

MEETING MINUTES FOR THE BOARD OF COMMERCE AND  
INDUSTRY OF THE  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
HELD AT  
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM  
BUILDING  
FOURTH FLOOR BOARD ROOM  
8401 UNITED PLAZA BOULEVARD  
BATON ROUGE, LOUISIANA  
ON THE 18TH DAY OF JULY, 2014  
COMMENCING AT 9:31 A.M.

REPORTED BY: DESIREE DELATTE, CCR, RPR

1      Appearances of Board Members Present:

2      A.J. Roy

3      Quentin Messer, Jr.

4      Nitin Kamath

5      Cal Simpson

6      Susan Tham

7

8      Staff members present:

9      Daria Vinning

10     Brenda Guess

11     Christian Pennington

12     Susan Bigner

13     Bob Cangelosi

14     Anne Villa

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MR. ROY:  
Call to order the Board of  
Directors of the Louisiana  
Economic Development Corporation.  
Roll call, please.

MS. VINNING:  
A.J. Roy.

MR. ROY:  
Here.

MS. VINNING:  
Jay Rousseau.  
(No response.)

MS. VINNING:  
Alden Andre.  
(No response.)

MS. VINNING:  
Quentin Messer.

MR. MESSER:  
Here.

MS. VINNING:  
Nitin Kamath.

MR. KAMATH:  
Here.

MS. VINNING:  
Cal Simpson.

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MR. SIMPSON:

Here.

MS. VINNING.

Robert Stuart, Jr.

(No response.)

MS. VINNING:

Susan Tham.

MS. THAM:

Here.

MS. VINNING:

Harry Avant.

(No response.)

MS. VINNING:

Louis Reine.

(No response.)

MS. VINNING:

We have five members present.

We don't have a quorum.

MR. ROY:

Okay. We do not have a quorum, so hopefully we'll have another board member showing up in short order. And if we do, we will continue at that point, but I'll turn it over to Ms. Tham,

1                   who will call the screening  
2                   committee to order, and we will  
3                   proceed.

4                   MS. THAM:

5                   Good morning. Well, we can't  
6                   approve the minutes, I'm  
7                   assuming, so we go right on in  
8                   and look at our first request,  
9                   which is for an EDAP award from  
10                  Pod Pack International LTD.

11                  And, Susan, you're presenting  
12                  them?

13                  MS. BIGNER:

14                  Yes, ma'am, I am. And I have  
15                  Todd Martin here from Pod Pack  
16                  with us.

17                  MS. THAM:

18                  Good morning.

19                  MR. MARTIN:

20                  Good morning.

21                  MS. BIGNER:

22                  We're going to do show and  
23                  tell today. Okay. Pod Pack is a  
24                  Baton Rouge company, and these  
25                  are actually the pods. You know

1           when you go to the hotels and you  
2           put the single coffee and you do  
3           the little pods like this, this  
4           is what they are talking about.  
5           This is the pod. Now they're  
6           trying to go into the K-Cups,  
7           which is a different line.

8                     Pod Pack started in New  
9           Orleans, and then they moved to  
10          Baton Rouge in 2000, and they're  
11          in the Industriplex and they  
12          occupy a number of different  
13          suites. Right now, they want to  
14          expand into two more suites to  
15          get them through the next year or  
16          so while they search for a new  
17          building or they look for some  
18          property to expand into a new  
19          building.

20                    As you can tell, since  
21          they've been doing this for a  
22          long time, it's very popular, so  
23          when they started going to the  
24          individual coffee makers, Pod  
25          Pack was already in that business

1 so their sales have expanded, and  
2 they're wanting to now go into  
3 doing more of the K-Cup.

4 There's going to be three  
5 different phases on this project.  
6 The first one is going to be  
7 expanding the current facility,  
8 and the EDAP will be used for  
9 purchase of capital equipment  
10 during this Phase 1. Then  
11 there's a Phase 2 of where  
12 they're looking to either  
13 purchase just land and build or  
14 to find a building that will suit  
15 their needs, and we have that  
16 building. And the third phase is  
17 where they're going to go in and  
18 take the suites that they  
19 currently occupy and put them  
20 back into the condition prior to  
21 when they occupied the building.

22 At the current time, Pod Pack  
23 does have 19 employees with an  
24 annual payroll of \$1.6 million,  
25 and they're looking to increase

1           by another 19 employees with an  
2           additional annual payroll of  
3           \$590,000 by the end of 2016.

4           As you can see, I've broken  
5           it down. This contract will go  
6           through 2021. They'll have a  
7           total of 38 employees with a  
8           payroll of \$2.2 million by the  
9           end of the contract. This  
10          company is here in East Baton  
11          Rouge. The unemployment rate for  
12          the state is 5.3 percent. For  
13          East Baton Rouge, it's 4.9  
14          percent. The per capita for East  
15          Baton Rouge for 2012 was \$42,261  
16          compared to the state of \$40,057.

17          The economic benefits. We're  
18          expecting a state revenue of \$1.9  
19          million, and they're going to  
20          take advantage of the quality  
21          jobs along with the EDAP, and  
22          that's estimated to be 394,000.

23          I'm going to ask Tom to  
24          explain the company to you and  
25          give you some information about



1 Pod Pack itself.

2 MR. MARTIN:

3 First of all, I'd like to say  
4 we're very grateful to be here in  
5 front of y'all today, and we  
6 really appreciate the opportunity  
7 to actually do business in the  
8 state of Louisiana. It's been  
9 very good for us. It's been a  
10 good place. And we moved to  
11 Baton Rouge in 2000, as Susan  
12 mentioned, and we entered into,  
13 like, a large building that had  
14 suites and probably a total of  
15 about 45,000 square feet, but  
16 what we started in was just about  
17 10,000 square feet, so that  
18 building has served our purposes  
19 well because we've been able to,  
20 as we've grown, we've been able  
21 to expand to another suite and  
22 another suite, and they've come  
23 available in timely -- good times  
24 for us to expand.

25 But at this point, we're

1           occupying just about the whole  
2           building, and we feel like we  
3           don't have enough space to grow  
4           like we want to, so that's a  
5           great problem for us, and after  
6           15 years -- the first 15 years I  
7           felt like it was a startup  
8           company. We were always trying  
9           to struggle and make ends meet,  
10          but we were able to be in a great  
11          position whenever single cup  
12          coffee brewing came about.

13                 Just to kind of give you an  
14                 idea of all the people in the  
15                 United States, back in 2010, only  
16                 4 percent were using some form of  
17                 a single cup brewing device to  
18                 brew their coffee. Four years  
19                 later, 2014, it's 29 percent. 29  
20                 percent. And, of course, at the  
21                 same time, the brewing by the pot  
22                 has drifted down because people  
23                 are going after this and not, you  
24                 know, not spending to time a brew  
25                 a whole pot of coffee. You have

1 to wait longer for your cup of  
2 coffee. You're going to pour it  
3 out, half of it down the drain  
4 probably. There's some waste  
5 factors, and you don't get  
6 variety like you can with the  
7 single serve. So convenience is  
8 the number one reason. And I've  
9 found people will actually give  
10 up quality to have convenience,  
11 but anyway.

12 We're positioned for this,  
13 and as this started taking off  
14 and growing, which people think  
15 this was an overnight success,  
16 but this is 22 years ago, they  
17 applied for a patent on this. So  
18 the patent expired two years ago.  
19 The 20 year patent expired two  
20 years ago. So this overnight  
21 success started 22 years ago.

