

1 BOARD OF DIRECTORS OF THE LOUISIANA ECONOMIC
2 DEVELOPMENT CORPORATION

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11 MEETING HELD BY THE LOUISIANA ECONOMIC
12 DEVELOPMENT CORPORATION TAKEN AT THE
13 LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
14 BUILDING, FOURTH FLOOR BOARD ROOM, 8401
15 UNITED PLAZA BOULEVARD COMMENCING AT 9:39
16 A.M. ON FEBRUARY 18TH, 2011.

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19 REPORTED BY:

20 RACHEL Y. TORRES, CCR, RPR

21 CERTIFIED COURTREPORTER

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1 APPEARANCES OF BOARD MEMBERS PRESENT:

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ALDEN ANDRE
SHELLY FERRO
STEVEN GRISSOM
MICHAEL SAUCIER
THOMAS COTTEN
LOUIS REINE

APPEARANCES OF LEDC STAFF:

DARIA VINNING
RICK BROUSSARD
DARYL MANNING
KRISTY MCKEARN
BRENDA GUESS
RANDY VEILLON
SUSAN BIGNER
KATHY BLANKENSHIP
ERROL SMITH
SETH BROWN

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MR. COTTEN:
Good morning. Mr. A.J. Roy
will not be here this morning, so
I'm going to chair the meeting
and ready to call to order the

6 LEDC MEETING-2-18-11.txt
Louisiana Economic Development
7 Corporation. Roll call, please.
8 MS. VINNING:
9 A.J. Roy. Jay Rousseau.
10 Alden Andre.
11 MR. ANDRE:
12 Here.
13 MS. VINNING:
14 Steven Grissom.
15 MR. GRISSOM:
16 Here.
17 MS. VINNING:
18 Shelly Ferro.
19 MS. FERRO:
20 Here.
21 MS. VINNING:
22 Michael Saucier.
23 MR. SAUCIER:
24 Here.
25 MS. VINNING:

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1 Bal Sareen. Thomas Cotten.
2 MR. COTTEN:
3 Here.
4 MS. VINNING:
5 Harry Avant. Louis Reine.
6 MR. REINE:
7 Here.
8 MS. VINNING:
9 Robert Stuart. We have 6 out

LEDC MEETING-2-18-11.txt
of 11, we have a quorum.
MR. COTTEN:
Thank you. Okay. Do we have
approval of the minutes from the
last meeting.
MR. REINE:
So move.
MR. COTTEN:
I have a motion to accept.
Do I have a second?
MS. FERRO:
Second.
MR. COTTEN:
Okay. Hearing no objection.
Any comment from the public or
anything on the meeting minutes?

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No comment. All in favor.
ALL BOARD MEMBERS:
Aye.
MR. COTTEN:
All opposed? Carried
unanimously. Thank you.
First item on the agenda is
DG Foods, LLC, Susan Bigner.
MS. BIGNER:
Good morning.
MR. REINE:
I have a comment on the
minutes. They don't have to put

LEDC MEETING-2-18-11.txt
all of the silly stuff I say.

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MR. COTTEN:

I think you have to talk to
the court reporter.

MS. BIGNER:

Good morning. DG Foods was
approved at the December Board
meeting, and we would like to
make a slight change as far as
the guaranty. They have a silent
partner, Mr. Carter, who really
is not involved a whole lot in

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the business itself. I'm sorry,
this is Mr. McKenzie. He is with
DG Foods and he is the CEO. Mr.
McKenzie and Mr. Aucoin are very
involved in the business and they
have no objection to one hundred
percent guaranty in solido, but
Mr. Carter would only like to do
the pro-rata share for his
guaranty, so I need a motion by
the Board to accept that so that
we can move forward with the
contract.

MR. COTTEN:

Do we have any comments from
the Board?

MR. REINE: (Microphone not in

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use)
Can you explain to me what
she just said.
MS. BIGNER:
I'm sorry?
MR. REINE: (Microphone not in
use)
You got to tell me again.

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MS. BIGNER:
Okay. When we do -- this is
for an EDLOP for a facility in
Bastrop. Foster Farms and the
other chicken producers have
asked DG Foods to come to
Louisiana and they process
chicken for these -- the chicken
processor, for the chicken
companies. They are going to be
opening a new facility in
Bastrop. We're doing a EDLOP to
help them do the refrigeration
area, the break area and just
upgrades to the building.
MR. REINE: (Microphone not in
use)
What is EDLOP?
MS. BIGNER:
An EDLOP is Economic
Development Loan Program.

22

MR. REINE:

23

Okay.

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MS. BIGNER:

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It's for 2.85. In return for

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the EDLOP, DG Foods has promised

2

to create jobs at a certain

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payroll over the next seven

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years. When we do a loan, we ask

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that each of the members of the

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business guaranty the loan one

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hundred percent personally.

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MR. COTTEN:

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In solido, correct?

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MS. BIGNER:

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In solido.

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MR. COTTEN:

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which one person does not pay

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some -- we go after another

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person.

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MS. BIGNER:

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Right. That makes sure that

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everything is covered. We have

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got the appraisal for the

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building. We have looked at the

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financial's for the business.

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Everything is fully covered.

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This is just an extra safeguard.

