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10 MEETING MINUTES FOR THE DECEMBER 10TH, 2010,  
11 LOUISIANA ECONOMIC DEVELOPMENT CORPORATION BOARD  
12 MEETING, HELD AT THE LOUISIANA STATE EMPLOYEES  
13 RETIREMENT SYSTEM (LASERS) BUILDING, 8401 UNITED  
14 PLAZA, 4TH FLOOR BOARD ROOM, BATON ROUGE,  
15 LOUISIANA, 70809, COMMENCING AT 9:33 A.M.

16  
17  
18  
19  
20  
21

22 REPORTED BY:  
23 MARK A. SMITH, CCR, RPR  
24 CERTIFIED COURT REPORTER

25

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1 BOARD MEMBERS PRESENT:

2

3 A. J. ROY, CHAIRMAN

4 ALDEN ANDRE

5 THOMAS COTTEN

6 STEVEN GRISSOM

7 JAY ROUSSEAU

8 MIKE SAUCIER

9

10 STAFF MEMBERS PRESENT:

11

12 KATHY BLANKENSHIP

13 RICK BROUSSARD

14 SETH BROWN

15 BOB CANGELOSI

16 CLARK FORREST  
17 BRENDA GUESS  
18 KRISTY MCKEARN  
19 ERROL SMITH  
20 DARIA VINNING

21  
22  
23  
24  
25

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1

MR. ROY:

2

If everyone will have a seat,  
we'll get started. We'll call to  
order the Board of Directors of  
Louisiana Economic Development  
Corporation.

7

Roll call, please.

8

MS. VINNING:

9

A. J. Roy.

10

MR. ROY:

11

Here.

12

MS. VINNING:

13

Jay Rousseau.

14

MR. ROUSSEAU:

15

Here.

16

MS. VINNING:

17

Alden Andre.

18

MR. ANDRE:

19

Here.

20

MS. VINNING:

21

Steven Grissom.

22

MR. GRISSOM:

23

Here.

24 MS. VINNING:  
25 Shelly Ferro.

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1 (No response.)

2 MS. VINNING:

3 Mike Saucier.

4 MR. SAUCIER:

5 Here.

6 MS. VINNING:

7 Bal 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 Stuart.

21 (No response.)

22 MS. VINNING:

23 Six out of eleven members.

24 We have a quorum.

25 MR. ROY:

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1 Thank you. I'll ask everyone

2 to silence your cell phone,

3 please.

4 First order of business,

5 presentation of the October 8

6 Board minutes. Any additions or

7 corrections?

8 MR. ANDRE:

9 Move for approval.

10 MR. ROY:

11 Motion to approve is

12 presented.

13 MR. COTTEN:

14 Second.

15 MR. ROY:  
16 Second by Mr. Cotten. Any  
17 discussion?  
18 (No response.)  
19 MR. ROY:  
20 Hearing none, all in favor,  
21 aye.  
22 ALL BOARD MEMBERS:  
23 Aye.  
24 MR. ROY:  
25 All opposed, nay.

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1 (No response.)  
2 MR. ROY:  
3 Without objection.  
4 November 12th meeting  
5 minutes.  
6 MR. COTTEN:  
7 Move for approval.  
8 MR. ROY:  
9 Motion to approve is  
10 presented.  
11 MR. SAUCIER:  
12 Second.  
13 MR. ROY:  
14 Second by Mr. Saucier. All  
15 in favor, aye.  
16 ALL BOARD MEMBERS:  
17 Aye.  
18 MR. ROY:  
19 All opposed, nay.  
20 (No response.)  
21 MR. ROY:  
22 Without objection.  
23 All right. Ms. Bigner, the  
24 Economic Development Loan  
25 Program, DG Foods, LLC. I take

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1 it that's Mr. Forrest.  
2 MR. FORREST:  
3 Yeah, it's me. Susan was  
4 supposed to be here, but she had  
5 a family emergency, so we've got

6 a substitution.

7 But the good news is that a  
8 new company to Louisiana is here,  
9 and it's a project that is, of  
10 course, dear to my heart. My  
11 wife and I raised chickens to go  
12 through school, so people still  
13 ask if we eat chickens, and we  
14 say if somebody else prepares  
15 them.

16 MR. ROY:

17 How many chickens do you have  
18 to raise to go through school?

19 MR. FORREST:

20 Well, we were slow learners.  
21 We got six degrees raising  
22 chickens, so it was a 20-year  
23 process. We mentioned today to  
24 our colleagues here that we  
25 started with Louisiana

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1 Hatcheries, which was a small  
2 local company, and they were  
3 acquired by Sanderson Farms,  
4 which we'll hear about shortly.  
5 So we grew up in the business.

6 But DG Foods, of course, is a  
7 specialized producer that is in  
8 the de-boning, portioning, and  
9 trimming of chickens. And  
10 they're presently in Mississippi,  
11 but one of the customers was  
12 Foster Farms up at Farmerville,  
13 and they wanted to reduce the  
14 transportation cost from having  
15 to go from Farmerville to  
16 Jackson, Mississippi, area, so  
17 they have enticed DG Foods to  
18 build a facility in Bastrop.  
19 And, of course, if any of y'all  
20 are familiar with the paper and  
21 forestry segment of the economy  
22 that Bastrop was particularly hit

23 hard when International Paper  
24 closed their facility, but it's  
25 turned out to be a blessing in

0011

1 disguise for DG Foods because one  
2 of the buildings that IP vacated  
3 they intend to utilize in their  
4 business.

5 And you'll see that their  
6 application is for \$2,850,000,  
7 and they will use this to help  
8 renovate the refrigeration area  
9 of the plant and make  
10 modifications to the storage  
11 area, and they'll have to upgrade  
12 the wastewater treatment area,  
13 also. And you can see that here  
14 in the use of funds that DG Foods  
15 is going to provide in their  
16 project 50 percent of the cost,  
17 4,850,000. In addition to the  
18 EDLOP that they're requesting  
19 today, they're also going to  
20 receive additional monies through  
21 the CDBG and the Rapid Response.

22 The good news for Louisiana  
23 is that when they're fully  
24 staffed, they'll have 317  
25 employees at a total payroll of

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1 \$7,040,000. And we expect if  
2 everything works out that they  
3 will return the state's  
4 investment in three years. Of  
5 course, Morehouse, as we've  
6 already noted, has suffered  
7 unemployment which is -- as of  
8 October, was 14.7 percent, which  
9 was much higher than the state  
10 average. So, again, DG Foods  
11 will be able to utilize workers  
12 that are used to working.

13 And our recommendation is

14 that, of course, that we  
15 recommend this approval as an  
16 EDLOP job credit loan. This  
17 means that after the company is  
18 given two years after completion  
19 of the project to ramp up to  
20 those 317 employees, that if they  
21 meet their job and payroll goals,  
22 that we will consider the loan to  
23 be extinguished. The only  
24 contingencies are procedural and,  
25 for the record, that they, of

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1 course, have got to submit a  
2 disclosure of ownership form.  
3 When they register with the  
4 Secretary of State's, they've got  
5 to have an authorization to do  
6 business. Our counselor, Bob  
7 Cangelosi, requires this before  
8 the contract can be executed.  
9 And, of course, they're going to  
10 supply us with an appraisal of  
11 the building, and, of course, as  
12 we all know, that the funding  
13 depends on the availability that  
14 y'all provide, and we've got to  
15 get approval from the Division of  
16 Administration's Office of  
17 Facility Planning and Control  
18 that this is an eligible capital  
19 outlay project. They'll have 90  
20 days to start the project, and  
21 we'll have personal guarantees  
22 from Mr. Greg O'Quinn, who is the  
23 CFO, and the other two partners,  
24 whom Kelsey will introduce  
25 shortly.

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1 So that's a quick overview.  
2 We have Mr. Kelsey Short here  
3 with us, who is the project  
4 coordinator for DG Foods, that

5 may want to make some additional  
6 remarks.