22 We're also in the single  
23 serve device. This has not grown  
24 to the point that has, but it's  
25 grown right along with it, and

1           that's what's really driven our  
2           sales. We do this, as Susan  
3           said, for hotels. We do this for  
4           offices. Here's a -- you know  
5           Folgers. You probably recognize  
6           this. This is primarily just  
7           used in the offices. We also do  
8           espresso pods for espresso drinks  
9           in restaurants, and, most  
10          recently, I stopped by this  
11          morning to Taco Bell to get my  
12          cup of coffee and try to drive  
13          some sales, but we actually were  
14          able to capture all the coffee  
15          business at Taco Bells this past  
16          year when they opened up their  
17          breakfast program, and we don't  
18          deal directly with them, except  
19          they were kind of glad to see me  
20          this morning because their brewer  
21          wasn't working. I helped to get  
22          that going this morning. But  
23          anyway, that's about as direct as  
24          we've gotten, but we actually  
25          work through a coffee roaster in

1 North Carolina that really cut  
2 the deal. So they send us their  
3 roasted coffee beans; we package  
4 it to their specifications; we  
5 ship it back to the roaster; and  
6 they distribute it to Taco Bell.

7 That's the way we do business  
8 with, I'd say, the majority of  
9 the coffee companies in the  
10 United States and a few outside  
11 the United States. So we're  
12 strictly private label. We don't  
13 have our own brand. Sometimes  
14 you have to make a choice. If  
15 you have your own brand and  
16 you're doing other people's  
17 brands, you're competing with  
18 them, and that doesn't work out.  
19 So we've chosen just to be  
20 strictly private label.

21 And it's really paid off for  
22 us, but this new quick service  
23 restaurant business, this is  
24 huge. This is huge for us. And  
25 they were realizing that there's

1           opportunities to get a coffee  
2           program but not brew a pot and  
3           wait on somebody to buy a cup and  
4           then it goes bad and they have to  
5           pour it down the drain.

6           And we think there's growth  
7           potential. I don't know if you  
8           can see this or not, but this is  
9           some other brands that we think  
10          that we'll really benefit from  
11          this type of program, using the  
12          pod. And we think that there's  
13          serious growth there. And these  
14          are places like Arby's or Subway,  
15          places that you don't normally  
16          say, Oh, I want to stop there and  
17          get a cup of coffee. So they  
18          can't really afford to do a whole  
19          pot, but this is a great  
20          alternative. So we're going to  
21          build this business, and this is  
22          going to be great for the pod  
23          business.

24          The next thing is the K-Cup,  
25          and we don't do this K-Cup. I'm

1           just saying that we're buying  
2           equipment that will do a K-Cup,  
3           and we'll be able to do product  
4           label K-Cups, and that's part of  
5           our program this year. The new  
6           equipment will be here by the end  
7           of the year. Our customers that  
8           we're doing the pods for are  
9           begging us to get into this  
10          business because they don't want  
11          to put out the money to buy the  
12          equipment, but they want somebody  
13          they can depend on, which,  
14          fortunately, they feel that way  
15          about us, and I think we're going  
16          to do a good job for them.

17                 So this will be ready to go  
18                 in the year. We'll be packing  
19                 K-Cups for other people first  
20                 week of January. That's our  
21                 target. The equipment to buy --  
22                 the equipment cost for this  
23                 versus the equipment cost to do  
24                 this and put it in a pouch is  
25                 close to three times more, so

1           this is a big commitment. This  
2           might be \$750,000 worth of  
3           equipment. This takes, like 2.5  
4           million, and it's running about  
5           the same speed. So, you know,  
6           it's a little nerve-wracking if  
7           you think about it, but this is  
8           growing so fast.

9           This has grown 20 percent a  
10          the year, and we figure there's  
11          12 billion of these being sold  
12          this year, so 20 percent of that  
13          plus another 2.5 billion. The  
14          equipment we're buying will run  
15          40 million of these a year, so 40  
16          million -- we're not even the  
17          touching the growth but anyway,  
18          it's great for us because our  
19          current customers are asking for  
20          us to do this for them as well as  
21          the pods. So we're going to be  
22          -- again, we're kind of a niche  
23          business, but we really feel like  
24          we're going to satisfy a need for  
25          the lower volume requirements for



1 the K-Cups that no one else in  
2 the country is doing right now.  
3 So exciting.

4 We've already begun to hire  
5 new people. We put six new  
6 people on our ring this year  
7 since we started this program.  
8 We've spent a lot of money, at  
9 least in down payments for all  
10 the equipment. We're buying  
11 three new machines and installing  
12 them for this this year, and  
13 then, of course, the one machine  
14 for this.

15 So anyhow, the good news  
16 when this was announced was all  
17 the sudden the banks want to talk  
18 to us now. That's awful  
19 encouraging. I mean, couldn't  
20 find them back, you know, 15  
21 years ago when we really could  
22 have used them. Anyway, it's all  
23 been all really.

24 MS. THAM:

25 Thank you. That's a

1                   wonderful summary. I want to ask  
2                   the committee if they have  
3                   questions.

4                   MR. SIMPSON:  
5                   Is the margin similar -- are  
6                   you call it a K-pack?

7                   MR. MARTIN:  
8                   K-Cup.

9                   MR. SIMPSON.  
10                  K-Cup. Are margins similar  
11                  in that as the pouch?

12                  MR. MARTIN:  
13                  No. Actually, the margins  
14                  are about double on this than  
15                  they are on this.

16                  MS. THAM:  
17                  Let me ask you, the companies  
18                  that you're doing, the private  
19                  brands that you're doing  
20                  packaging for, are many of them  
21                  Louisiana companies? I know  
22                  Community is.

23                  MR. MARTIN: We do some pods  
24                  for Community. We do some things  
25                  PJ's, but that's pretty much the

1 extent of what we do. I'd say  
2 less than 5 percent of our total  
3 revenue comes from business in  
4 Louisiana.

5 MS. BIGNER:

6 And one of the requirement of  
7 the contract is that 50 percent  
8 of their sales are done outside  
9 the state. Also, the Pod Pack is  
10 biodegradeable; the K-Cup is not.

11 MR. MARTIN:

12 Yeah. We've actually --  
13 thank you. Can I?

14 MS. BIGNER:

15 Yeah.

16 MR. MARTIN:

17 We've actually got a great  
18 story with this, and educated  
19 people is always the big  
20 challenge. So we feel like you  
21 can get a better -- we can prove  
22 you get a much cup of coffee,  
23 quality cup of coffee without  
24 using this brewing system, which  
25 is a different brewer than this

1           brew system because we get the  
2           water to penetrate the coffee  
3           better and we can brew at a  
4           higher temperature, and we  
5           actually put more coffee in this  
6           than you can in this. So you get  
7           a better cup of coffee with this.

8                     It's also biodegradable or  
9           compostable officially, and this  
10          is not -- it's not biodegradable,  
11          recyclable, compostable, or  
12          anything, and then this is about  
13          10 to 15 cents a cup less than  
14          this, so we got a great story.  
15          It's just a huge challenge to get  
16          that story out there, and these  
17          folks have worked on this for a  
18          long time just to get people  
19          familiar with how to brew a  
20          single cup, and we're coming  
21          right behind them with this, and,  
22          of course, you know, we're doing  
23          this too, but there's a great  
24          story with this, and who knows  
25          where the business will be ten

1 years from now.

2 MS. THAM:

3 Do we have any other  
4 questions?

5 MR. ROY:

6 Yes, ma'am. I have a  
7 question, couple questions.  
8 Describe your competition and  
9 tell us about any competitive  
10 vendors.

11 MR. MARTIN:

12 Okay. We're the largest  
13 single serve private label  
14 company in North America. There  
15 are a lot of people that might  
16 have one machine that does pods,  
17 and they only run it part of the  
18 time, and it actually maybe only  
19 makes up about 5 percent of their  
20 total business. They're pushing  
21 bags of whole beans and bags of  
22 ground coffee and frat packs,  
23 other things than single serve.

24 We do business, like I said,  
25 with a majority of the coffee

1           roasters in the country, large  
2           and small. We've become the  
3           experts. We're the people --  
4           we're the go-to people that --  
5           and we've taken a long time to  
6           achieve this status, but that's  
7           been our unique advantage and  
8           knowing all the people we do. We  
9           focus on quality, whereas our  
10          competition doesn't really know  
11          the things about making a quality  
12          product like we do because that's  
13          all we had to do, and we focus on  
14          service. Our turnaround beats  
15          everybody. And, of course, you  
16          know, our price is reasonable for  
17          what we are providing.