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Mr. Carter objects since he is

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not truly one hundred percent

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1 involved in the business in
2 everything as much as Mr.
3 McKenzie and Mr. Aucoin are, but
4 he only would like to guarantee
5 his share, which is 30 percent,
6 and because during the December
7 Board meeting we stated that one
8 of the conditions of the loan was
9 that all of the members do an in
10 solido guarantee, we need to have
11 a motion to change that to in
12 solito for Mr. McKenzie and for
13 Mr. Aucoin and a pro rata share
14 for Mr. Carter.

15 MR. GRISSOM:

16 Susan, if I may, just to
17 clarify, this was a project in
18 EDLOP, so -- Economic Development
19 Loan that performance base
20 request a grant -- for the
21 principal and interest is
22 forgiven as jobs are created.
23 This was a project that the Board
24 saw and approved I think two
25 meetings ago, and so, basically,

10

1 the staff is coming back for some
2 adjustments on the guarantees

3 associated with that prior
4 approval.

5 MR. REINE:
6 Okay. Thank you.

7 MR. SAUCIER:
8 I would just like to ask,
9 what is the staff recommendation?
10 There is three financial
11 statements that you --

12 MS. BIGNER:
13 I strongly recommend it. I
14 have no problem with it
15 whatsoever. The company, they
16 have a current facility in
17 Mississippi. I'm impressed with
18 their financial statements.
19 Okay. I was -- I am very
20 comfortable with it. I don't
21 have a problem with it. I
22 recommend it.

23 MR. SAUCIER:
24 Okay. Thank you.

25 MS. GUESS:

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1 Mr. Saucier, I would like to
2 point out in that analysis that
3 Susan performed in order to come
4 up with that conclusion, the
5 personal net worth of both Mr.
6 Aucoin and Mr. McKenzie

7 substantiate that we -- that it's
8 covered even with the 30 percent
9 for the remaining time.

10 MR. COTTEN:

11 Any other comments from the
12 Board? Do I have a motion?

13 MR. REINE: (Microphone not in
14 use)

15 we got collateral in front of
16 this anyway, right?

17 MS. BIGNER:

18 Uh-huh (affirmative
19 response).

20 MR. SAUCIER:

21 I make a motion to approve.

22 MR. ANDRE:

23 Second.

24 MR. COTTEN:

25 Second. Any comments from

12

1 the public? Hearing none, all in
2 favor say aye.

3 ALL BOARD MEMBERS:

4 Aye.

5 MR. COTTEN:

6 All oppose? Unanimously
7 carried. Thank you.

8 MS. BIGNER:

9 Thank you.

10 MR. MCKENZIE:

11 Thank you very much.

12 MR. COTTEN:

13 Next order of business, Small
14 Business Loan Program, Seedco
15 Financial Services, Mr. Seth
16 Brown.

17 MR. BROWN:

18 Good morning. I have with me
19 today sitting immediately to my
20 right is Mr. Mark Maher. He is
21 the Managing Director of Seedco
22 Financial; and I have Mr. John
23 Atkins. He is a loan officer
24 with Seedco Financial.

25 Once again, I have sitting

13

1 immediately to my right is Mr.
2 Mark Maher. He is the Managing
3 Director of Seedco Financial. The
4 gentleman one over is Mr. John
5 Atkins. He is a loan officer
6 with Seedco Financial.

7 This morning Seedco Financial
8 is coming before us requesting to
9 be entered in the Small Business
10 Loan Program, and I failed to put
11 in microloans as possibly that
12 might be something when I looked
13 -- that I looked in-depth of they
14 also do microloans of that nature

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as well.
Seedco Financial has been very active in the New Orleans area, in particular after Katrina. Seedco Financial is a CDFI that -- which is designated by the U.S. Department of Treasury. Their reputation is impeccable in the communities that they operate in. They have been very active in New Orleans,

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in particular with small businesses in getting them back up and running. They came to us because they see some of their programs fit -- would fit our model for small businesses, and so what I did was I worked up a summary on them and invited them to come to honor -- to try and honor their request. Having said that, we -- staff recommend that Seedco be recommended to the Small Business Loan Program for the following reasons. Seedco Financial has a strong desire to stimulate the capital long term loans and financial assistance in small business within the

19 Louisiana communities. They have
20 the knowledge and expertise and
21 the means to provide financial
22 for the development, expansion
23 and retention of small businesses
24 in Louisiana, especially in
25 distressed areas. The

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1 organization is dedicated to
2 address the concerns and needs of
3 distressed communities by
4 providing employment, growth,
5 expansion of economic
6 opportunities. If the Board
7 chooses to approve Seedco
8 Financial's request, it will be
9 only for sound loans submitted by
10 their organization as -- as that
11 small -- consider small loans
12 that meet Small Business Loans
13 Program Eligibility requirements
14 so long as resources permit. At
15 this time, I'm going to turn the
16 mic over so they can tell you a
17 little bit more about Seedco and
18 what they are doing in the
19 communities.