7 MR. SHORT:

8 Thank you, Clark. My name is  
9 Kelsey Short. Just some brief  
10 comments.

11 We have been engaged with the  
12 company for about six months.  
13 Very impressed with their  
14 backgrounds and their  
15 accomplishments from a business  
16 perspective. We showed them  
17 about 13 sites. We competed with  
18 Arkansas on this project. We  
19 were really pleased that,  
20 ultimately, they chose Bastrop.  
21 Just to follow up on what Clark  
22 said, in our opinion, Bastrop has  
23 probably taken the largest  
24 economic blow of any of our  
25 communities in Louisiana. When

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1 they shut down that paper mill,  
2 it was about 550 jobs and about a  
3 third of the private-sector  
4 employment.

5 We've set out to have a  
6 redevelopment plan for the  
7 community, and food processing is  
8 actually one of our target  
9 industries, so we're glad to have  
10 DG Foods really confirm the  
11 redevelopment plan. Bastrop has  
12 a readily available workforce  
13 and, again, is a community that  
14 needs the jobs, so we hope you'll  
15 give this EDLOP serious  
16 consideration.

17 And now I'd like to introduce  
18 the CEO of the company, Mr. Duffy  
19 McKenzie.

20 MR. MCKENZIE:

21 Well, we really appreciate

22 you hearing about our project.  
23 We're real excited about coming  
24 to Louisiana. Greg and I formed  
25 DG Foods in January of 2004 and

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1 started operations later that  
2 year. We call ourselves  
3 basically an intermediate  
4 processor. We've had customers  
5 such as Sanderson Farms and  
6 Foster Farms. What we're doing,  
7 we're packing poultry, cooked  
8 food, we've sold some product  
9 ourselves, we've done some  
10 product with a company in Fort  
11 Worth called Five Star Foods.  
12 We've just done lots of work, but  
13 we essentially label ourselves as  
14 intermediate processors.

15 The poultry industry, through  
16 the years -- I've been in it for  
17 35 years -- when we first  
18 started, the poultry companies  
19 processed 5 to 600,000 chickens a  
20 week at their locations and  
21 employed 250 to 350 employees.  
22 And, through the years, just like  
23 these companies I just mentioned,  
24 they're at the same locations and  
25 now process between 1,500,000 and

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1 2,000,000 chickens, and sometimes  
2 more, at the same locations per  
3 week and employ 1000 or a 1500  
4 employees. As a matter of fact,  
5 Greg and I ran a company one time  
6 that had 2500 employees at one  
7 plant and 1500 at another plant.  
8 And these companies have outgrown  
9 their floor space and they've  
10 outgrown their labor force in  
11 their direct locations.

12 As the market's changed from

13 way back when -- or not even  
14 that; you know, ten years ago to  
15 now, more particular things like  
16 chicken tenders and chicken  
17 nuggets and the housewives are  
18 buying breasts already trimmed up  
19 and chickens already cut up and  
20 the fast food chains coming along  
21 and offering a lot more chicken  
22 products, that middle process of  
23 cutting that chicken up and  
24 de-boning it and cutting it into  
25 portions and doing all those

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1 types of jobs, these large  
2 companies do not have the floor  
3 space for labor to get that done,  
4 so they contract out to companies  
5 like Greg's and my company. And  
6 so, you know, we're not on the  
7 market as far as buying and  
8 selling product. We do it a  
9 little bit, but not much. We're  
10 just supplying a service, which  
11 is labor and floor space to get  
12 these particular processes  
13 performed.

14 We have a third partner, who  
15 is Paul Carter. He's not  
16 actively involved in the business  
17 on a day-to-day basis, but we  
18 talk to him pretty regularly. So  
19 the three of us are basically  
20 running the company. Our  
21 location right now is in Gallman,  
22 Mississippi, which is just north  
23 of Hazelhurst, Mississippi, and  
24 about 25 miles south of Jackson.  
25 Our primary customer we have

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1 right now that is nationally  
2 known is Bar-S Foods. At the  
3 location we have right now, we

4 have approximately 55 trucks,  
5 tractor-trailer loads of poultry  
6 coming in and leaving every day  
7 at the facility we have. We have  
8 530 employees. We're going to  
9 handle a quarter of a million  
10 pounds of product this year at  
11 that facility, and what this  
12 opportunity in Bastrop is going  
13 to give us is to be able to move  
14 -- our primary customer we have  
15 is Foster Farms -- over the next  
16 six to nine months, move that  
17 product to that facility. And  
18 then, we've also had interest  
19 from other companies in Arkansas,  
20 Texas, and Louisiana to possibly  
21 utilize that facility, also.

22 Anything else?

23 MR. ROY:

24 Let's see if we have any  
25 questions or comments.

0020

1 MR. SAUCIER:

2 Out of the 4.85 million in  
3 private investment, how much of  
4 that is borrowed money and how  
5 much is equity?

6 MR. MCKENZIE:

7 We projected about  
8 1.7 million will be borrowed  
9 money.

10 MR. COTTEN:

11 I have a question on your  
12 financials. Are these -- they  
13 say "unqualified" on the method,  
14 but do you have audited financial  
15 statements?

16 MR. MCKENZIE:

17 We had one audit two or  
18 three years ago. As a matter of  
19 fact, the same firm is actually  
20 doing -- compiling our financials

21 for us now. So we're not having  
22 them audited now, but with the  
23 contract, we will have them  
24 audited.

25 MR. COTTEN:

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1 Looks like you're using  
2 QuickBooks.  
3 MR. O'QUINN:  
4 That's it. It's a very  
5 simple business we have. We  
6 write 30 or 40 checks a week, and  
7 our payroll system has got a  
8 better system. It's not  
9 QuickBooks, but a better system  
10 that we have, very simple. And  
11 we don't -- our business model  
12 is, like, for example, half of  
13 our revenues -- well, I take that  
14 back -- probably three-fourths of  
15 our revenues are on two invoices  
16 a week.

17 MR. MCKENZIE:

18 And we've been doing business  
19 with those two companies for a  
20 long time, and our payment method  
21 is we have weekly terms, and our  
22 money's acquired actually earlier  
23 than the weekly terms. So our  
24 cash flow model is quite good.  
25 We have our money before we pay

0022

1 our employees.

2 MR. COTTEN:

3 Clark, a question. I'm  
4 looking at the source of funds,  
5 and I'm seeing the EDLOP is 2.85.  
6 And toward the bottom of that,  
7 explain to me the relationship  
8 between Enterprise Zone and  
9 Quality Jobs programs with LED.  
10 How does -- is that in addition  
11 to what we're doing, another

12 Board, so to speak?

13 MR. FORREST:

14 Right. That's what we refer  
15 to as the standard incentive  
16 package that all the companies  
17 receive.

18 MR. COTTEN:

19 And I see that the local  
20 government is funded through  
21 another program with LED.

22 MR. FORREST:

23 That is correct.

24 MR. SHORT:

25 Yes, I can comment on that.

0023

1 With food-processing facilities,  
2 if they don't exist in the  
3 community, particularly an  
4 operation like this, it's not  
5 uncommon to require a sewer  
6 upgrade. So to accommodate their  
7 presence in Bastrop, the sewer --  
8 the city will apply for CDBG  
9 money, which is federal money  
10 administered by the state to  
11 upgrade the sewer and accommodate  
12 them.

13 MR. GRISSOM:

14 I was just going to provide  
15 some additional comments. There  
16 are a number of incentive  
17 programs associated with  
18 job-creation projects that our  
19 Board of Commerce and Industry  
20 reviews and approves, and Quality  
21 Jobs and Enterprise Zone are two  
22 of those programs.