18                 The other competition,  
19                 there's a few people that make --  
20                 strictly just make a few espresso  
21                 pods, and they're in the  
22                 Northeast, but they haven't  
23                 really grown their business or  
24                 done anything to enhance their  
25                 business. They're actually just

1 kind of coasting into retirement.  
2 There's another company up in the  
3 Northeast called Barnet Coffee,  
4 and they have their own brand and  
5 they're trying to do some product  
6 label for other people, but, you  
7 know, there's some conflict  
8 there, and there are the folks  
9 that are doing a pretty good job  
10 up in Canada. They're also  
11 trying to do their own brands,  
12 but they are doing other people's  
13 brands, but they're doing other  
14 things.

15 We're the only ones that  
16 focus strictly on single serve  
17 that's of any size in the  
18 country. There's a number of  
19 people that do these product  
20 labels. The difference in what  
21 we're going to do and what  
22 they're doing is they require a  
23 product run of 300,000 of one  
24 blend. We're going to be able to  
25 do 30,000 of one blend. So we're

1 going to have -- no one wants to  
2 touch that business, and we're  
3 willing to do it because we know  
4 we can do it because that's about  
5 the size of the jobs we do with  
6 the pod.

7 MS. THAM:

8 Thank you. Anyone else? We  
9 appreciate that. That's a  
10 wonderful summary. Sounds like  
11 it's going to be an exciting  
12 line. Is there anyone who wants  
13 to make a motion regarding a  
14 recommendation to the board?

15 MS. BIGNER:

16 I need to go through and read  
17 the contingencies.

18 MS. THAM:

19 Okay.

20 MS. BIGNER:

21 I'm sorry. Staff recommends  
22 approval of this project as an  
23 Unsponsored EDAP Payroll Credit  
24 Award with the contingencies  
25 listed below. The company will



1           be given three years to achieve  
2           their proposed commitment of 19  
3           new jobs with a payroll of  
4           \$590,000 by 2016. They must  
5           retain these jobs throughout the  
6           life of the contract with payroll  
7           increases as listed above. If  
8           the required jobs are created  
9           retained at the stipulated annual  
10          payroll levels, then this EDAP  
11          will be considered certified.  
12          However, if the company does not  
13          create the projected jobs and  
14          payroll on an annual basis, the  
15          unearned credit balance for that  
16          year will be due and payable to  
17          LEDC plus interest. All credits  
18          will be based on payroll.

19                 If approved by the LEDC  
20                 Board, the contingencies are as  
21                 follows:

22                         The funding for the project  
23                         will depend on the availability  
24                         of LEDC funds allocated for EDAP  
25                         by the Board at the time of

1 approval. This project must also  
2 be approved by the Division of  
3 Administration's Office of  
4 Facility, Planning and Control as  
5 eligible for Capital Outlay  
6 Funding.

7 The total capital investment  
8 by Pod Pack must be at least  
9 \$10.1 million by the end of  
10 December 31, 2016.

11 The company must have and  
12 retain 19 existing jobs with an  
13 annual payroll of \$1.6, million  
14 prior to executing the EDAP  
15 contract.

16 At least 50 percent of Pod  
17 Packs sales will be to customers  
18 located outside of the state of  
19 Louisiana. During each year of  
20 EDAP contract, should sales to  
21 customers outside Louisiana be  
22 below 50 percent, Pod Pack will  
23 make full annual principal and  
24 interest payment on the EDAP for  
25 that year.

1           An independent CPA evaluation  
2           attesting that the company has  
3           achieved at least 50 percent  
4           annual sales outside of the state  
5           of Louisiana is required annually  
6           throughout the life of the EDAP  
7           contract.

8           A recorded first lien on the  
9           capital equipment offered as  
10          collateral must be submitted  
11          prior to the reimbursement of the  
12          first annual installment.

13          The way this one's going to  
14          be paid, it's going to be  
15          \$360,000 reimbursed in 2014 with  
16          \$360,000 being reimbursed in  
17          2015. The equipment offered must  
18          have a value of at least \$760,000  
19          or more.

20          In the event the company  
21          fails to commence operations,  
22          ceases operations, transfers  
23          ownership of the company (or  
24          substantially all of its assets)  
25          to an entity that is not approved

1           by the State, or the contract is  
2           terminated for cause, the company  
3           will make accelerated payments to  
4           the State in an amount equal to  
5           the unpaid and uncredited  
6           principal balance remaining on  
7           the EDAP, plus accrued interest.

8           The EDAP applicant will have  
9           90 days to start the project or  
10          will have to appear before the  
11          LEDC Board to explain why the  
12          project is not underway.

13          MS. THAM:

14          Thank you, Ms. Bigner. Any  
15          other questions or clarifications  
16          required by the committee  
17          members? No? If not, what about  
18          the public? Are there any  
19          questions that the public has?  
20          All right. It's been pointed out  
21          to me that since the amount of  
22          the EDAP award being requested is  
23          under \$1 million -- it's  
24          \$760,000 -- that the screening  
25          committee can actually make a

1 decision whether to approve the  
2 award or not. Did you have a  
3 comment?

4 MR. MESSER:  
5 Motion for approval.

6 MS. THAM:  
7 Do we have a second?

8 MR. SIMPSON:  
9 Second.

10 MS. THAM:  
11 Everyone in favor, say "aye."  
12 (Several members say "aye.")

13 MS. THAM:  
14 Anyone opposed?  
15 (No response.)

16 MS. THAM:  
17 And so it passes, and we wish  
18 you luck and appreciate your  
19 efforts to increase our  
20 employment here.

21 MR. MARTIN:  
22 Thank you very much, and  
23 we're very grateful.

24 MS. BIGNER:  
25 Thank you.

1 MS. THAM:

2 Thank you.

3 Moving on. The next award  
4 that we're going to discuss is an  
5 EDAP award for payroll credit for  
6 MXS Solutions, and this is being  
7 presented by Christian  
8 Pennington.

9 Good morning.

10 MR. PENNINGTON:

11 Good morning. This is Mr.  
12 Jim Dean from Module X and Mr.  
13 David Schoonover and Ashley from  
14 NLEP up in North Louisiana. She  
15 told me her last name, but I  
16 don't want to butcher it.

17 MS. BUSADA:

18 It's Busada.

19 MR. PENNINGTON:

20 Sorry about that. What we  
21 have here today is Module X  
22 Solutions. They make these  
23 prefabricated buildings that we  
24 see at, like, construction sites  
25 or, like, cell phone towers.

1           They put in heating and AC,  
2           electrical systems, all that sort  
3           of thing.

4           Module X Solutions is a newly  
5           formed manufacturer of  
6           prefabricated modular buildings.  
7           The company will occupy space  
8           along with MB Industries at the  
9           Slack Industrial Park in south  
10          Shreveport. MXS and MBI, working  
11          together, will be able to produce  
12          completely outfitted modular  
13          buildings with integrated  
14          electronics and control systems  
15          for multiple industries including  
16          telecommunications, solar, oil,  
17          and gas, utility and government.  
18          These buildings are completely  
19          pre-made, preformed, ready to go.

20          The merchandising facility in  
21          Shreveport is owned by the City  
22          of Shreveport and needs major  
23          improvement to accommodate the  
24          operations of MXS along with MBI.  
25          MXS has plans to improve the

1 infrastructure owned by the City  
2 of Shreveport to accommodate the  
3 expansion of services that will  
4 occur. These improvement will be  
5 roofing repair, resurface  
6 parking, storage and production  
7 areas, repair of electrical  
8 service, repair of HVAC systems,  
9 repair of restroom facilities,  
10 repairing of rail spurs, pain,  
11 and partition building.

12 Basically redoing the entire  
13 facility. MXS has agreed to be  
14 responsible for the improvements  
15 to the facility, as well as  
16 simultaneous thereafter.