20 MR. MAHER:

21 Thank you, Seth, I appreciate
22 it, and we appreciate this

23 opportunity to come before the
24 Board. I will -- I will just
25 fill in some of the blanks with,

16

1 you know, some of the things Seth
2 has already talked about here.
3 We are a national non-profit.
4 Our focus is on providing
5 affordable loan capital and
6 technical assistance to small
7 businesses and non-profit
8 organizations. Our focus and our
9 investments is to create jobs,
10 retain jobs and to support
11 sustainable businesses. We will
12 also invest in real estate
13 opportunities in key commercial
14 corridors. Our focus in
15 Louisiana has been on southeast
16 -- southeast Louisiana, primarily
17 New Orleans and surrounding
18 parishes, and also Baton Rouge.
19 We've had tremendous success in
20 participating in the Business
21 Recovery Grant Loan Programs,
22 phase one and two, where we
23 deployed over \$23 million to over
24 five hundred businesses between
25 the grant and loan funds. We

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1 have also participated in the
2 Baton Rouge Small Business Loan
3 Fund working with the City of New
4 Orleans and the Baton Rouge
5 Business Bankers Roundtable, and
6 while we do not have a presence
7 here in Baton Rouge right now,
8 our plans are to add a -- add a
9 loan officer within the next two
10 months to restaff our office here
11 and we'll continue to have our
12 focus in New Orleans and in the
13 Baton Rouge market.

14 So we have a significant
15 amount of capital at our disposal
16 through our participation in
17 those funds that I just mentioned
18 as well as some other credit
19 facilities we have with local
20 banks, so we're excited about
21 this opportunity to leverage the
22 funds that we have and
23 participate in this guarantee
24 program.

25 John, if -- maybe I will let

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1 John tell you a little bit about
2 some of our particular loan

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3 programs, our small business loan
4 program, our non-profit loan
5 program and our real estate
6 development program.

7 MR. ATKINS:

8 Thank you. So we have -- as
9 Mark mentioned, we have three
10 primary loan tracks; our small
11 business track and our non-profit
12 track and our real estate
13 development track. Our bread and
14 butter is really around small
15 businesses. That is where we see
16 the most impact in terms of job
17 creation. We are typically doing
18 smaller loans, trying to fill in
19 niches in areas where banks are
20 not lending which we find is
21 primarily in equipment finance,
22 inventory finance, work in
23 capital and lease hold
24 improvements. We're typically
25 doing loans between 50 and

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1 250,000, with average size of
2 around one hundred thousand. We
3 are -- we also go a little bit
4 above that for bigger businesses
5 and some more manufacturing
6 and/or community impacts type

7 projects. We see a lot of job
8 creation potential. We also do
9 non-profit lending. That was our
10 original niche and what this loan
11 funds grew out of. Our parent
12 organization saw an opportunity
13 to lend to other non-profits,
14 particularly around gap financing
15 and financing low to modern
16 income housing. In those loans
17 we're looking at a little bit
18 bigger loan size, and then in our
19 real estate development portfolio
20 we're looking for projects that
21 really create a hub in the
22 community, something that can
23 stimulate economic development
24 moving out from an area. Those
25 are grocery stores, civic

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1 centers, art centers, things like
2 that that we're looking for.
3 Projects that had a lot of
4 involvement.

5 MR. SAUCIER:

6 what is your average real
7 estate loan?

8 MR. ATKINS:

9 In terms of loan size? We go
10 up to a million five. I would

11 say the average real estate loan
12 is a little bit less. We are
13 often called upon to do gap
14 financing for real estate
15 projects, so sometimes there will
16 be a primary lender and then we
17 will come in and do a second
18 position in order to make a
19 project happen. Those are
20 typically transaction of tax
21 credits and other types of
22 incentives, so, you know, average
23 size is probably five hundred to
24 750, somewhere in that range.

25 MR. SAUCIER:

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1 Thank you.
2 MS. FERRO:
3 where are your offices? Do
4 you have one in New Orleans and
5 Baton Rouge?
6 MR. MAHER:
7 We do. Our office in New
8 Orleans is at Xavier University.
9 We also have our Fisheries
10 Assistance Center, which is
11 located in Belle Chasse, which is
12 a center that not only does
13 lending but really is focused on
14 technical assistance to the

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15 fisheries industry. And we had
16 an office in Baton Rouge at Adams
17 and Reese's office downtown. We
18 have identified new space at the
19 McKinley Alumni Center that will
20 be opening shortly.

21 MS. FERRO:

22 Thank you.

23 MR. COTTEN:

24 Any other comments?

25 MR. BROUSSARD:

22

1 Do you mind if I ask a
2 question? Seth used the acronym
3 CDFI. Can you tell us what CDFI
4 is generically and who authorizes
5 and certifies the CDFI and where
6 you get your funds from.

7 MR. MAHER:

8 Sure. CDFI is a Community
9 Development by the Financial
10 Institution. It's a program that
11 was established by the U.S.
12 Department of Treasury. The
13 focus is consistent with our
14 mission, the whole CDFI program;
15 that is to provide affordable
16 loan capital and business
17 assistance to small businesses.
18 They -- the U.S. Department of

19 Treasury will certify
20 organizations to participate in
21 their programs. Most of the
22 programs are centered around the
23 market tax credit. That is one
24 of the more visible programs that
25 they have and probably the

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1 highest impact program that they
2 have, but they also provide
3 technical assistance support and
4 financial assistance support on a
5 limited basis. Most of our funds
6 come from our participation in
7 various loan programs either city
8 or state funded. In fact, we're
9 looking forward to an application
10 that we have with the City of
11 Baton Rouge to deploy Hurricane
12 Gustav funds. As with most of
13 those type of programs, they'll
14 -- the funds that we receive will
15 go into a -- revolving capital
16 fund that will continue to deploy
17 and utilize to rollover in those
18 communities.