23 MR. ROY:

24 What additional space do you  
25 have for growth in the facility?

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1 MR. MCKENZIE:

2 We're going to be utilizing

3 initially about 50 percent of the  
4 building, so we'll have -- we can  
5 double its size. We really  
6 project that we'll have in excess  
7 of 500 employees after two or  
8 three years. We're turning away  
9 business all the time right now.  
10 One of the challenges in the  
11 poultry industry is capital  
12 spending, which Pilgrim's just  
13 went through. And I think  
14 they're spending some capital  
15 now, but if the company comes up  
16 with a new product line or they  
17 want to increase their market  
18 into boneless breasts or  
19 disjointed wings or portioned  
20 products and those type of  
21 things, they can do it with us in  
22 about a week's time to two weeks'  
23 time, where if they had to do it  
24 at their facilities, they'd have  
25 to do construction, hire a lot of

0025

1 employees, and all those  
2 different types of things. We're  
3 readily available to fluctuate  
4 with whatever they need.

5 MR. ANDRE:

6 That's a good project. I  
7 move for approval.

8 MR. ROY:

9 Motion for approval is  
10 presented by Mr. Andre.

11 MR. SAUCIER:

12 I second.

13 MR. ROY:

14 Second by Mr. Saucier. Any  
15 discussion?

16 (No response.)

17 MR. ROY:

18 Hearing none, any comments  
19 from the public?

20 (No response.)  
21 MR. ROY:  
22 All in favor, aye.  
23 ALL BOARD MEMBERS:  
24 Aye.  
25 MR. ROY:

0026

1 All opposed, nay.  
2 (No response.)  
3 MR. ROY:  
4 Without objection.  
5 Congratulations. Keep us posted.  
6 We look forward to you having 500  
7 employees or more.  
8 MR. MCKENZIE:  
9 All right. Well, I want to  
10 say one last thing. We really  
11 appreciate the state of  
12 Louisiana; it's been very  
13 cooperative. And Kelsey -- which  
14 the governor's already gave him  
15 accolades yesterday, but Kelsey's  
16 been our point man on every one  
17 of these. Whether it was local  
18 or whether it was CDBG grant or  
19 whatever, it's really made it  
20 easier for us to get to this  
21 point. It's taken a while, but  
22 it's made it easier to get to  
23 this point, so we really  
24 appreciate the support Louisiana  
25 has given us in this project.

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1 MR. ROY:  
2 Glad to hear that. Yeah,  
3 please sing the praises.  
4 MR. MCKENZIE:  
5 We will. Thank you very  
6 much.  
7 MR. ROY:  
8 The next order of business,  
9 the Treasurer's Report. Kathy.  
10 MS. BLANKENSHIP:

11 The Treasurer's Report as of  
12 December 10th, 2010.  
13 In the Financial Assistance  
14 Program, there's a budget of  
15 \$1,000,000 with approved projects  
16 of \$486,647, for a balance of  
17 \$513,353.

18 And in Capital Outlay, there  
19 is budget of \$12,785,658.  
20 Approved projects prior to today  
21 was 130,000, and today's project,  
22 which was just approved for  
23 2,850,000, leaves a remaining  
24 balance of 9,805,658.

25 On the fund balance, we

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1 revised projections, so we're  
2 showing a little bit of a gain  
3 from the last month's report.  
4 And the revised projected fund  
5 balance as of June 30th, 2010, is  
6 835,017.

7 MR. ROY:

8 Any questions or comments for  
9 Cathy?

10 (No response.)

11 MR. ROY:

12 Any comments from the public?

13 (No response.)

14 MR. ROY:

15 Hearing none, I'll entertain

16 a motion to accept the

17 Treasurer's Report as presented.

18 MR. ANDRE:

19 So move.

20 MR. ROY:

21 Motion by Mr. Andre.

22 MR. ROUSSEAU:

23 Second.

24 MR. ROY:

25 Second by Mr. Rousseau. Any

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1 discussion? Don't want to rush

2 anybody. Everyone had a chance  
3 to review things?

4 All in favor, aye.

5 ALL BOARD MEMBERS:

6 Aye.

7 MR. ROY:

8 All opposed, nay.

9 (No response.)

10 MR. ROY:

11 Without objection. Thank  
12 you. Mr. Smith, the Accountant's  
13 Report.

14 MR. SMITH:

15 LEDC status report as of  
16 November 30th, 2010.

17 Total participation in loans  
18 as of November 30th, 483,786.

19 Total direct loans, 8,151,007.

20 EDLOP loans, we have a total as  
21 of November of 1,173,407 as the

22 balance. At this point, we have

23 23 current guaranteed loans for

24 9,107,914. All are current at

25 this point.

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1 Allowance for loan losses as  
2 of November for participation in  
3 direct, 349,978; loan balance,

4 8,634,793. Allowance for EDLOP

5 loan losses as of November 30th,

6 263,011; loan balance, 1,173,407.

7 Allowance for guaranteed loan

8 losses as of November, reserved

9 balance, 1,639,424; loan balance,

10 9,107,914.

11 And that concludes my

12 November report.

13 MR. ROY:

14 I commend the staff again for

15 having a balance sheet with no

16 past-due guaranteed loans. I

17 don't know a bank in the state

18 that has that. Very good.

19 Excellent work:  
20 Any other questions or  
21 comments?  
22 MR. ANDRE:  
23 Mr. Chairman, I have one. I  
24 asked this question last time  
25 about Capital Fund BIDCO. It

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1 just bothers me. You know, we  
2 keep getting the same report that  
3 says in December of '04, this  
4 Board filed a motion to pursue  
5 recovery, and legal is still  
6 filing documents.

7 Why is that so slow?

8 MR. SMITH:

9 There will be an update at  
10 the January meeting. I got that  
11 from our legal department.

12 MR. GRISSOM:

13 We apologize. We wanted to  
14 present today, but our primary  
15 attorney who's been involved  
16 through the years was unable to  
17 attend this meeting. We'll have  
18 a full report for our next  
19 meeting.

20 MR. ROY:

21 Okay. Anyone else? Any  
22 comments from the public?

23 (No response.)

24 MR. ROY:

25 Hearing none, a motion to

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1 accept the Accountant's Report?

2 MR. COTTEN:

3 Motion to accept.

4 MR. SAUCIER:

5 Second.

6 MR. ROY:

7 Motion and second. All in  
8 favor; aye.

9 ALL BOARD MEMBERS:

10 Aye.  
11 MR. ROY:  
12 All opposed, nay.  
13 (No response.)  
14 MR. ROY:  
15 Without objection.  
16 President's Report. Mr. Grissom.  
17 MR. GRISSOM:  
18 Board members, thank you for  
19 your presence today. I wanted to  
20 thank you for support of the DG  
21 Foods project. Very excited  
22 about the opportunity for job  
23 creation, and certainly just  
24 reiterating Kelsey Short's  
25 comments, very excited about the

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1 potential impact in the Bastrop  
2 area, which has been hard-hit  
3 over the last several years.  
4 I wanted today to turn over  
5 my time to Mr. Jeff Lynn, who's  
6 our executive director of our  
7 FastStart program. Jeff  
8 presented to the Board about a  
9 year ago, maybe a year and a half  
10 ago, with regards to the  
11 Louisiana FastStart program. We  
12 had received some questions from  
13 the board members. There's a  
14 number of programs that are  
15 funded through LEDC that you  
16 don't see quite as often our loan  
17 guarantees or EDLOPs like we just  
18 saw. Louisiana FastStart is one  
19 of those programs now, and,  
20 actually, we've just adjusted the  
21 name to LED FastStart. But this  
22 has been a tremendously important  
23 program for the state, for the  
24 department, focused on workforce,  
25 and was recently acknowledged as

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1 the top workforce program in the  
2 U.S. after only about two years  
3 in existence. So very pleased  
4 with the progress that's been  
5 made. This has been a great tool  
6 for the state in tracking jobs  
7 and one where we're directly  
8 helping people get into those new  
9 jobs that are created, so  
10 directly impacting individuals.