17 The costs for this project  
18 are as follows: MXS is Going to  
19 put up 7.4 million; LED will be  
20 putting forward a facility grant  
21 of 1.85; and the EDAP we're going  
22 to be talking about today will be  
23 1.8 for a total project cost of  
24 \$11 million.

25 Mr. Steven Schoonover is the



1 CEO of MXS and has agreed to  
2 personally guarantee the EDAP.  
3 Mr. Schoonover has extensive  
4 knowledge and experience in the  
5 telecommunications industry and  
6 has served as CEO and president  
7 for several successful companies  
8 specializing in site development,  
9 cellular communications, and  
10 radio communications equipment  
11 integration.

12 MBI currently has 109  
13 employees with a current payroll  
14 of 6.1 million, which will be  
15 retained during the life of this  
16 project. MXS has agreed to  
17 create 357 new jobs for a  
18 combined total of 466 jobs with  
19 an annual payroll of -- in your  
20 packet, I have 25.7 million.  
21 That actually should be 26.9  
22 million. That is a mistake I  
23 made -- million by 2024.

24 The company shall maintain  
25 operations throughout the

1           employment period with a minimum  
2           of 50 percent out-of-state sales.  
3           If in any project year the  
4           company fails to maintain 50  
5           percent out-of-state sales, the  
6           payroll shall be deemed zero  
7           irrespective of any credits or  
8           reimbursements.

9           The company will be required  
10          to retain and create new  
11          jobs/payroll poll according to  
12          the following schedule with 2  
13          percent increase and annually on  
14          retained jobs.

15          This is located in Caddo  
16          Parish in Northwest Louisiana.  
17          Caddo Parish unemployment rate  
18          was 5.4 percent as of 2014  
19          compared to the State rate of 4.6  
20          percent for the same period. The  
21          per capita income in Caddo Parish  
22          is \$44,153 and \$40,057 for  
23          Louisiana.

24          The economic benefit is as  
25          follows:

1                   The State Revenues over the  
2                   period will be \$26 million. The  
3                   LED will be giving out a Facility  
4                   Grant for \$1.8 million. Quality  
5                   Jobs, which is the information  
6                   they provided today, will be  
7                   statutorily \$10 million.

8                   Recommendations. The staff  
9                   recommends approval of this  
10                  project as a sponsored EDAP Jobs  
11                  Credit Loan. The company will be  
12                  given four years to achieve their  
13                  proposed commitment of 357 new  
14                  jobs with a pay roll \$17.8  
15                  million, which they must retain  
16                  throughout the life of the  
17                  sponsored EDAP with annual  
18                  payroll increases as listed  
19                  above. And that's skipped. If  
20                  the required jobs are created and  
21                  retained at the stipulated annual  
22                  payroll levels, then this  
23                  sponsored EDAP will be considered  
24                  satisfied. However, if the  
25                  company does not create the

1 projected jobs payroll on an  
2 annual basis, the unearned credit  
3 balance for that year will be due  
4 and payable to LEDC plus  
5 interest. All credits will be on  
6 based payroll.

7 And I'll read the financial  
8 contingencies. If approved by  
9 the LEDC Board, the contingencies  
10 are as follows:

11 The funding for the project  
12 will depend on the availability  
13 of LEDC funds allocated for EDAP  
14 by the Board at the time of  
15 approval. This project must also  
16 be approved by the Division of  
17 Administration's Office of  
18 Facility, Planning and Control as  
19 eligible for Capital Outlay  
20 Funding.

21 Total capital investment by  
22 MXS Solutions and its affiliates  
23 at Caddo Parish, Louisiana, must  
24 be at least \$2.8 million by  
25 December 31, 2014, \$6.3 million

1 cumulative by December 31, 2015,  
2 and \$7.4 million cumulative by  
3 December 31, 2016.

4 The company agrees that 50%  
5 of its client sales must be to  
6 customers outside the state. If  
7 during any year (during the 10  
8 year employment period) the sales  
9 to customers outside Louisiana  
10 falls below 50 percent, the  
11 company agrees to reimburse the  
12 EDAP for that year as if the  
13 company had zero new payroll.

14 Copy of Disclosure of  
15 Ownership showing stamp of  
16 recordation with the Louisiana  
17 Secretary of State must be  
18 submitted prior to the execution  
19 of EDAP contract.

20 A certified copy of the  
21 Certificate of Authority to do  
22 business in Louisiana which is  
23 filed with the Secretary of State  
24 prior to the execution of EDAP  
25 contract.

1 Confirmation that all  
2 required technical studies or  
3 other analysis (environmental or  
4 engineering studies) and licenses  
5 or permits needed prior to the  
6 start of the project have been  
7 completed, issued and/or obtained  
8 in the event that such required  
9 are required in connection with  
10 the project.

11 If at any time either MXS or  
12 MBI commence operations, ceases  
13 operations, or transfers  
14 ownership of the company, the  
15 remaining company must retain and  
16 create all jobs required by the  
17 EDAP.

18 In the event the company  
19 fails to commence operation,  
20 ceases operations, transfers  
21 ownership of the company (or  
22 substantially all of its assets)  
23 to an entity that is not approved  
24 by the State, or the contract is  
25 terminated for cause, the company

1           agrees to make accelerated  
2           reimbursements of the aggregate  
3           EDAP actually paid by LEDC less a  
4           proportionate amount earned by  
5           having met payroll targets or  
6           previously paid reimbursements.

7           All MSX Solutions and  
8           affiliate commitments will be  
9           guaranteed by MXS Solutions, LLC,  
10          and will be binding upon any  
11          successor should the company be  
12          acquired or otherwise  
13          reorganized, including  
14          reimbursement or payment  
15          provisions.

16          MXS Solutions and its  
17          affiliates will not pursue any  
18          other sources of funding for the  
19          project, including but not  
20          limited to Capital Outlay  
21          funding. In the event the  
22          project receives other state  
23          funds MXS Solutions and its  
24          affilates will make accelerated  
25          reimbursement of the aggregate

1 Performance Based Grant and EDAP.

2 The "in solido" personal  
3 guaranty of Steve Schoonover.

4 The sponsored EDAP applicant  
5 will have 90 days to start the  
6 project or will have to appear  
7 before the LEDC Board to explain  
8 why the project is not underway.

9 MS. THAM:

10 Thank you. Also, I believe  
11 one of the contingencies said  
12 that we didn't cover was that the  
13 condition that the company has  
14 achieved at least 50 percent  
15 annual sales outside the state of  
16 Louisiana is required annually  
17 throughout the life of the EDAP  
18 contract will be attested by an  
19 independent CPA.

20 MR. PENNINGTON:

21 Yeah. Did I skip over that?

22 MS. THAM:

23 I think so.

24 MR. PENNINGTON:

25 I'm sorry. A



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MS. THAM:

Would you like to give us some information about your company?

MR. DEAN:

Sure. We're excited to be here and thank y'all for having us. It's a unique business opportunity here, as Christian mentioned. 109 retained jobs at MBI and the startup, if you will, of modular buildings.

Our product line is broad and diverse. We are core manufacturing folks who serve customers both domestic and international, and the petrochemical blast-resistant, blast-proof modules are the MBI stronghold, if you will, saves lives. It saves lives here in Louisiana in the oil and gas industry. It saves lives with the State Department employees internationally and overseas.

1                   The Module X Solutions  
2                   telecommunications, utilities,  
3                   government buildings are  
4                   typically concrete in nature, and  
5                   they're employed nationwide.  
6                   They support all these wonderful  
7                   electronic devices in the  
8                   telecommunications industry for  
9                   data going back and forth. All  
10                  that to say we are hardcore  
11                  manufacturers, welders, concrete  
12                  finishers, electricians, conduit  
13                  benders, and interior finishers,  
14                  and the startup is exciting.  
15                  We're in a facility that's  
16                  city-owned, and we're excited to  
17                  put tax dollars back to use for  
18                  the government, for the  
19                  community, and to turn a 750,000  
20                  square-foot facility into a  
21                  job-producing, revenue-producing  
22                  site.