19 MR. COTTEN:

20 Have you participated in any
21 of the funds from the loan
22 administration. There were loans

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out toward SBA, but were there
any areas? I'm looking at your
loans and I don't see any from

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the U.S. government. Any
programs like that that you
participate in?

MR. MAHER:

well, we're a national CDFI
and we're headquartered in New
York. We have a presence in the
Louisiana market and also in
Alabama. So our national
headquarters will often -- they
are tasked with identifying the
sources of funds that are
available to us. I don't know
about specific Obama
Administration types of programs
that anything that we have done
in the last, you know, year,
several years with him, but we
have participated in CDFI funded
programs, economic development
administration programs. We have
some applications to SBA right
now that we hope to participate.
So, yeah, we do utilize some
federal funds, but also state and

25

1 city provided funds.

2 MS. GUESS:

3 Thomas, I would like to -- on
4 that part, Mark and I were
5 talking earlier, we were both in
6 attendance at the SBA rollout in
7 New Orleans a couple of weeks ago
8 and here for CDFI have not been
9 included in total as part of the
10 lending from the SBA and SBA is
11 now rolling out a new program
12 where they are going to be
13 reaching out to the CDFI's to
14 allow them a -- another seat at
15 the table, if you will, to allow
16 them to participate more on that
17 program, so that is on the
18 horizon for them as well, which
19 will give them another avenue of
20 access to capital and to assist
21 -- further assist small
22 businesses.

23 MR. COTTEN:

24 Thank you. Any other
25 comments?

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1 MR. REINE: (Microphone not in
2 use)

3 Considering for them to be a

4 lender in a program in which each
5 loan will come back here and be
6 approved anyway?

7 MS. GUESS:

8 Right. What we're doing is
9 we're -- we have one other
10 situation of this type of they
11 are not becoming a lender but a
12 participant in our programs.
13 Similar to several years ago the
14 Enterprise Corporation of the
15 Delta applied to LEDC to -- which
16 allowed them to participate in
17 our programs. Through -- with
18 the Enterprise Corporation of the
19 Delta, we entered into a loan
20 participation for a small
21 business in the Bastrop/Monroe
22 area. We funded some car
23 dealerships for an individual in
24 that area. We're not going to be
25 able to participate in all of the

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1 types of loans that they see
2 basically because we have got two
3 different types of missions, but
4 for those loans which fit under
5 the same guidelines and same
6 mission as LEDC, they will come
7 to us similar through -- as they

8 would act as a bank would and
9 come in and say they'd either
10 like to -- for LEDC to provide a
11 guarantee for a specific project
12 and we would then bring it before
13 the Board for approval for either
14 a guarantee or participation of
15 whichever project they will be
16 bringing to us, so they are --
17 they are -- the process is they
18 have to be approved in order --
19 as an institution or a lender, a
20 participant for our programs.
21 That's the first step. Then the
22 next step is that when they have
23 a project, and it might be one
24 that is somewhere on the horizon,
25 that they will bring to us and

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1 see if we will be interested in
2 participating in whatever form or
3 fashion or guarantee on that
4 particular project.

5 MR. REINE: (Microphone not is
6 use)

7 I expect since they are here,
8 the staff recommends that we
9 approve it?

10 MS. GUESS:

11 Yes, sir.

12 MR. REINE:
13 I so move.
14 MR. ANDRE:
15 Second.
16 MR. COTTEN:
17 Okay. We have a motion to
18 approve, first and second. Do we
19 have any comments from the
20 public? Hearing none, all in
21 favor say aye.
22 ALL BOARD MEMBERS:
23 Aye.
24 MR. COTTEN:
25 All oppose? None.

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1 Congratulations. Thank you.
2 MR. MAHER:
3 Thank you very much. We
4 appreciate it.
5 MR. COTTEN:
6 Okay. Treasurer's Report,
7 Ms. Kathy Blankenship.
8 MS. BLANKENSHIP:
9 Good morning.
10 MR. COTTEN:
11 Good morning.
12 MS. BLANKENSHIP:
13 This morning I wanted to
14 introduce Joyce Davidson. She is
15 right behind me. She is our

16 Budget Administrator for the
17 Department. She's been preparing
18 this report for many, many years
19 behind the scenes, so just if I'm
20 ever absent, she'll give the
21 report. I just wanted to
22 introduce her and know who she
23 is, but she actually prepares the
24 report, so very comfortable that
25 if she ever needs to step in

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1 behind me, she will do a great
2 job.

3 Secretary Treasurer's Report
4 as of February 18, 2011. The
5 budget on the general
6 appropriations side is \$1
7 million. Approved projects to
8 date in the amount of \$548,297,
9 for a balance of \$451,703. There
10 is no projects pending before the
11 Board today, so that is the
12 balance on the general
13 appropriations side. In capital
14 outlay, budget of \$12,785,658.
15 Approved projects to date,
16 \$3,408,000 for a balance of
17 \$9,305,658. And there is no
18 change to the fund balance this
19 month.

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MR. COTTEN:

Any questions on the
Treasurer's Report?

MR. REINE: (Microphone not in
use)

Yeah. The balance is \$9

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million, and then where do you
get your \$7 million. Pending --

MS. BLANKENSHIP:

There are projects under
review in the Department that
possibly -- that were pending
that could possibly come before
the Board at a later time. I
think this -- I didn't bring my
list with me. I think it
represents four or five possible
projects. And -- okay.