11 So, with that, I'd like to  
12 turn it over to Jeff Lynn. I  
13 think he has a brief video  
14 presentation.

15 MR. LYNN:

16 Thank you, Steven. Real  
17 quickly, thank you very much for  
18 all your support with the LED  
19 FastStart team. This is our  
20 second year. We started in  
21 December of '08, and so I'm going  
22 to try to give you a quick update  
23 of what we're doing. Hopefully  
24 you're able to see everything  
25 from where you are.

0035

1 It starts off with a little  
2 video.

3 (Video begins playing.)

4 VOICE OF GOVERNOR JINDAL:

5 We created Louisiana  
6 FastStart to give companies the  
7 confidence they can recruit  
8 highly talented employees in  
9 Louisiana but also that we can  
10 comprehensively train those  
11 employees in a very short period  
12 of time.

13 VOICE OF COMMENTATOR:

14 Louisiana's FastStart program  
15 is so unique in the sense that it  
16 is non-bureaucratic, that it is  
17 business-friendly. That type of

18 partnership is just so important  
19 for businesses today.

20 VOICE OF COMMENTATOR:

21 FastStart gave the leadership  
22 team the assurance that they  
23 would be there, they would help  
24 us through the process.

25 VOICE OF COMMENTATOR:

0036

1 It's been incredible how fast  
2 they've hit the ground running.  
3 It is absolutely a breath of  
4 fresh air. I've never seen  
5 anything like this, so we're  
6 excited.

7 VOICE OF COMMENTATOR:

8 Louisiana FastStart made  
9 tools available to us we didn't  
10 know existed. We did the initial  
11 screening, and then, with their  
12 tools, we were able to see the  
13 very best in employees and select  
14 those.

15 VOICE OF COMMENTATOR:

16 Louisiana FastStart has been  
17 a tremendous benefit for us, for  
18 our company. What we wanted to  
19 do was preserve the culture of  
20 our company and our employees and  
21 really increase the level of  
22 standards that we have here in  
23 terms of our training  
24 capabilities pretty  
25 significantly, so it's been a

0037

1 great benefit.

2 VOICE OF COMMENTATOR:

3 This training service  
4 provided by FastStart is a  
5 quantum level different than what  
6 you would assume you would be  
7 getting.

8 VOICE OF COMMENTATOR:

9 It will flatten that learning  
10 curve, and we'll be able to get  
11 up to budgeted run rates and  
12 goals that we set for production;  
13 we'll be able to get there sooner  
14 in this process as opposed to if  
15 we did not have FastStart  
16 partnership.

17 VOICE OF COMMENTATOR:

18 Well, for us, really,  
19 Louisiana FastStart has been so  
20 responsive that it's been almost  
21 on us to try to keep up with  
22 them.

23 VOICE OF COMMENTATOR:

24 FastStart was absolutely  
25 everything that was promised and

0038

1 then some.

2 VOICE OF COMMENTATOR:

3 I would say you would be  
4 absolutely crazy not to chase  
5 FastStart down and try to get  
6 those guys to work with you.

7 VOICE OF GOVERNOR JINDAL:

8 In just two short years, we  
9 have now created the No. 1  
10 workforce-training program in the  
11 entire country.

12 (Video concludes.)

13 MR. LYNN:

14 So that's a little quick  
15 video about our program. We've  
16 had a lot of work that we've  
17 done; but we've got a lot of work  
18 to do, so we want to continue to  
19 be No. 1 in the nation. We want  
20 to continue to get companies to  
21 locate to Louisiana. We want  
22 site selectors not to look at  
23 other states; we want them to  
24 look at our state. So we've got  
25 a great experience base with our

0039

1 team. We've got a great team of  
2 25 people, full-time people,  
3 international, domestic  
4 experience. We have Fortune 500  
5 companies that we've worked with  
6 before.

7 Again, this is a program that  
8 we modeled after many different  
9 states and brought some expertise  
10 in from around the nation. We've  
11 worked with small, medium, and  
12 large companies. Either you love  
13 startup or you hate startups. We  
14 love startups. It creates crazy  
15 hours. We're not your typical  
16 state agency. We work day,  
17 night, and weekend, and I think  
18 companies really appreciate that  
19 because we know what to do and  
20 focus in on what they need to be  
21 successful.

22 The other thing I want to  
23 talk about is our resources. I'm  
24 going to kind of go through it  
25 quickly. If you have any

0040

1 questions, please stop me at any  
2 time. But we have a great team  
3 of experienced people, structural  
4 designers all the way down to  
5 graphic illustrators and subject  
6 matter experts. I was just  
7 talking about our newest project,  
8 DG Foods. We've got experience  
9 in that type of industry, too,  
10 from many years ago over in  
11 Georgia, so we'll be able to cut  
12 to the chase and add value to  
13 their operation from day one.  
14 We've got video producers, as  
15 well, as you've seen in the  
16 previous slide.

17           We've been around for a short  
18           period of time, but we've had  
19           some great periodicals written  
20           about us. Forbes Magazine did an  
21           article on us, The Economist, et  
22           cetera, et cetera, so we're very  
23           happy to do that. We share that;  
24           we try to get that to get  
25           companies to get excited about

0041

1           our capabilities and our  
2           results-oriented capabilities.  
3           And we were very fortunate just  
4           recently to get voted No. 1 in  
5           the nation for what we do. About  
6           seven of us were extremely  
7           excited about that because  
8           Georgia was No. 2. Seven of us  
9           came from Georgia to start this  
10          program. We know that that's  
11          just a nanosecond vote; we've got  
12          to keep the momentum going.  
13          We've got a lot of work to do to  
14          keep that going. But this helps  
15          us break down a lot of barriers  
16          that are out there, and we see,  
17          and Steven will attest to this,  
18          we have a lot of site selectors  
19          now looking at this state that  
20          never had looked at us before.  
21          So our job is to help companies  
22          be successful here in the state  
23          and then to share that knowledge  
24          with testimonials that you've  
25          seen, just few of them, to help

0042

1           recruit other companies to build  
2           operations here, as well.  
3           What we do is we start the  
4           operation with a business  
5           analysis, and that's where we do  
6           a deep dive into what the company  
7           is doing. If the company has a

8 location -- like this particular  
9 company that's going to be moving  
10 into Bastrop; they're located in  
11 Hazelhurst, Mississippi -- we'll  
12 send a team over to their  
13 operation in Mississippi.

14 And understand we do a  
15 detailed task analysis.  
16 Ninety percent of the battle is  
17 selecting the right people,  
18 getting the right people in the  
19 front door. Once we get them  
20 through the selection criteria,  
21 then we can train them to do  
22 whatever we need them to do. So  
23 that's the biggest hurdle to the  
24 operation, so we'll do that up  
25 front. Business analysis will

0043

1 include some of the following:  
2 The needs analysis, looking at  
3 the different types of core  
4 skills that a company might need,  
5 to a task analysis, behavioral  
6 skills. We look out two years,  
7 roughly, to see what that  
8 company's going to operate like,  
9 what type of technical skills  
10 they have, what type of cultural  
11 skills they have, and then we  
12 back that into the selection  
13 criteria and we customize every  
14 company's recruitment process.  
15 So once they make it through that  
16 gateway, then we can train them  
17 to be successful in whatever  
18 operation, from building rockets  
19 to de-boning chickens to building  
20 cars, and everything in between.