23                   MR. SCHOONOVER:

24                   Thanks, everybody, for being  
25                   here. I appreciate the

1 opportunity. What Jim said, I  
2 just wanted to expand on that.  
3 I'm BP of global sales and  
4 marketing, as Jim mentioned,  
5 domestic and global opportunities  
6 to grow that facility to come in  
7 with a refreshed management team  
8 to improve that facility, to make  
9 it a place where employees are  
10 happy to be at and customers come  
11 in and they feel that energy in  
12 the facilities and then we can  
13 bring in revenue from that source  
14 and mention one of the biggest  
15 things that we do in Louisiana  
16 and a lot of our customers  
17 nationwide, Verizon and At&T,  
18 the large petrochemical  
19 refineries is to have that large  
20 manufacture of modular buildings  
21 in Louisiana. We provide a value  
22 added solution, modular solution  
23 that's tough to compete and  
24 duplicate with any other  
25 competitors around. So being

1           able to do that in Louisiana,  
2           have that value added solution  
3           that we could ship the module  
4           out. It's tough for other  
5           regional players across the  
6           country to compete with us, so  
7           that brings that value add-in and  
8           brings that business in  
9           Louisiana, keeps the jobs here,  
10          and so forth.

11                 So that's something that  
12           we're very proud of, that we can  
13           take this opportunity and funds  
14           to be able to improve the  
15           facilities and, again, bring in  
16           additional employees and  
17           opportunities. We really  
18           appreciate it.

19                 MR. DEAN:

20                 And I'd like to add before  
21           Ashley makes a comment that this  
22           has been an interesting  
23           coordination of entities from  
24           NLEP, which Ashley represent, the  
25           city of Shreveport, you know, LED

1 the various groups. We have been  
2 guided, directed, told yes, told  
3 no, and people are working  
4 together and that's very  
5 refreshing, you know, from the  
6 taxpayer perspective, and it's  
7 enabling. It's going to be a  
8 large, large business in North  
9 Louisiana.

10 MS. BUSADA:

11 I'm Ashley Busada. Thank you  
12 for the opportunity to be here to  
13 speak in support of Module X  
14 Solutions. Like they said, I'm  
15 with North Louisiana Economic  
16 Partnership, so we're the local  
17 economic development organization  
18 for the city of Shreveport.

19 We are here in support of MXS  
20 Solutions in their EDAP award.  
21 They are reinvesting an  
22 underutilized building in the  
23 heart of Shreveport. As they've  
24 already stated, not only are they  
25 saving the 109 jobs that are

1           already there, they're adding 357  
2           jobs with a capital investment of  
3           \$74 million. This is only  
4           positive news for the City of  
5           Shreveport. They have a proven  
6           track record with other  
7           businesses they've had in the  
8           Shreveport/Bossier area, so NLEP  
9           has been excited to work with  
10          them and to see where they go  
11          from here.

12                 MS. THAM:

13           Thank you. Any other  
14           comments that you'd like to make?

15                 MR. PENNINGTON:

16           I'd like to present to the  
17           Board this is a fantastic  
18           project. I really believe in  
19           this project, and like Ashley 109  
20           new jobs, 357 jobs in North  
21           Louisiana.

22           As far as from a risk  
23           mitigation point of view, I think  
24           we're fairly covered. We have  
25           Mr. Schoonover's person guaranty,

1           and he's able to cover that. As  
2           far as taxpayer dollars, I think  
3           it's a good deal. As far as an  
4           economic development perspective  
5           I can this is a fantastic deal  
6           creating new jobs, creating  
7           revenues for the State. I really  
8           think this should be very much  
9           approved and wholeheartedly shout  
10          it to the rooftops that we've got  
11          this building going up, being  
12          rebuilt, and this commencement  
13          facility in Shreveport.

14                   MS. THAM:

15            You're projecting a pretty  
16            rapid growth. You think the  
17            sales potential is out there? Do  
18            you see the need that you can  
19            actually sell this level that  
20            quickly?

21                   MR. DEAN:

22            Yes, ma'am. We've done this  
23            before in the telecommunications,  
24            oil and gas industries. It's  
25            relatively steady. We've

1           diversified across those  
2           industries. MBI, the retained  
3           jobs, 109 more. Project  
4           oriented, so it could be a \$40  
5           million project for Pemex, for  
6           example, or the Middle East oil  
7           fields in Kuwait and Qatar, and  
8           it's more project-oriented.

9           We have already added quite a  
10          few people, and we are in  
11          production, and today they're  
12          dodging water coming through the  
13          roof, literally. When it rains  
14          outside at our facility, it rains  
15          inside. So that's one of the  
16          first things to do is to get a  
17          roof on there that doesn't leak.

18          We're confident in the sales  
19          projections, and there are  
20          realistic. They're not  
21          outlandish at all.

22          MR. SCHOONOVER:

23          And as Jim mentioned, the  
24          diversified portfolio is key.  
25          We've obviously realized we've



1           gone through some ups and down in  
2           the telecommunications industry,  
3           which was our core in the past.  
4           Teaming up with MBI Industries  
5           with their petrochemical  
6           blast-rated modules and then the  
7           solar arrays in the industries  
8           with the utility of behind it oil  
9           and gas and then also data  
10          centers in another area to be  
11          diversified, and then those up  
12          and down market allow our  
13          employees to be cross-trained so  
14          we don't have to do layoffs. We  
15          don't have to worry about that.  
16          That's a big thing for us.  
17          That's why we want to come in and  
18          have a play in different areas,  
19          lots of customers, lots of  
20          ability for revenue to come in.  
21          When one market's down, we've got  
22          multiple others to take us up.  
23                 We're also going to be  
24          getting into services that's  
25          going to be coming in in future,

1           logistic warehouse management  
2           services, inventory management  
3           for our customers. So we're  
4           going to back those products up  
5           with the services-based industry  
6           as well and pick up some revenue  
7           and annuity to protect our  
8           business and our employees going  
9           forward.

10           MS. THAM:

11           Wonderful. The avoidance of  
12           layoffs is important to all us of  
13           us.

14           Does anyone on the screening  
15           committee have questions?

16           MR. SIMPSON:

17           I have one. I'm not that  
18           familiar with leasing, you know,  
19           projects, but Shreveport owns the  
20           property, and y'all are outlaying  
21           a huge amount of money to improve  
22           parking lot and roofs that I  
23           would expect, if I'm leasing  
24           something -- is that reflected in  
25           the lease you get with the city?

1 MR. DEAN:

2 That's what these funds are  
3 going to be used for is roof,  
4 parking lot, electrical,  
5 lighting, HVAC. And so the  
6 capital that MXS will be  
7 expending is more of the  
8 equipment to do the work and the  
9 EDAP grant, if so approved, and  
10 the performance-based grant will  
11 be used for the infrastructure  
12 itself. We can't take that with  
13 us, so God forbid if something  
14 went wrong with our venture, the  
15 improvements, the state money  
16 that has gone in are there for  
17 anyone else in a city-owned  
18 facility.

19 MS. THAM:

20 Is there anyone else that was  
21 has a question?

22 MR. ROY:

23 I'm curious. The buildings  
24 you see in, like, airports and  
25 other strategic locations look

1           like they're made of concrete  
2           with pea gravel on the outside.  
3           Is that similar to your building?  
4           Can you compare and contrast what  
5           you guys do to what those guys  
6           do?

7                     MR. DEAN:

8                     Yes, sir. That's similar to  
9                     the buildings that we do. We  
10                    have done -- I guess it's okay to  
11                    name companies. We've done some  
12                    work previously for Ravion, and  
13                    they have digital airport  
14                    surveillance radar systems, so we  
15                    made buildings for them, and they  
16                    take their radar gear and bring  
17                    it up on the inside.