MR. REINE: (Microphone not in
use)

I was reading projected
balance.

MS. BLANKENSHIP:

Right. If those projects
were to come before the Board,
the balance would be \$7,145,658,
but right now they are just
preliminary. We haven't received
applications or anything like

24 that for them.

25 MR. COTTEN:

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1 Just as a matter of clearance
2 here, we have \$451,000 left in
3 our financial assistance, which
4 we leverage four to one. When is
5 that over with, is it June 30th
6 is our fiscal year end? Okay.

7 MR. GRISSOM:

8 That's correct.

9 MR. COTTEN:

10 So bringing home Seedco
11 financial as part of that
12 addition on, you know, they will
13 have access to that money, but it
14 looks like the loan programs were
15 under 250, so -- okay. Thank
16 you. Any other questions on the
17 budget or Treasurer's Report?

18 MR. REINE: (Microphone not in
19 use)

20 On the last page, the total
21 fund balance is available, it
22 says, other expenses, and down at
23 the bottom is Northrop Grumman at
24 \$3.2 million.

25 MS. BLANKENSHIP:

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1 Those are the three month
2 payment projects that are
3 appropriated from the LED fund.
4 CG Railway, Union Tank and
5 Northrop Grumman, those would
6 have been coming from the LED
7 fund for the last five or six
8 years now, but the Budget Office
9 has appropriated them from the
10 fund. It's been in the range of
11 about \$8.3 million a year, and
12 those are legislative initiatives
13 that have been coming from the
14 LED fund for the last several
15 years.

16 MR. REINE: (Microphone not in
17 use)

18 So LED pays the bottom
19 payments.

20 MS. BLANKENSHIP:

21 Yes.

22 MR. REINE: (Microphone not in
23 use)

24 All right, well, the
25 conversation is about Northrop

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1 Grumman leaving.

2 MS. BLANKENSHIP:

3 Mr. Grissom, do you want to

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comment?

MR. GRISSOM:

Sure. I will try to comment on this. I guess the obligation for the payments are associated with bonds, so those obligations will continue. I'm not sure of the length of the bonds, and, you know, we may find in the future years that LEDC is not particularly associated with that particular expense. Separately with regards to potential performance issues, I do know that the Department is in contact with Northrop Grumman. I'm not sure exactly where that stands with regards to those communications, but we are working with the company. In addition, we are working to identify future uses for that

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facility and engaging in an effort with local and regional partners to try to identify where there might be opportunities to define new businesses that could utilize that side and also working with business partners in

8 LEDC MEETING-2-18-11.txt
9 assessing opportunities for the
10 impacted workforce, particularly
11 looking for other opportunities
12 that could be a fit with those
13 skills within that region.

14 MR. REINE: (Microphone not in
15 use)

16 I appreciate all of that.
17 That's good stuff, but what I
18 don't understand, be patient with
19 me, we sold bonds to finance and
20 not activity of Northrop Grumman.
21 Is that how this works? And in
22 the state we paid the payments on
23 the bonds, is that what we do?

24 MR. GRISSOM:

25 I believe -- again, this is
--

♀

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1 MS. BLANKENSHIP:
2 The payments actually go to
3 -- on this one I think the entity
4 is Jefferson Facilities
5 Corporation. The LED contract is
6 with Jefferson Facilities and we
7 pay Jefferson Facilities and they
8 in turn pay Bank of New York, but
9 the state is -- it's a non---
10 it's a non-discretionary item,
11 the bonds must be paid something

LEDC MEETING-2-18-11.txt
12 that is not discretionary, so if
13 LEDC was unable to make the
14 payments, the state would have to
15 come in and appropriate general
16 funds for it. It's mandatory. We
17 have to be our bond out
18 application.

19 MR. REINE: (Microphone not in
20 use)

21 Mine is just a curiosity.
22 The process, if we are going to
23 be on the hook for whether it's
24 here or general appropriations
25 for a large amount of money for a

37

♀

1 company that leaves. If you are
2 telling me this is an
3 appropriation to a piece of
4 property that we did improvements
5 that they had some arrangements
6 with Northrop Grumman, so it's
7 technically government property,
8 and that's what we're funding,
9 that's a different scenario, but
10 I lived through the tax breaks
11 for Fruit of the Loom when they
12 left and they got empty buildings
13 and we were giving them property
14 tax forgiveness on buildings when
15 people didn't work there anymore.

16 So it concerns me if we pay \$3.2
17 million from the current budget
18 for a facility for a company
19 that's leaving.

20 MR. GRISSOM:

21 Certainly. And I can follow
22 up with some additional details.

23 MR. REINE: (Microphone not in
24 use)

25 I would rather them stay.

38

1 MR. COTTEN:

2 Okay. Do we have any other
3 comments on the Treasurer's
4 Report?

5 MR. ANDRE:

6 I move that it be accepted as
7 presented.

8 MR. COTTEN:

9 I have a motion. Second.

10 MS. FERRO:

11 I second.

12 MR. COTTEN:

13 Okay. Any comments from the
14 public? Seeing none, all in
15 favor say Aye.

16 ALL BOARD MEMBERS:

17 Aye.

18 MR. COTTEN:

19 All oppose? Unanimously

♀

20 LEDC MEETING-2-18-11.txt
passed. Thank you, Kathy.

21 Next, Mr. Errol Smith. LEDC
22 Accountant. He is limping this
23 morning.

24 MR. SMITH:

25 Good morning. LEDC status

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♀

1 report as of January 31, 2011.
2 Total participation loans as of
3 January 31st, \$480,540. Direct
4 loans, total direct loans as of
5 January 31st, \$8,151,007. Past
6 due, Capital Fund BIDCO,
7 \$193,750. And this was
8 originally a BIDCO. The license
9 was surrendered and the venture
10 automatically became due.
11 Capital fund paid 75 percent of
12 the original venture, plus
13 interest due July 1999, and legal
14 has remaining \$193,750 as
15 uncollectible. Therefore, staff
16 is requesting that the amount be
17 charged off. And at this time I
18 would like a motion from the
19 Board for approval.