21 MR. COTTEN:

22 Question: How much input do  
23 they have into that design of  
24 that training program?

25 MR. LYNN:

0044

1 It's absolutely -- everything  
2 -- I'm going to touch on that in  
3 just a second, but they have  
4 final approval on everything that  
5 we do. We'll come together; we  
6 will recommend a whole host of  
7 different things that we think  
8 that they'll be successful with,  
9 but they have complete control  
10 over what they do and what we do  
11 for them, so --

12 MR. ROY:

13 Since you have to tackle such  
14 a diverse group, do you contract  
15 out a lot of labor?

16 MR. LYNN:

17 Absolutely. We have a lot of  
18 independent contractors that we  
19 bring in. We want to keep very  
20 few state employees, and that's  
21 going to be our model forever.  
22 We did that in Georgia, and it  
23 was very successful. But we have  
24 a large contingency of  
25 independent contractors with

0045

1 different skill sets that we can  
2 match up with different things.  
3 Very good question. Very good  
4 question.

5 So what we do is we develop a  
6 workforce solutions plan. And  
7 that company has full input to  
8 this, but what we do is we list  
9 out all the different company's  
10 core skills and pre-employment  
11 training and post-employment  
12 training that we would do for  
13 that client, we give that to  
14 them, and then that's backed up  
15 with a curriculum development

16 plan which lists out all the  
17 different courses, who's working  
18 them, with the days that they're  
19 due and et cetera, et cetera, so  
20 it's really a project management  
21 plan, if you will, at that point.

22 The next item is, like I  
23 mentioned before, the final  
24 approval rests with the company.  
25 The materials that we actually

0046

1 develop for the company become  
2 the company's materials. We  
3 copyright it to them; they can  
4 actually use it in other  
5 locations. But what we find from  
6 doing that is, typically, when  
7 they have the opportunity to  
8 expand later in life, once this  
9 is mature, they'll locate another  
10 operation here in Louisiana. So  
11 that's our goal that we really  
12 did a great job is when they turn  
13 around and had that opportunity  
14 to expand again, that they turn  
15 around and expand here in  
16 Louisiana. So I understand.  
17 It's great question that you  
18 asked me about expansion a while  
19 ago. That's already in our mind  
20 to do that, as well.

21 We get the word out. We have  
22 some great resources that we work  
23 with. We do a lot of work with  
24 the workforce commission agency,  
25 with job fairs, with screening

0047

1 out applicants, screening in  
2 applicants. We work with the  
3 board of regents, the four-year  
4 schools, colleges, and  
5 universities. Doing a lot of  
6 work with Dean Koubek over at the

7 School of Engineering at LSU  
8 right now in some projects. And  
9 then, also, our biggest partner  
10 is the Louisiana community  
11 colleges around the state of  
12 Louisiana.

13 So LCTCS is really probably  
14 our most critical partner that we  
15 have. Without them, I don't  
16 think we could exist, bottom  
17 line, and the reason why I say  
18 that is two reasons: One is that  
19 we have an MOUCEA with them, so  
20 most of our employees, if not all  
21 of them, are through their  
22 operation. So we have a real  
23 strong partnership. They're  
24 integral before we actually start  
25 a project, and then after we

0048

1 start a project, we actually turn  
2 over materials to them, and they  
3 can go out and deliver --  
4 continue to deliver training to  
5 that company at a fee. So it's  
6 continuing education back into  
7 that organization, so help to  
8 create more funds for the LCTCS.  
9 Number two is that probably 85  
10 percent of the jobs that we're  
11 creating with these new high-tech  
12 companies we're dealing with,  
13 they're going to need some kind  
14 of education, post-high-school  
15 but up to two years degree. So  
16 it's a critical, critical role  
17 that we work with those guys a  
18 lot. So I'm in constant contact  
19 with Joe May and his team on some  
20 programs that we're trying to do.  
21 We're trying to raise the bar  
22 there at different schools around  
23 the state, as well.

24 We become the company's  
25 filter, actually. With that, I'm

0049

1 saying that every project is a  
2 little bit different. This  
3 particular company, DG Foods,  
4 that we were just talking about  
5 their selection criteria, we're  
6 going to come up with a very  
7 unique selection criteria for the  
8 company. We'll provide the  
9 application input if they need  
10 to, but most companies already  
11 have some type of application.  
12 What we will do is design a  
13 behavioral interview guide, and  
14 this is based on legal validation  
15 of their task analysis. We'll  
16 design this and teach their  
17 people how to use it. HR uses it  
18 as well as the operation folks  
19 use this, as well. We have  
20 another unique tool that we offer  
21 as well, is the role-play.  
22 Role-play is not an acting thing;  
23 it's questions specific to the  
24 operation, understanding and  
25 troubleshooting equipment, or

0050

1 troubleshooting process  
2 urgencies. And then you get down  
3 to a finite group of people that  
4 the company is really, really  
5 excited about.

6 Let's say that DG Foods is  
7 hiring -- I'm using this as an  
8 example -- let's say they're  
9 hiring 300 people. This  
10 population right here might be  
11 500 people. They're really  
12 excited about all 500 people, but  
13 our job is to get them the best  
14 300 people. So we send them

15 through pre-employment classes  
16 that would be conducted at a  
17 local community technical  
18 college. Once they go through  
19 that, we actually grade them on  
20 tests that we give to them based  
21 on the programs we've trained  
22 them on, and we turn that  
23 material back over to the HR  
24 team, and then the HR team and  
25 the operations team at the

0051

1 company will make the final  
2 decision of who gets the job.  
3 Once that occurs, then we go into  
4 post-employment training.  
5 This is an example of a job  
6 fair that we did for Lamb Weston  
7 and ConAgra. It was very  
8 strategically planned out. We  
9 had about 50 people from the  
10 state, all different agencies,  
11 involved in this. It was highly  
12 successful. We call them  
13 effective job fairs. I think  
14 anybody can have a job fair. You  
15 can have 10,000 people show up,  
16 but you can have maybe only 500  
17 people that you're really  
18 interested in out of the 10,000.  
19 So "effective" means when we send  
20 out press releases, when we send  
21 out recruitment videos, et  
22 cetera, we want to always screen  
23 people in or screen people out.  
24 So it's our job to do that  
25 constantly when we reach out to

0052

1 the public.  
2 At this particular one, we  
3 had it in five different  
4 locations, from Rayville to  
5 Tallulah and everything in

6 between. It started at 1:00 in  
7 the afternoon and went to 7:00 at  
8 night, and we had the mobile van  
9 from the Workforce Commission out  
10 there. So once they got a  
11 presentation from the company and  
12 had any questions answered, they  
13 could actually go out with an  
14 application. So within an hour  
15 to an hour and 15 minutes, they  
16 were either sold on the job or  
17 not, and then they could fill out  
18 an application and move on to the  
19 rest of their day. And we try to  
20 do it across hours so we reach  
21 all the people that are currently  
22 working, as well.

23 We spend a lot of time up  
24 front assessing the right skills.  
25 I have a team that's just flying

0053

1 back from Riceboro. They were  
2 over there working on the team.  
3 The company is building a plant  
4 here south of Baton Rouge with  
5 500 jobs coming in. So what we  
6 do is we spend a lot of time  
7 doing that task analysis so we  
8 can create these  
9 pre-employment/post-employment  
10 programs.

11 Training materials are  
12 critical. The content has got to  
13 be dead-on, so our subject matter  
14 experts work with their subject  
15 matter experts. And then we also  
16 have to make sure it's appealing,  
17 so we have a creative services  
18 department in-house that we  
19 actually do this. We're also  
20 using the latest technology,  
21 iPads, to deliver training. We  
22 can use that in high-tech

23 pharmaceutical companies and/or  
24 highly regulatory compliance  
25 agencies like FAA. So we make

0054

1 sure we spend a lot of time to  
2 hit the mark on that.

3 Core skills training is all  
4 critical. If there's a gap  
5 between the educational system  
6 and what the companies need, we  
7 kind of fill that gap with the  
8 top priority of -- it might be  
9 workplace math; it might be  
10 metrology; it might be  
11 validation. It depends. We got  
12 a company in Shreveport that we  
13 are working with, Dr. Reddy's.  
14 They actually have product lines  
15 coming from India to Shreveport.  
16 We're teaching them how to make  
17 ibuprofen from 800 milligrams  
18 down to 200 milligrams. So we're  
19 teaching them different types of  
20 gauging instruments and stuff to  
21 set up those tablet formulation  
22 machines because they're not  
23 recently getting that through  
24 their education.