18                    That's not the core of our  
19                    business, but it's similar. Most  
20                    of the buildings are modules that  
21                    we manufacture on the metal side  
22                    are a 10 or 12 foot width, 40  
23                    feet in length, and they may have  
24                    multiples of those assembled  
25                    together in the field. So you

1           could have the smallest, 10 by  
2           40, or a 16,000 square foot  
3           complex that's put together in  
4           the field of all these modules.

5           On the concrete side, the  
6           easiest way to know what our core  
7           business on the concrete product  
8           line is when you see a cell phone  
9           tower, look down at the bottom  
10          and you're going to see a  
11          concrete building. Those are our  
12          buildings.

13          MR. SCHOONOVER:

14          We also do external finishes,  
15          custom finishes, brick and hardy  
16          board siding and painted  
17          buildings also to match certain  
18          downtown areas maybe on a rooftop  
19          or so forth. So we'll do a  
20          lightweight or steel building  
21          because it's lighter. It will be  
22          able to sit on top. So we'll do  
23          some custom finishes to match it  
24          to whatever. So we do customs  
25          buildings for every one of our

1 customers. Whatever they need,  
2 we provide that, engineer it  
3 completely with our inhouse  
4 engineering team, and then finish  
5 the plug and place solution for  
6 the customers.

7 MS. THAM:

8 Happily, it looks like the  
9 jobs that you think will be  
10 created permanently are not  
11 minimum wage jobs. They're good  
12 jobs. Are you having any trouble  
13 finding the skill level you need?  
14 Are you training in house?

15 MR. DEAN:

16 Yes, we are. Unemployment  
17 rate in the 5 percent range.  
18 David and I spoke yesterday  
19 afternoon with the guys over at  
20 LED Fast Start, and we have to  
21 train them up. We need trained  
22 press rake operators today. We  
23 need more welders. It's the same  
24 story all across the state. We  
25 need skilled craftsmen, so we're

1           in partnership with other folks  
2           out at River Parishes Community  
3           College and another technical  
4           college system to help us to find  
5           people that we can put to work in  
6           better than minimum wage paying  
7           jobs, but it's tough. It's hard  
8           to find qualified workers, and so  
9           now we're in the process of  
10          training and creating our own  
11          qualified workers.

12                   MS. THAM:

13                   That's great. That's a  
14                   wonderful thing if you can bring  
15                   up the skill level of the  
16                   employees.

17                   Do we have any other  
18                   questions about this project?

19                   MR. MESSER:

20                   I move for a recommendation  
21                   in favor of recommendation.

22                   MS. THAM:

23                   Do we have a second?

24                   MR. SIMPSON:

25                   Second.

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MS. THAM:

All in favor, say "aye."

(Several members say "aye.")

MS. THAM:

All opposed.

(No response.)

MS. THAM:

Okay. Well, thank you very much. We will give a favorable recommendation to approval of this project to the full Board, and it sounds like an exciting new project that's really going to grow a lot of jobs and more skilled employees in north Louisiana.

MR. DEAN:

Thank you, ma'am.

MR. SCHOONOVER::

Thank you so much.

MS. BUSADO::

Thank you.

MS. THAM:

I think that today before we're done we should have a



1           quorum so we will be able to  
2           convene the Board.  As we're  
3           waiting for that, though, the  
4           screening committee would like to  
5           hear from the Catalyst Fund,  
6           which is looking for Louisiana  
7           Seed Capital Program money.

8                     Susan, are you presenting  
9           this?

10                    MS. BIGNER:

11                    Yes, ma'am, I am.

12                    Hello again.  I have Jeanne  
13           Bayless and and Genevieve  
14           Silverman.  Genevieve is with the  
15           Louisiana Tech Park that's here  
16           in Baton Rouge.  If you have not  
17           had a chance to go by and see it,  
18           it's a wonderful facility.  It's  
19           where Bon Marche Mall used to be,  
20           like, 25 or 30 years ago.  
21           They've really done a lot of work  
22           out there, but she's going to be  
23           helping Jeanne with the Catalyst  
24           Fund.  And Jeanne is the CEO  
25           or --

1 MS. BAYLESS:

2 CEO.

3 MS. BIGNER:

4 CEO -- sorry -- of the  
5 Catalyst Fund itself. The  
6 Catalyst Fund has put in an  
7 application for \$1.1 million of  
8 SSBCI funds to invest into a  
9 early stage seed capital fund.

10 The location of the business  
11 is going to be at the Innovation  
12 Catalyst, Inc., which is at the  
13 Louisiana Tech Park. The  
14 Catalyst Fund is going to be part  
15 of ICI, Innovative Catalyst, Inc.

16 They're going to have two  
17 full employees and one part-time  
18 employee. The management team is  
19 going to be Jeanne. Dennis (DJ)  
20 Raymond Howard is also going to  
21 be there along with Genevieve.  
22 The board of directors to date  
23 are going to be Mened Nolan  
24 [spelled phonetically] and she's  
25 going to be chair, John Davies,

1 and Michael Carvey. They are in  
2 the process of putting together  
3 their investment advisory board.  
4 This is going to be a perpetual  
5 evergreen fund. They are  
6 estimating it to be about \$3  
7 million altogether. They've  
8 already raised commitments of  
9 \$1,650,000.

10 Like I said, this is a  
11 nonprofit. The research part  
12 corporation has issued -- well,  
13 has nominated to grant the  
14 Catalyst Fund a \$1.5 million  
15 grant for investment purposes.  
16 The Research Park Corporation is  
17 also covering the majority of the  
18 expenses to run ICI in the fund  
19 itself.

20 Because they're going to be  
21 at the Tech Park, a lot of their  
22 stuff is going to be, like data,  
23 around data, social data,  
24 technology driven sectors.  
25 Social media, mobile, Cloud, and

1 bid date. And it's going to be  
2 across multiple industries.  
3 They're not going to focus on any  
4 one industry.

5 This group has come to us  
6 prior to this. This started out  
7 as the Ion Fund, then it went  
8 into Step One Ventures. They are  
9 now fully organized and up and  
10 running. There's no contingency  
11 on the LEDC fund approval of  
12 funds. They're going to go ahead  
13 and go with this fund whether we  
14 invest or not.

15 They're going to cover the  
16 capitol region, Ascension, East  
17 Baton Rouge, West Baton Rouge,  
18 East Feliciana, Iberville,  
19 Livingston, Pointe Coupee, Saint  
20 Helena, Tangipahoa, and  
21 Washington Parishes. If you  
22 remember, New Orleans Startup  
23 Funds is doing the lower part of  
24 the bayou region, New Orleans  
25 region. And so what they're

1 going to do is the Catalyst Fund  
2 is going to do the area above  
3 that. So we'll have all of this  
4 area completely covered with  
5 either one of the funds that have  
6 participated in the SSBCI  
7 program.

8 The fund has raised, like I  
9 said, \$1.5 million from RBC, but  
10 they've also got a \$150,000  
11 commitment from a private  
12 individual, and that brings their  
13 match-up to the 1.5 to 1, so  
14 they're requesting a 1.1 match.  
15 This will use the remaining funds  
16 of our 5.1 that we currently have  
17 allocated to Louisiana City  
18 Capital Fund. For us to do this  
19 project, we have to find  
20 Innovative Catalyst, Inc., and  
21 the Catalyst Fund as eligible to  
22 participate with LEDC. We  
23 believe that they are eligible.

24 Innovation Catalyst, Inc.,  
25 was formed to nurture and build

1 the entrepreneurship ecosystem in  
2 the Greater Baton Rouge area.  
3 They are looking to invest in and  
4 assist companies that have a need  
5 for startup and/or early stage  
6 financing to progress to a more  
7 commercialized state.

8 The management staff has the  
9 necessary investment, research,  
10 and technological experience to  
11 focus on the core mission of the  
12 fund, i.e. early stage technology  
13 companies.

14 The Catalyst Fund has managed  
15 to secure a total of \$1.6 million  
16 in private funds to satisfy the  
17 required 1.5 to 1 ratio to  
18 request a \$1.1 million commitment  
19 from LEDC. The Fund also has  
20 plans to raise additional capital  
21 to further surpass this  
22 requirement.