20 MR. COTTEN:

21 Okay. We have a motion to
22 write off an uncollectible. Do
23 we have any comments?

LEDC MEETING-2-18-11.txt
MR. REINE: (Microphone not in
use)

40

1 Yeah. Sorry about that, but
2 I want to know who, what, where.
3 who didn't pay and who are we
4 forgiving the money to?

5 MR. GRISSOM:

6 I can provide a bit of
7 background. This is a Capital
8 Fund BIDCO, I believe in the late
9 1990s there were a number of
10 BIDCO's that were funded.
11 Capital Fund BIDCO being one of
12 those. There were some nuances
13 with Capital Fund BIDCO that
14 resulted in the agreement being
15 structured a little bit
16 differently, but at any rate, at
17 that time the -- the BIDCO, for
18 whatever reason, I believe,
19 surrendered the license and
20 through that the Capital Fund
21 BIDCO made a payment of capital
22 back to LEDC of 75 percent. That
23 was done in 1999. Since that
24 time there is the other 25
25 percent has been carried on the

41

1 LEDC books, but, again, this is
2 an item that's been on the books
3 for over a decade now and BIDCO
4 determined that at this point --

5 MR. REINE: (Microphone not in
6 use)

7 I don't have a problem
8 writing it off. Who got the
9 money and they like to pay it
10 back. That's what I really --

11 MR. GRISSOM:

12 The Capital Fund BIDCO.

13 MR. REINE: (Microphone not in
14 use)

15 Who is Capital Fund BIDCO,
16 are they individuals or
17 corporation?

18 MR. MANNING: (microphone not
19 in use)

20 It's a non-profit
21 corporation. A non-profit
22 corporation. BIDCO was created
23 in Louisiana I guess in 19 --
24 mid-1990s. Stands for Business
25 Industrial Development

♀

42

1 Corporation, or Company, and they
2 are designed to provide small
3 business financial. I guess -- I
4 think it's the financing once you

5 get past venture capital stage
6 and the small businesses. They
7 are financial institutions that
8 are regulated by the Office of
9 Financial Institutions. This
10 particular company being
11 non-profit there really aren't
12 any owners of it. There were
13 some incorporated. I don't
14 recall the exact names of the
15 incorporations of that business
16 at this time. We can find out.

17 MR. REINE: (Microphone not in
18 use)

19 I guess you are telling me it
20 was approved and that is now
21 dissolved that nobody has
22 liability for (inaudible) --

23 MR. MANNING: (microphone not
24 in use)

25 Yes.

♀

43

1 MR. REINE: (microphone not in
2 use)

3 Show up somewhere that it was
4 just --

5 MR. MANNING: (Microphone not
6 in use)

7 No one individual received
8 money as a non-profit

9 corporation, state or federal --
10 (Inaudible) federal tax -- it was
11 simply use up -- the funds used
12 up operations of the business
13 pursuing their non-profit purpose
14 or charity purpose.

15 MR. REINE: (Microphone not in
16 use)

17 I appreciate your patience.
18 That's the Cajun in me that says
19 don't vote for nothing that I
20 don't want to read about in the
21 paper. I appreciate your
22 patience.

23 MR. COTTEN:

24 I have one question. And
25 obviously it was non-accrual

44

1 status. You have a reserve for
2 losses of \$611,000 and the direct
3 write off on profit and loss of
4 300. This doesn't go against the
5 reserve on the balance sheet or
6 take it direct to the income
7 statement? Do you have any idea
8 about that.

9 MR. SMITH:

10 I haven't quite figured it
11 out yet, but I would think
12 against the reserve.

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MR. COTTEN:
We basically reserve this
over time.
MR. SMITH:
That's correct.
MR. COTTEN:
And so our profit and loss
will not be -- okay. Great. Any
other comments? Suggestions?
Okay. We have a motion to accept
the accountant's Report.
MR. SMITH:
I got more.

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MR. COTTEN:
That's what I thought. I'm
sorry.
MR. SMITH:
I need a motion to charge
that off.
MR. COTTEN:
Do we have a motion?
MR. REINE: (Microphone not in
use)
I ain't making a motion. I
will vote for it, but I ain't
making it.
MS. FERRO:
I will make a motion.
MR. COTTEN:

17 Okay. Got one motion.
18 MR. SAUCIER:
19 Second.
20 MR. COTTEN:
21 Any public comments? Seeing
22 none. All in favor say Aye.
23 ALL BOARD MEMBERS:
24 Aye. All oppose? None.
25 Okay.