25 We do all the regulatory

0055

1 compliance training. OSHA is a  
2 given one on every project, just  
3 about. Even at corporate  
4 headquarters, they may have some  
5 ergonomic issues; we'll train  
6 them on that. We do FDA training  
7 based on that. Nuclear  
8 regulatory compliance at Shaw out  
9 at Lake Charles, we do all their  
10 training, as well. So whatever  
11 the company needs, we'll design,  
12 develop, and deliver it for them.

13 This is where the rubber

14 meets the road, job-specific  
15 customized training. We'll train  
16 all of their procedures; we'll do  
17 their OJT guides; we'll do lesson  
18 plans, calibration, ERP systems,  
19 how do they tie that back into  
20 their programs, et cetera. So  
21 this is really where we get the  
22 companies excited. A big win  
23 last year was Gardner Denver  
24 Thomas moved their operation down  
25 from Sheboygan. They had a small

0056

1 team working on their standard  
2 operating procedures. They were  
3 way behind. We actually went in  
4 and wrote all their SOPs and  
5 actually helped them move their  
6 25 production lines and increase  
7 the jobs by 225 jobs there. So  
8 it's a great service that we can  
9 provide that companies typically  
10 don't get from state agencies.

11 We do a lot of quality  
12 training. We do Kaizen, Six  
13 Sigma, 5S, whatever a company  
14 needs. We're actually working  
15 with a very large company that's  
16 looking at Louisiana. I think  
17 the final decision is going to be  
18 today; it's down to two states.  
19 Interesting enough, we were  
20 sharing with the company  
21 operation people, they're strung  
22 out in about 10 different  
23 buildings in California; they  
24 need one large facility, and part  
25 of our service would be to go

0057

1 through a value stream mapping  
2 and pull out all of the  
3 non-value-added processes and  
4 help them streamline the

5 operation for Louisiana.  
6 Hopefully, it will be Louisiana  
7 because it would be a major  
8 impact for our state.

9 So these are types of  
10 services that we can do to really  
11 blow the socks off of companies  
12 that we're looking to really  
13 bring into state. And we're  
14 really working on companies --  
15 our primary job we're going after  
16 are companies that are really  
17 knowledge-based, really high-tech  
18 type of companies that we're  
19 trying to bring to the state.

20 We do a lot of organizational  
21 development training, as well.  
22 It's really critical. For  
23 companies to be successful, they  
24 need to have people to make  
25 decisions on the shop floor all

0058

1 the way up to the CEO and  
2 everybody in between, so we teach  
3 them those types of skill sets to  
4 be able to do those.

5 Leadership is really a big  
6 program. You know, most  
7 leadership skills, they have to  
8 ship their people out of state.  
9 Well, we don't want that; we want  
10 it to be either through FastStart  
11 or through the technical colleges  
12 or the universities, so we  
13 develop and deliver those. And  
14 we share our curriculum with the  
15 community and technical colleges,  
16 as well; they are strong partners  
17 with us.

18 Just a little bit of results.  
19 The total companies actually just  
20 went up to 35 since your  
21 approval; thank you for it. So

22 we'll be working with them in  
23 January about the program and  
24 starting up those new jobs in  
25 Bastrop, which is a very well

0059

1 needed area for job creation.

2 A little bit of our trainees.

3 This is since we started

4 two years ago, so total un-dupe

5 -- and that's individuals --

6 we've trained 4900 people. Total

7 un-dupe trainees -- that's repeat

8 people getting training -- is a

9 little over 20,000. And, to

10 date, we have delivered about

11 120,000 hours of training. It

12 takes about forty hours to

13 develop one hour of training to

14 be delivered, so there's a lot of

15 work behind the scenes that

16 people don't see and understand.

17 I went through this fairly

18 quickly, but I wanted to try to

19 keep everybody on track and on

20 time. So I yield it to any

21 questions you might have. Thank

22 you for your time.

23 MR. COTTEN:

24 The application process for a

25 business to go through and the

0060

1 selection criteria, can you just

2 brief us on that?

3 MR. LYNN:

4 Sure. Sure. We try not to

5 have any red tape, okay, so we

6 try to be pleasing to the

7 companies. But what we do is we

8 look at their intake sheet. We

9 look at their CAPX, we look at

10 their hours, what they're paying

11 their employees. We look at the

12 number of jobs that they're

13 creating. So we can actually  
14 work with a company that's only  
15 creating 15 jobs as long as  
16 they're lined up properly. We  
17 are a discretionary incentive, so  
18 it's really going after those  
19 jobs that are really high-tech or  
20 in that really high unemployment  
21 area, if you will.

22 MR. GRISSOM:

23 Thomas, one way to think  
24 about it is FastStart's focused  
25 on economic-driver or

0061

1 industry-driver type companies.  
2 Typically, the types of companies  
3 that we might see for an EDAP or  
4 EDLOP approval, perhaps a Rapid  
5 Response, those would be the same  
6 types of companies that would  
7 qualify for FastStart. If you're  
8 creating new jobs, if your  
9 primary business is bringing  
10 wealth into the state, exporting  
11 services or goods, then you'll be  
12 able to qualify for FastStart.

13 MR. COTTEN:

14 I think it's great, the  
15 effort to get with the technical  
16 community colleges because that  
17 is a large group of our  
18 population, and to train those  
19 for the next level for  
20 advancement is a great target.

21 MR. LYNN:

22 Absolutely. We're actually  
23 working with them getting a piece  
24 of equipment that we're actually  
25 going to install in Delta

0062

1 Community College in Monroe, and  
2 what it will do is prepare people  
3 to come out of school. With one

4 instructor, we can teach all the  
5 credit and non-credit classes at  
6 Delta community colleges, but,  
7 also, via Internet, we can reach  
8 out to 150 high schools in the  
9 remote areas of Louisiana. So  
10 kids that are out in Richland  
11 Parish and stuff, they can come  
12 out of high school knowing how to  
13 program robots, and they can get  
14 really good paying jobs or  
15 continue their education.

16 MR. COTTEN:

17 So when does economy of scale  
18 kick in and we're using the same  
19 program again and again?

20 MR. LYNN:

21 It already happened after the  
22 first month of debt. There's a  
23 lot of programs. They're  
24 probably 80 percent off-the-shelf  
25 and we tweak them 20 percent, but

0063

1 the company thinks it's  
2 100 percent. So we try to do it  
3 that way. Now, to customize  
4 specific training for their  
5 particular operation, it's all  
6 100 percent. But I'm talking  
7 OSHA and core skills and stuff  
8 like that, so --

9 MR. ROY:

10 The unique nature of some of  
11 the training that you're doing, I  
12 imagine that a fair number of the  
13 independent contractors have to  
14 be from out of state; am I  
15 correct?

