middle of
6 the chart. And we've put a lot of effort into
7 understanding what it would take to position Louisiana
8 as a top-ranked state in terms of business climate
9 rankings, in terms of business economic performance, in
10 terms of a lot of other factors. What I would like to
11 do today is just share a little bit of details on that
12 about how this reform package is important to getting

13 where we ultimately want to be. So just to kind of open
14 up this deck for a moment. What this really does is it
15 analyzes one of the most comprehensive, high-profile,
16 well-known business climate rankings throughout and that
17 is the Forbes Best States For Business Rankings. It's
18 published annually. When he took office in 2008,
19 Louisiana has never been ranked higher than number 49
20 out of 50, never higher than 49 out of 50. For a
21 variety of reasons, over the last few years, we have
22 shot up to number 30, a 19-spot improvement. Obviously,
23 a strong lead in the right direction. Still not where
24 we want to be, but the momentum is there. So what we
25 do, you know, just going to the following page, this is

0061
1 sort of table with some red and green on it. We looked
2 at why that is, and basically what you see here is that
3 there are six different categories that Forbes
4 evaluates, you know, and we've improved well in most of
5 them. We've improved dramatically in two of them, the
6 Regulatory Environment and the Economic Climate, which
7 see highlighted in green there. Regulatory environment,
8 we've moved from 33 to number 12 in the country due to
9 improvements in ethics reform incentives, due to our
10 overall economic development ranking, improvements and
11 bond ratings, et cetera. And our Economic Climate,
12 which i basically the overall economic stability, what
13 we've done in terms of past growth with our business
14 development success, some of the economic growth that's
15 come out the Haynesville Shale and other factors. So
16 we've gone from number 50 in the country to number 26
17 today, but you can see at the bottom of this table, that
18 on two factors, we really haven't moved at all. It
19 happened to be factors where we were ranked basically
20 dead last in the country, and that is Labor Supply. We
21 ranked 50 a few years ago, we ranked 50 today. And on
22 Quality of Life, where we ranked 49 a few years ago, we
23 rank 50 today. So our overall, as you see, has improved
24 dramatically in from 49 to 30, but, you know, if you
25 look at, like, the number one state of the country, for

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1 example, it's not number one in every single category,
2 but it performs reasonably well in every single
3 category. What that means, if we want to become a

4 top-10 state, to really position Louisiana where we want
5 to be on Forbes and other comprehensive business climate
6 rankings, we're going to have to do something about
7 public education and related factors.

8 You can see on the last two, in terms of
9 Labor Supply, a substantial part of why we haven't
10 changed is because a percentage of our population with a
11 high school diploma, et cetera, and the case of Quality
12 of Life, it tends to do with basically student test
13 scores, like the NAEP, which is a national examination
14 to see how students are doing in reading and math. It's
15 administered in every state, as well as associated
16 outcomes, like poverty, healthcare and crime correlate
17 very closely with poverty, so unless we move those
18 things, it's going to be very hard for Louisiana --
19 nearly impossible of getting to the top 10. I'm
20 personally just very excited about the focus on
21 education reform. I think, you know, the business
22 community, economic development community has been
23 behind it wholeheartedly.

24 If you look at the next slide, you'll
25 see a table. It basically -- what it's doing is this

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1 assumes that for those first four factors, the
2 factors -- or I should say the categories where we have
3 already improved significantly in cases very
4 significantly. This assumes that, you know, we make no
5 further changes. They're ranked exactly the same as it
6 is now. Very conservative, obviously, because we have
7 got a lot of momentum. We've seen in those categories
8 improving. All it does is it show that we over time get
9 to the middle of pack, we become an average state in
10 terms of education, in terms of graduation rates, in
11 terms of student achievement test scores, and over time
12 in terms of those related factors, poverty, healthcare,
13 et cetera, some of those quality of life factors, if you
14 just position Louisiana as an average state and change
15 nothing else, that positions us on this Forbes ranking
16 in the range of 7 to 15. And, obviously, there's a
17 little bit of uncertainty when you look at these things,
18 but just getting to an average state level, as you'll
19 see on the final slide here, gets us really close to and
20 very likely into the top 10 on the most high profile

21 comprehensive business climate ranking that's out there,
22 where you know just a few years ago, we have never been
23 ranked higher than 49. So, obviously, there's a lot of
24 reasons why this is important, mainly to give some kids
25 who have some challenges, you know, socioeconomically,
0064

1 et cetera, a chance in life to, you know, really create
2 the kind of opportunities that we would like to see.
3 But in terms of really ultimately also positioning our
4 state in not just in economic substance, but economic
5 growth potential, in terms of our economic development
6 image, that this is just profoundly important.

7 Obviously, there's a lot of work to do. I
8 think, you know, if you read the paper, you know if the
9 bills aren't passed, we're done. We all know that's not
10 the end of the effort. That's just the beginning, but I
11 think there's just a tremendous reason for optimism
12 right now, more focus than I've seen, certainly in my
13 memory, in my lifetime in reforming education in
14 Louisiana. And this would be a big part in getting us
15 where we really want to be on probably the most
16 impactful business climate economic development ranking
17 that's out there.

18 So I just wanted to share that
19 perspective with you. Obviously we're going to continue
20 tracking this and I am working on a lot of other
21 dimensions, but this is a big one. I think there's
22 reason to celebrate right now, certainly reason to stay,
23 but there's a lot of work left to do.

24 MR. ROY:

25 Good. I appreciate the information.

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1 We're all moving in the right direction.

2 Any other business?

3 One final note, it's with sadness that I
4 announce that Ms. Shelley Ferro, this is her last
5 meeting. She is going on to do other things, and no
6 longer will be on the Board. I certainly appreciate all
7 of her efforts and she served with honor and distinction
8 and the minutes need to reflect that. But we're going
9 to miss you.

10 MS. FERRO:

11 Thank you. I appreciate it. I'm very

12 blessed to be able to serve on the Board along with the
13 staff of LEDC. I'm a very big proponent and advocate of
14 economic growth in the state, so it's really been
15 fascinating over the last five years to be part of the
16 focus and see some of the things that are moving
17 forward, so thank you.

18 MR. ROY:

19 We wish you to best. Come back and see
20 us.

21 MS. FERRO:

22 Sure will.

23 MR. ROY:

24 Anything else?

25 MR. COTTEN:

0066

1 Lunch.

2 MR. ROY:

3 Lunch. Do I have a motion to adjourn?

4 MR. ROUSSEAU:

5 So moved.

6 MR. SAUCIER:

7 Second.

8 MR. ROY:

9 Motion and second.

10 Adjourned.

11 (Meeting concludes at 10:58 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 Elicia H. Woodworth, CCR
25 Certificate No. 27014