46

1 MR. SMITH:
2 All right. Total EDLOP loans
3 as of January 31st, \$1,735,740.
4 Total guarantee loans, we have 22
5 current guarantee loans for
6 \$8,298,547. All are current.
7 Allowance for loan losses, for
8 participation and direct reserve
9 as of January 31st, \$349,491.
10 The loan balance of \$8,631,547.
11 EDLOP loan losses, balance
12 reserve \$263,361. Loan balance,
13 \$1,735,040. Allowance for
14 guaranteed loans balance as of
15 January, \$1,493,738. Loan
16 balance, \$8,298,547. And that
17 concludes my report.
18 MR. COTTEN:
19 Yes, sir.
20 MR. REINE:(microphone not in

21 use)
22 I guess allowance for loan
23 losses we have provisions that's
24 a negative number and we have
25 recovery and payments, the loan

47

1 balance, those are negative
2 numbers.

3 MR. SMITH:

4 Yes. Payments are reducing
5 the loan balance each month.

6 They are payments.

7 MR. REINE:

8 Okay.

9 MR. SMITH:

10 And the provision is
11 adjusting that number to where it
12 should be -- it's certain
13 percentages.

14 MR. REINE:(microphone not in
15 use)

16 And the last one you got
17 charge offs of --

18 MR. SMITH:

19 That was Ron's warehouse which
20 was charged off in the month of
21 July of 2010.

22 MR. REINE:(microphone not in
23 use)

24 Go into the next year it

25

won't show up as a charge off

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anymore?

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MR. SMITH:

3

Right. Right. Because you

4

will carry the balance forward as

5

of -- it will be, what, June 30,

6

2011, and whatever happened

7

during that particular year.

8

MR. REINE:

9

Okay. Thank you.

10

MR. COTTEN:

11

Okay. Any other comments? Is

12

that it?

13

MR. SMITH:

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Yes.

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MR. COTTEN:

16

Motion to accept.

17

MR. REINE:

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So move.

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MR. COTTEN:

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Motion. Second.

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MS. FERRO:

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I second.

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MR. COTTEN:

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Any comments from the public?

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Hearing none. All in favor,

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aye.
ALL BOARD MEMBERS:
Aye.
MR. COTTEN:
All oppose? Unanimously
carried. Thank you, Errol. Mr.
Deputy Secretary, President's
Report.
MR. GRISSOM:
Thank you, Mr. Chairman.
It's only been a few weeks since
we last met, so I wanted to keep
my comments brief. I did want to
highlight one project expansion
modernization that was released
in the press I believe just last
week. This is a project in
Amite, Louisiana, Bradken,
announced an expansion that will
project to create 171 new direct
jobs and retain 179 existing jobs
including \$18 million in capital
investment. Exciting project.
We have been working with the
company for sometime. The

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investment is going into
manufacturing new equipment such
as molding equipment, cranes and
furnaces, so really investing in

LEDC MEETING-2-18-11.txt
5 the foundry to make the facility
6 more productive, modernize the
7 facility, make it more
8 competitive, and in addition,
9 allowing the company to grow and
10 add those new jobs. So I wanted
11 to highlight that recent
12 announcement to our Board
13 members. The Department of
14 Economic Development continues to
15 execute its mission. The project
16 pipeline remains robust; many,
17 many discussions that we're
18 having, and the messages that
19 we're conveying outside of the
20 state are resonating and we look
21 forward to do some exciting
22 developments over the coming
23 months. So thank you.

24 MR. COTTEN:

25 Thank you. Sounds exciting.

51

1 MR. REINE: (Microphone not in
2 use)

3 The new employees will be
4 under the Quality Jobs Program?

5 MR. GRISSOM:

6 Yes. If you go near the
7 bottom of the page it identifies
8 some of the programs, but it will

LEDC MEETING-2-18-11.txt
9 be workforce training provided
10 through Louisiana FastStart,
11 which I believe most of the Board
12 members were here the last time
13 FastStart presented, so that was
14 a key component in the decision
15 making, and also through the
16 Quality Jobs Program, they plan
17 to participate, so this will be
18 Quality Jobs with a -- that are
19 meeting those requirements.

20 MR. REINE: (Microphone not in
21 use)

22 That's a good thing,
23 especially in Amite, with wage
24 requirements and health insurance
25 will go with those jobs.

52

1 MR. GRISSOM:

2 Thank you.

3 MR. COTTEN:

4 Thank you for the President's
5 Report. Other Business, Axonn
6 Venture Capital Co-Investment
7 Update. Randy.

8 MR. VEILLON:

9 Okay. Mr. Chairman, members
10 of the Board, we have got a
11 company call Axonn, LLC. I don't
12 know if y'all are familiar with

13 it. Over the years, we -- the
14 Board approved the co-investment
15 back in 2002. It has since sold
16 to Global Star for some money for
17 some stock, and we received --
18 let me see the specific amount.
19 385,300 shares and we have a
20 chance that -- the current price
21 is \$1.46. It has since fallen a
22 little bit, but we have a chance
23 to recoup our original investment
24 of five hundred thousand dollars.
25 The difference I was going to

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1 suggest we leave it in the
2 account. We have got an account
3 with Cantor Fitzgerald. Mr. Paul,
4 the original broker who brought
5 to us co-investment, he suggested
6 as much as the rest of the
7 investment is the same. I
8 suggest we get our money back,
9 and just it's -- I guess the gift
10 is the gift that keeps on giving,
11 you know. They got shares and
12 they are going to allow back to
13 the account, but just don't know
14 how many. It's like pulling
15 teeth. I tried to get an exact
16 but they don't really know how

17 much. It could be as much as
18 \$200,000, maybe more, over the
19 next 18, 24, 36 months, so we got
20 a chance to come back and sell
21 some more stock and make more
22 money. So I what I need you to
23 do today is for the Board to
24 approve the certificates on the
25 back of the last page and that

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1 would allow Ms. Kristy McKearn to
2 sign the Corporate Certificate
3 and we would scan that and send
4 it to Cantor Fitzgerald and set
5 it up to sell the stock. When we
6 will sell it I'm not exactly
7 sure, but we had a pretty good
8 price on it. So we would recoup
9 five hundred thousand dollars and
10 a difference left of about 27,
11 35,000, but a chance to grow more
12 over the next couple of years.