23 The Catalyst Fund will be  
24 working with partners, such as  
25 the Baton Rouge Foundation, the

1 Louisiana Technology Park, the  
2 Research Park Corporation,  
3 universities, other incubators,  
4 and angel investors to expand the  
5 entrepreneurial ecosystem in  
6 Louisiana.

7 The Internal Venture Capital  
8 Committee recommends approval of  
9 eligibility to participate in the  
10 Louisiana Seed Capital Program  
11 with the following contingencies.

12 Verification of tax-exempt  
13 status or approval of IRS 501(c)3  
14 stats must be submitted prior to  
15 June 30, 2015.

16 The Louisiana Economic  
17 Development retains a seat on the  
18 Investment Advisory Board.

19 Because there are nonprofit,  
20 they have applied for their  
21 501(c)3 tax exemption. They have  
22 not received it. Baton Rouge  
23 Foundation is going to be working  
24 as their physical agent. The  
25 Venture Capital Committee felt

1           that we want to deal with ICI and  
2           the Catalyst Fund, and not with  
3           the Baton Rouge Area Foundation,  
4           so we're asking that they have  
5           that exemption in place prior to  
6           us going forward with the  
7           contract.

8           If, for some reason, they do  
9           not get that status, they can  
10          come back and reapply, but we  
11          will withdraw our commitment. So  
12          right now we're asking for the  
13          board to grant eligibility for  
14          participation with LEDC. I'm  
15          going to turn it over to Jeanne  
16          and let her explain the fund and  
17          invasion catalyst.

18          MS. BAYLESS:

19          Thanks. I appreciate being  
20          here today, and I think Susan did  
21          a great job of going through  
22          everything. Lots of names in  
23          there, but just to break it down,  
24          there's an overarching entity  
25          called Innovation Catalyst. I



1           came on board. My background is  
2           I'm s serial entrepreneur. I've  
3           been both a strategic venture  
4           capitalist and also a partner for  
5           a venture capital firm that had  
6           about a billion dollars under  
7           management. That was based out  
8           of Munich, Germany.

9           So I joined coming on board  
10          to try to build up the  
11          entrepreneurial commitment, first  
12          in Baton Rouge, and then  
13          throughout the state of  
14          Louisiana. So but what I  
15          determined coming on board is  
16          that there were several  
17          initiatives that really needed to  
18          happen here to make this  
19          successful, and so those  
20          initiatives are we're creating  
21          something called Catalyst  
22          Connections, which is an online  
23          virtual environment where an  
24          interpreter can go and get  
25          anything that they need to be

1           successful in their startup, and  
2           that can be finding mentors,  
3           finding capital, finding board  
4           members, talking to peers, and so  
5           on. So that will be an online  
6           virtual environment.

7           The Capitalist Fund is the  
8           second initiative, which I'll  
9           talk about in a second. We're  
10          also creating a for-profit fund  
11          which will be called the Ion  
12          Fund. We're also doing  
13          entrepreneurial education and  
14          support for women and minorities  
15          because that's very important to  
16          me.

17          This fund itself, the  
18          Catalyst Fund, is an evergreen  
19          fund, so it's a nonprofit  
20          evergreen fund that will be  
21          perpetual. We'll be going out,  
22          talking to high net worth  
23          individuals to work. My goal is  
24          to try to build it up to a 5 to  
25          10 million dollar fund.

1                   We're going to invest in  
2                   early stage companies typically  
3                   putting in about \$250,000. Will  
4                   be very hands-on. Our goal is --  
5                   my goal is basically to be very  
6                   hands-on, so that I can bring in,  
7                   get them started, help them build  
8                   their business plan, help them  
9                   learn how to pitch the plan to  
10                  venture capitals and high net  
11                  worth individuals and then to  
12                  bring in partners from the  
13                  outside the state to invest in  
14                  the company.

15                 So I've served on boards all  
16                 over the world, and I've started  
17                 building an investment advisory  
18                 committee of some of the top  
19                 venture capitalists all around  
20                 the United States. So that's it.

21                 MS. THAM:

22                 Thank you, Ms. Bayless.

23                 Did you have any comments,  
24                 Ms. Silverman?

25                 MS. SILVERMAN:

1 Not at this time. Thank you.

2 MS. THAM:

3 Okay. And does the committee  
4 have questions?

5 And these are going to be  
6 short term seat investments,  
7 right? Is that correct?

8 MS. BAYLESS:

9 Well, the way it's structured  
10 is it will be a convertible debt,  
11 and so we need to make this fund  
12 for evergreen, so the goal is to  
13 get two to three times our  
14 investment back, and we'll do  
15 that either by converting it to  
16 equity at a discount, 20 percent  
17 discount, or we'll get the  
18 venture capitalists that's coming  
19 in to buy us out at two to three  
20 times what we put into the  
21 company itself.

22 MS. THAM:

23 And, Susan, did we discover  
24 cover the second part of the  
25 contingencies?

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MS. BIGNER:

No, we didn't, because right now what we're doing is we're trying to establish -- get approval for eligibility to participate, and then we'll come back and do the requests for the match funds.

MS. THAM:

Okay. All right. Does anyone have any questions?

So what you're asking for today is eligibility for them to go ahead and --

MS. BIGNER:

Participate in our venture capital program. The way we're establish is for venture capital fund to come in and operate with us so that we can match funds with them. They have to meet our guidelines, so they have to be established as eligible. So currently right now we're trying to get them established as

1 eligible. Right after, if that  
2 is approved, then I will go right  
3 into the request for the 1.1  
4 match of the SSBCI funds.

5 MS. THAM:

6 And I'm not sure, Mr.  
7 Chairman, whether the screening  
8 committee has any ability to vote  
9 on that or if that's just a  
10 recommendation to the Board, even  
11 though there's no money at this  
12 time.

13 Are there any comments from  
14 the public?

15 MR. MARTIN:

16 I'd like to make a comment,  
17 if I might.

18 MS. THAM:

19 Yes, sir.

20 MR. CANGELOSI:

21 The committee may have  
22 noticed that Mr. Messer has left  
23 the meeting. Mr. Messer, as  
24 representative of Secretary Moray  
25 is on the committee with the

1 organization that's making  
2 application here today and  
3 actually made a recommendation  
4 that that application be made.  
5 He has no financial interest in  
6 the entity and does not receive  
7 any salary or pay roll because of  
8 that recommendation, but in order  
9 to avoid any appearance of a  
10 conflict of interest, Mr. Messer  
11 has decided to recuse himself,  
12 and he did not participate in  
13 this discussion in any manner.  
14 He actually left the meeting  
15 during this discussion.

16 MS. THAM:

17 And will not vote regarding  
18 it.

19 Any other comments?

20 MS. BIGNER:

21 No. I was just going to make  
22 that quite clear also.

23 MS. THAM:

24 Do we have a motion?

25 MR. SIMPSON:

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So moved.

MS. THAM:

I move to recommend the Board  
that they be listed as eligible.

MR. SIMPSON:

Great.

MS. THAM:

All right. And there is a  
second?

MR. KAMATH:

Second.

MS. THAM:

All in favor, say "aye."

(Several members say "aye.")

MS. THAM:

Anyone opposed?

(No response.)

MS. THAM:

Then we will make that  
recommendation to the Board that  
you be considered eligible to  
work on the program.

MS. BAYLESS:

Thank you.

MS. THAM:



1                   And it looks like you have a  
2                   great Board, a great staff. Your  
3                   resumes are impressive, and this  
4                   group of people that have gotten  
5                   a lot done in the past. We hope  
6                   you can do that in the future.