16 MR. LYNN:

17 Some are out of state. We  
18 have -- we're growing that  
19 database in-state. When we first  
20 came here, the concept was just

21 not really understood, and so we  
22 are actually reaching out and  
23 trying to find more as we go.  
24 We're pretty specific on who we  
25 hire because we have a product to

0064

1 deliver; we want to be  
2 professionals. So that database  
3 is growing, I would say every  
4 month, so --

5 MR. ROY:

6 Certainly our preference is  
7 always to hire in-state.

8 MR. LYNN:

9 Absolutely. Absolutely. For  
10 a lot of reasons. Yeah. Good  
11 point. Thank you for your time.  
12 Appreciate it.

13 MR. GRISSOM:

14 Board members, I just wanted  
15 to say a few comments in wrapping  
16 up that presentation. The  
17 department and Louisiana Economic  
18 Development Corporation has  
19 migrated its approach over the  
20 last three years with regards to  
21 workforce support. What we've  
22 found as we've migrated from what  
23 had traditionally been a grant  
24 program over to LED FastStart,  
25 which is really hands-on and

0065

1 providing direct leadership and  
2 support to companies, the ability  
3 to connect with companies as  
4 we're trying to convince them  
5 that they can be successful in  
6 Louisiana has increased  
7 exponentially. The video that  
8 you saw when Jeff kicked off his  
9 presentation, that was developed  
10 in-house, so companies can  
11 visualize, you know, I'm going to

12 have access to a team that's  
13 going to be able to create those  
14 types of materials to help me  
15 train my employees and help me be  
16 successful. So it is a very  
17 talented group, a group that  
18 understands the needs of  
19 expanding companies, and when  
20 they're able to convey that to  
21 companies that are considering  
22 locating in Louisiana up front  
23 before they've made that  
24 decision, it really impacts their  
25 decision-making process.

0066

1 Workforce has traditionally  
2 been a very difficult discussion  
3 for Louisiana. If someone  
4 outside the state had not worked  
5 in Louisiana, they were very  
6 uncomfortable that they could  
7 find the workers they needed to  
8 be successful. We're now able to  
9 show the types of testimonials  
10 you saw; we're able to have a  
11 team in front of them that can  
12 explain exactly how they are  
13 going to be successful in  
14 identifying those employees and  
15 getting them up to speed and  
16 getting that operation up to  
17 speed. It changes what had  
18 historically been a tough sell  
19 for us to a different one we're  
20 actually winning. So I'm very  
21 excited about the progress that's  
22 being made, and I think it's been  
23 a very important contribution  
24 from LEDC and the success of the  
25 state, so thank you.

0067

1 MR. ROY:  
2 Very good. Good work. Mr.

3 Forrest, the city of Ponchatoula,  
4 Acadian Cypress and Hardwoods.

5 MR. FORREST:

6 Thank you, Mr. A. J. This is  
7 an old project when the economy  
8 hit a little roadblock. And I'll  
9 give you a brief overview, and we  
10 have the mayor from Ponchatoula,  
11 and Mr. Frank Vallot is here from  
12 Acadian Cypress to go into more  
13 detail. I know that we've had a  
14 previous project that's had the  
15 name Acadian in it. I don't  
16 recall the full name, but this is  
17 a different Acadian company.

18 This one goes back to 2004,  
19 when the board approved \$231,407  
20 EDAP for a street, water, and  
21 shore project that was into  
22 Ponchatoula Industrial Park. And  
23 for details, you can see the  
24 original summary on that project.  
25 Essentially, they had what was

0068

1 going retain 82 jobs and add  
2 several more jobs to bring the  
3 number up to 99 total jobs at an  
4 annual payroll of \$2,575,000.  
5 They were doing fine until the  
6 bottom fell out of the -- you  
7 know, the housing construction.  
8 And y'all know from previous  
9 projects such as Jeld-Wen that  
10 their facility up in Winnfield  
11 has not even opened because of  
12 the economy.

13 The details here is included  
14 that they were at a 92-percent  
15 compliance rate in the second  
16 quarter of 2010. Unfortunately,  
17 by the third quarter, the  
18 performance had slipped some to  
19 give us a composite of

20 88 percent. And, given the  
21 unfavorable conditions that, you  
22 know, are present in the current,  
23 you know, housing sector, we  
24 think that a contract extension  
25 will enable Acadian to recover

0069

1 its slippage. It's conceivable  
2 that, depending on a  
3 fourth quarter, that they could  
4 be, you know, back in compliance,  
5 but we think that prudence  
6 dictates that we extend it  
7 farther. And that's what our  
8 recommendation is here, that we  
9 recommend a six-month extension  
10 into 2011, which becomes, in  
11 reality, a third quarter that  
12 we'll need to analyze the second  
13 quarter because the numbers  
14 aren't often finalized until a  
15 month later; that's when they're  
16 officially due to our sister  
17 agency, the Workforce Commission.  
18 Again, as soon as they get in  
19 compliance and we think that they  
20 have, you know, fulfilled the  
21 obligation, we'll be able to  
22 determine the contract.

23 So that's a quick overview,  
24 but we have mayor Bob Zabbia of  
25 Ponchatoula that has been with it

0070

1 from the beginning, so he can  
2 give you the rest of the story.

3 MR. ZABBIA:

4 That's correct. And thank  
5 you, Mr. Chairman and members of  
6 board, for allowing us to appear  
7 today.

8 Acadian Cypress is a very  
9 important business in Ponchatoula  
10 with its employment. It was

11 actually one of the first  
12 businesses to locate in our  
13 industrial park back in the late  
14 '90s. They share the industrial  
15 park with J&M Industries. J&M  
16 Industries is their neighbor and  
17 actually benefitted from some of  
18 the improvements because the  
19 roadway and sewer improvements  
20 passed along their ten-acre  
21 track. As a matter of side  
22 point, here J&M Industries,  
23 located in the Ponchatoula  
24 Industrial Park, is the largest  
25 tarp manufacturer in the United

0071

1 States.

2 But Frank and Acadian Cypress  
3 have been good corporate citizens  
4 to the community, are providing a  
5 workforce there to spend their  
6 wages back into our town and to  
7 put it into our sales tax  
8 collections. Unfortunately,  
9 after the project was funded and  
10 we shortly after that saw  
11 Katrina, three years after that  
12 saw Gustav and Ike, that has  
13 caused several problems for us in  
14 our local economy. We have  
15 recovered, and I think Frank is  
16 recovering, as well. We beg for  
17 your consideration to extend the  
18 contract for six months.

19 MR. VALLOT:

20 Good morning. My name is  
21 Frank Vallot. I started Acadian  
22 Cypress in my back yard in 1986  
23 with one employee, me. We've  
24 reached a crest of 172 employees  
25 and, currently, company-wide,

0072

1 we're at 94. We are at 68

2 average at the end of the third  
3 quarter report, and the parent  
4 location is Ponchatoula,  
5 Louisiana. Our core distribution  
6 is in five states; we reach five  
7 states. We have three locations,  
8 Louisiana being the largest one  
9 of them, and we distribute to  
10 Texas and Florida, which are  
11 reaching a 50-percent-plus loss  
12 in sales in some of those states  
13 and areas impacted from the  
14 economy. We have been able to  
15 diversify, as I started 25 years  
16 ago, by bringing different  
17 products to the market and being  
18 able to not only approach and  
19 concentrate on the contractor and  
20 the house-building market but  
21 also the renovations,  
22 replications, and custom  
23 products. Our consideration is  
24 that we have been able to  
25 contribute to Ponchatoula and we

0073

1 have been able to benefit the  
2 state of Louisiana with the  
3 economic impact over the years.  
4 We plan to rebuild as we have,  
5 and my main gist is to be  
6 thankful that I'm here today to  
7 talk to you about Acadian and the  
8 next generation of growth.

9 This industry that we're in  
10 has not fared well. We are ready  
11 and we are making changes, and  
12 that's why we have actually had  
13 an increase in our gross sales.  
14 We've had a reduction in our  
15 employee force, but we're more  
16 efficient. Our retention has  
17 been at the highest that it's  
18 ever been during this transition

19 in the retention of our veteran  
20 employees because they have faith  
21 and commitment -- most of them  
22 are Louisiana born and raised --  
23 in the future of this company.

24 Do you have any questions at  
25 this point?

0074

1 MR. SAUCIER:

2 I had a question. I was  
3 around when this was first  
4 proposed. I know at times you've  
5 had trouble getting, or maybe  
6 it's concerns about getting raw  
7 materials. How has that shaken  
8 out over the years?