7                   MS. BAYLESS:

8                   I think we will. Thank you  
9                   so much.

10                  MS. BIGNER:

11                  Do you want me to go into the  
12                  1.1 also?

13                  MS. THAM:

14                  That's fine.

15                  MS. BIGNER:

16                  All right. If the full Board  
17                  fully approves the eligibility to  
18                  participate, the Internal Venture  
19                  Capital Committee recommends  
20                  approval of an SSBCI badge of  
21                  \$1.1 million to the Capital Fund  
22                  with the following contingencies:

23                  The fund will be subject to  
24                  the rules, regulations, and  
25                  guidelines of the State Small

1 Business Credit Initiative  
2 created the under Small Business  
3 Jobs Act of 2010 as defined by  
4 the Allocation Agreement between  
5 the U.S. Department of the  
6 Treasury and the State of  
7 Louisiana.

8 The investment funds are  
9 contingent upon the availability  
10 of SSBCI funds from the U.S.  
11 Treasury.

12 The Fund will have 60 days  
13 from the date of the LEDC Board  
14 approval to accept a Letter of  
15 Commitment from LEDC for  
16 \$1,100,00 or LEDC may withdraw  
17 the commitment. The Letter of  
18 Commitment will expire June 30,  
19 2015.

20 So as I said previously,  
21 because they do not have their  
22 tax exempt status yet, the  
23 Venture Capital Committee has  
24 recommended that we do a Letter  
25 of Commitment to the Fund for the

1           \$1,100,00 that will expire June  
2           30, 2015, or once they have their  
3           commitment letter. At that time,  
4           then we will proceed with the  
5           contract itself.

6           If they are not able to get  
7           their tax exempt status, we will  
8           withdraw the commitment and the  
9           Capitalist Fund will be eligible  
10          to come back and reapply for the  
11          SSBCI Louisiana State Credit  
12          Program.

13          Verification of additional  
14          commitments, subscription  
15          agreements must be presented  
16          prior to any funding from LEDC.

17          Verification of tax exempt  
18          status or approval or IRS 501(c)3  
19          status must be submitted prior to  
20          June 30, 2015. LEDC SSBCI funds  
21          will be disbursed prior to IRA  
22          approval of 501(c)3. If  
23          certification is not received  
24          prior to June 30, 2015, or is  
25          denied, LEDC will terminate its

1                   commitment to TCF. If that  
2                   occurs, Innovation Catalyst of  
3                   TCF may reapply for the Louisiana  
4                   Seed Capital Program, if SBBCI  
5                   funds are available.

6                   All funds must be called  
7                   within three years of the  
8                   subscription date or by the end  
9                   of the SSBCI program, whichever  
10                  one comes first. The SSBCI  
11                  Allocation Agreement expires  
12                  March 31, 2017.

13                  The Fund must provide proof  
14                  of how the funds were allocated  
15                  receive subsequent draws.

16                  The Fund co-invests with  
17                  another firm that has SSBCI  
18                  funds, only one fund can report  
19                  the company's demographics, etc.  
20                  On quarterly/annual reports.

21                  SSBCI funds cannot be used  
22                  for a follow-up investment from a  
23                  prior fund and only be invested  
24                  in seed to early stage  
25                  investments.

1           The Fund shall provide LEDC  
2           annually with with audited  
3           financial statements to be  
4           prepared by an independent  
5           certified CPA, which include, but  
6           shall not be limited to a balance  
7           sheet, profit and loss statement,  
8           and changes in financial  
9           condition and a current annual  
10          reconciliation of the Fund's net  
11          worth.

12          The Fund shall provide to  
13          LEDC, as and when reasonably  
14          requested by LEDC, the data in  
15          its possession related to the  
16          LEDC investment which is needed  
17          in order to submit LEDC and SSBCI  
18          a quarterly and annual reports to  
19          the U.S. Department of the  
20          Treasury and to the State of  
21          Louisiana.

22          Additional structuring may be  
23          necessary in keeping with all  
24          applicable laws and industry  
25          standards.

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MS. THAM:

I'd like to ask Ms. Bayless, what is your approach going to be to identify projects that would be invested in and how much and what kinds of help are you giving these groups, whether it's financial expertise or marketing? Can you give us an idea of that?

MS. BAYLESS:

I think it's kind of a broad spectrum of expertise we'll be providing to the companies. I've been in a number of startups, so I've seen kind of all sides of this startup, and I've also seen the opposite side of the table, being a venture capitalist, so I know what they're looking for.

But we will be bringing in0, I think, our advisory committee is going to be very involved and trying to help these companies, and Genevieve has experience as well in working with startups.

1           As far as sourcing, you know,  
2           we've got a number of incubators  
3           around town, and I've been  
4           working with LSU on their lift  
5           program. I anticipate and plan  
6           to work very closely with them to  
7           try to help them commercialize  
8           technologies coming out of the  
9           universities.

10           So those are the primary  
11           sources that of the beginning and  
12           four dears that I'll find, but  
13           people are already reaching out  
14           to us. We've probably had 40  
15           companies already reaching out to  
16           see if they could qualify for an  
17           investment from us.

18           MS. THAM:

19           And what was your turnover?  
20           What was the number of  
21           investments that you had hoped to  
22           make over a period of time?

23           MS. BAYLESS:

24           We're hoping to probably to  
25           do one to -- probably, like,

1 three to four investments per  
2 year is what we're planning on.  
3 And with that, you know, that's a  
4 lot of work obviously, so we're  
5 going to be asking some of our  
6 investment advisory committee  
7 members to take an active role,  
8 you know, with the companies they  
9 are interested in.

10 MS. THAM:

11 Providing expertise and --

12 MS BAYLESS:

13 Yes.

14 MS. THAM:

15 Committee members, are there  
16 any questions and comments as we  
17 consider whether to recommend to  
18 the Board that we make such a  
19 letter of commitment? No  
20 questions? Are there any  
21 comments from the public? In  
22 that case, do I hear a motion?

23 I'd like to make a motion to  
24 recommend to the Board that we  
25 make a letter of commitment for



1                   this Seed Capital Investment of  
2                   1.5 million. Is that --

3                   MS. BIGNER:

4                   1.1.

5                   MS. THAM:

6                   1.1 million with the  
7                   contingencies that we discussed  
8                   here.

9                   Is there a second?

10                  MR. SIMPSON:

11                  Second.

12                  MS. THAM:

13                  All right. Everyone in favor  
14                  say, "aye."

15                  (Several members say "aye.")

16                  MS. THAM:

17                  Anyone opposed?

18                  (No response.)

19                  MS. THAM:

20                  In that case, we will we  
21                  happy to recommend to the Board  
22                  that that letter of commitment be  
23                  offered to you, and we hope that  
24                  you can do a lot of good getting  
25                  people started up. We're seeing

1 a lot of changes in things  
2 technological companies opening  
3 up in Louisiana.

4 MS. BAYLESS:

5 Yes, absolutely. Thank you  
6 so much. I appreciate it.

7 MS. THAM:

8 Thank you, Susan.

9 Mr. Chairman, I don't know if  
10 there's any more business before  
11 the screening committee.

12 MR. ROY:

13 I don't think so. We can  
14 probably adjourn, and then if  
15 everyone can stick around, we  
16 anticipate having a quorum for  
17 the Board meeting shortly, but we  
18 can just determine that.

19 MS. THAM:

20 Do I hear a motion to adjourn  
21 the screening committee?

22 MR. KAMATH:

23 Yes.

24 MS. THAM:

25 And a second?

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MR. SIMPSON:

Second.

MS. THAM:

All in favor say "aye."

(Several members say "aye.")

MS. THAM:

All right. Thank you very  
much.

(Meeting concludes at 10:41 a.m.)

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REPORTER'S CERTIFICATE

I, DESIREE DELATTE, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this meeting for the Board of Commerce of the Louisiana Economic Development Corporation was taken, do hereby certify that this meeting was reported by me in the stenotype reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding;

That the transcript has been prepared in compliance with transcript format guidelines required by statute or by rules of the board, that I have acted in compliance with the prohibition on contractual relationships, as defined by Louisiana Code of Civil Procedure Article 1434 and in rules and advisory opinions of the board;

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

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Dated this 6th day of August, 2014.

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DESIREE DELATTE, CCR, RPR  
CERTIFIED COURT REPORTER