9 MR. VALLOT:

10 Acadian was first started as  
11 100 percent cypress forest  
12 products. As we grew, we started  
13 manufacturing with our own  
14 equipment; then we added our own  
15 people to be able to increase.  
16 Somewhere about five years after,  
17 in 1991, when we started looking  
18 for a way to stay in Louisiana,  
19 we entered into the Ponchatoula  
20 Industrial Park, which is newly  
21 formed, as the mayor said. We  
22 diversified into other hardwoods  
23 at that point, most of them being  
24 indigenous to this area -- ash,  
25 red oak, et cetera, et cetera.

0075

1 As the company grew, we  
2 diversified further to bring  
3 those products from our doorstep  
4 in Ponchatoula to the doorstep of  
5 people throughout the state and  
6 other states using our trucking  
7 system. We found the need to  
8 bring in West-Coast-manufactured  
9 products, fir core products,

10 which, from there, we went into  
11 the import line. I've been able  
12 to grow with the markets as we've  
13 been developing and stay and  
14 compete toe to toe with any sized  
15 competitor. What we've been able  
16 to do is, as the cypress wasn't  
17 our main product anymore, it's  
18 still 20 percent of our gross  
19 sales. The hardwoods we produce  
20 are all brought in. We usually  
21 -- our classification is a  
22 secondary forest products  
23 manufacturer, so we touch all of  
24 these different products from  
25 around the state, the United

0076

1 States, and the world, and we  
2 convert them, which vertically  
3 integrates them into the  
4 manufactured items that we use to  
5 complement everything else that  
6 we sell. So we've been able to  
7 get into other products and use  
8 the footprint of other larger  
9 companies to complement our  
10 product line, like Weyerhaeuser,  
11 Far East America, most of which  
12 are green initiatives, and it's  
13 large reason why Acadian's been  
14 able to prosper.

15 I know that the employee  
16 numbers are down, but if you look  
17 at our employees' salaries,  
18 they're strong. We're trying to  
19 make sure that we keep these  
20 people focused on what our main  
21 job is, and our main job is to  
22 provide products for the future  
23 that are green and that are  
24 sound. We're the only state  
25 company that is a secondary

0077

1 forest products manufacturer that  
2 is FSC certified, so we're able  
3 to bring the chain of custody  
4 through our company. Even though  
5 we don't own the timberlands, we  
6 can use those that do, and we can  
7 use them as a pass-through, which  
8 allows us to qualify for many  
9 government jobs, government  
10 loans, and architectural  
11 projects.

12 MR. COTTEN:

13 I have a question. Tell me  
14 your product line. I didn't see  
15 -- you know, it looks like you  
16 take raw material. And tell me  
17 your process.

18 MR. VALLOT:

19 Being a secondary forest  
20 projects manufacturer, we don't  
21 actually cut the timber and  
22 convert it into square boards.  
23 But from that point, where the  
24 square board is produced, we can  
25 take any specie, most

0078

1 efficiently, with the exception  
2 of pine, and we can convert it  
3 and dry it; we can rip and run;  
4 we can break it down, surface it,  
5 straight-line it; we can turn it  
6 into molded products. The most  
7 profitable of all those is the  
8 last one which I mentioned, the  
9 molded products. We  
10 manufactured, quite possibly, the  
11 molding that's going around here.  
12 We distributed products like  
13 this, this white oak that is in  
14 this building right here.

15 What we do is -- well, that's  
16 what we do and do best, and we  
17 provide those products to a lot

18 of the people that are putting  
19 the total package together. So  
20 we sell to a lot of the larger  
21 companies in this area, and we  
22 concentrate on that as a  
23 specialty product.

24 We are also able to turn  
25 around replication work, the

0079

1 historic replications. And when  
2 you have a project that requires  
3 a piece of molding that was made  
4 100 years ago, obviously, you  
5 can't run anywhere to get it.  
6 You can bring us the key, and our  
7 facilities allow for us to draft  
8 it, computer-commit it. We  
9 create our templates, and we do  
10 everything in-house using our own  
11 people. We go all the way down  
12 to a finished product, and you  
13 can pick out the specie you'd  
14 like, you know, if you would like  
15 it in cypress or poplar,  
16 mahogany, et cetera.

17 MR. ROY:

18 Do you manufacture particle  
19 board or particle molding?

20 MR. VALLOT:

21 No, sir. We don't  
22 manufacture particle board or MDF  
23 moldings. In our core business,  
24 it's not what we do best, but we  
25 do distribute that for some of

0080

1 the people that we will also  
2 complement where they'll have a  
3 high-use, a high-end area that  
4 will complement the particle  
5 board, we will partner up with  
6 the people manufacturing, some of  
7 them in the Louisiana area, that  
8 we will use and distribute that

9 product. We do distribute  
10 melamines; we distribute MDF  
11 products, MDF core products with  
12 veneer on the face, a hardwood  
13 veneer.

14 MR. COTTEN:

15 Just to reference Clark, it  
16 was Acadian Hardwoods, LLC, a  
17 company that we -- I think we did  
18 a loan program, a guaranteed  
19 loan. Just curious, do you  
20 recognize that business? Do you  
21 recognize the name Acadian  
22 Hardwoods; is it one of your  
23 clients?

24 MR. VALLOT:

25 I know that we -- my legal

0081

1 counsel contacted someone that  
2 used our name --

3 MR. COTTEN:

4 It's a different name.

5 MR. VALLOT:

6 -- and I don't -- I mean,  
7 Acadian Hardwoods, that name.  
8 And because we were too closely  
9 in the marketplace, we have a  
10 brand; if you drive around you  
11 might see an Acadian Hardwoods  
12 and Cypress truck. Well, the  
13 name of our company as a C Corp  
14 is Acadian Cypress and Hardwood,  
15 so I don't know exactly. I'd  
16 have to look at the documents.

17 MR. COTTEN:

18 My real question is that was  
19 a sawmill; I'm wondering if you  
20 buy the product, the board from  
21 them, and convert it into a  
22 finished product.

23 MR. VALLOT:

24 Not likely. And I'm not  
25 associated, I think, or I would

0082

1 have received documentation.  
2 Clark has been very diligent in  
3 contacting me.  
4 MR. ROY:  
5 Any other questions,  
6 comments? What is the pleasure  
7 of the Board?  
8 MR. SAUCIER:  
9 I move to approve the  
10 extension.  
11 MR. ANDRE:  
12 Second.  
13 MR. ROY:  
14 Motion to approve is  
15 presented by Mr. Saucier and  
16 seconded by Mr. Andre.  
17 Any discussion?  
18 (No response.)  
19 MR. ROY:  
20 Hearing none, any comments  
21 from the public?  
22 (No response.)  
23 MR. ROY:  
24 All in favor, aye.  
25 ALL BOARD MEMBERS:

0083

1 Aye.  
2 Mr. ROY:  
3 All opposed, nay.  
4 (No response.)  
5 MR. ROY:  
6 Without objection.  
7 Congratulations. Please keep us  
8 posted, and we wish you the best.  
9 MR. VALLOT:  
10 Thank you very much for  
11 allowing us to appear today  
12 mayor.  
13 MR. ROY:  
14 Thank you, sir.  
15 Any other business before us?  
16 Next month, we'll have a policy

17 committee meeting. We'll have  
18 election of officers and other  
19 business. Until then, Merry  
20 Christmas and Happy New Year.

21 Motion to adjourn?

22 MR. SAUCIER:

23 Motion.

24 MR. ROY:

25 Second?

0084

1 MR. ROUSSEAU:

2 Second.

3 MR. ROY:

4 We're adjourned.

5

6 (Whereupon the meeting was concluded at 10:40  
7 a.m.)

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## REPORTER'S CERTIFICATE

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I, MARK A. SMITH, a Certified  
Court Reporter, do hereby certify that the  
preceding meeting minutes were reported by me in  
shorthand and transcribed under my personal

8 direction and supervision, and are a true and  
9 correct transcript, to the best of my ability and  
10 understanding.

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