13 MR. COTTEN:

14 Okay. Any comments from the
15 Board?

16 MS. FERRO:

17 I have a question. The first
18 one is is it to sell all of the
19 shares of stock and then hold
20 some back and sell another at

LEDC MEETING-2-18-11.txt
some point in time?

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MR. VEILLON:

Yeah. We want to sell five
hundred thousand dollars worth.

MS. FERRO:

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what does that represent, is
that half of what we own?

MR. VEILLON:

well, it's going to be --
there will be about 30,000 shares
leftover, if I believe, if I'm
not mistaken. The value will be
around 27 to 35,000 balance after
we sell -- get our five hundred
thousand back, but that balance
is going to grow because the
stock prices --

MS. FERRO:

Based on one hundred percent
what percentage are we selling,
80 percent, 90 percent?

MR. VEILLON:

I guess about 90 percent.

MR. BROUSSARD: (Microphone
not in use)

Shelly, depends on stock
price and day of the sale. Randy
quoted \$1.46 per share before.

MS. FERRO:

1 determine is what percentage of
2 stock that we will be selling.

3 MR. BROUSSARD:(microphone not
4 in use)

5 Sell most of them including
6 the original investment. It's an
7 earnout so we get shares every
8 quarter for the next two to four
9 years and we'll come back --
10 well, we won't have to come back
11 and forth, we'll keep selling and
12 we are going to make money off of
13 this deal.

14 MR. VEILLON:

15 Yeah. Absolutely.

16 MS. FERRO:

17 Thanks.

18 MR. VEILLON:

19 Thank you.

20 MR. REINE: (Microphone not in
21 use)

22 That may have answered my
23 question, but you talked about
24 selling five hundred thousand
25 dollars worth and having

1 additional 200,000, but the

2 remaining stock is only worth 30
3 to 36. That's a "I hope" kind of
4 thing?

5 MR. VEILLON:

6 Yeah. It's a projection that
7 they have given to us, along with
8 the other investments. They
9 really believe that -- see, the
10 stock price had been \$2.20 at one
11 time about two years ago, and
12 this company and the Global Star
13 and the stocks listed on the
14 exchange it doesn't move with the
15 stock market. I mean, you know,
16 it just depends on the
17 capitalization and the investment
18 of the company, how quickly they
19 move. But this stock price there
20 should be some appreciation and
21 the value over the next year and
22 a half, two years, so there's a
23 chance to make another possibly
24 two hundred thousand, maybe more.

25 MR. REINE: (Microphone not in

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1 use)

2 So you said we will see,
3 besides the 36 there will be left
4 estimated.

5 MR. VEILLON:

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Right.
MR. REINE: (Microphone not in
use)
We will receive additional
shares?
MR. VEILLON:
Yes.
MR. REINE: (Microphone not in
use)
That's part of why we expect
to get to the 200?
MR. VEILLON:
That's exactly right.
MR. REINE: (Microphone not in
use)
And the document in the back
that's a motion to authorize to
sign that document?
MR. VEILLON:
well, again, Fitzgerald wants

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the certificate signed by
authority to be able to sign it.
There is language in that
document that says the
corporation will do this and do
that, well, we got to get y'all
to approve that so that we can
sign it and get authority.
MR. REINE: (Microphone not in

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use)
Two separate issues. One is signing the document and give giving somebody the authority to do it, and then consideration about whether we sell it or not or it's all one deal?

MR. VEILLON:

well, it's all one deal. I mean, y'all approve to sign the certificate and we'll sell the stock.

MR. BROUSSARD: (Microphone not in use)

Sell the stocks will be an administrative decision and

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executive management manages how to use it.

MR. REINE: (Microphone not in use)

what are we approving total, need a motion to sell the stock or sign the certificate or both? Okay. I move we give you the authority to sign the document and sell five hundred thousand dollars worth of stock.

MR. COTTEN:

I do have a question.

14 MR. VEILLON:

15 Thank you.

16 MR. COTTEN:

17 A half a million dollars will
18 come in. What's the
19 recommendation with this money?
20 What does the staff recommend
21 with this cash that we are going
22 to receive?

23 MR. BROUSSARD: (Microphone
24 not in use)

25 It goes back in when we sell

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1 the additional stocks; is that
2 right, Errol?

3 MS. BLANKENSHIP:

4 It will increase the fund
5 balance from that \$800,000, it
6 will increase it another five
7 hundred thousand. It will go
8 into the fund.

9 MR. REINE: (Microphone not in
10 use)

11 Question is curiosity. Money
12 gets appropriated every year?
13 Can the legislature come in and
14 take five hundred thousand at
15 this point?

16 MS. BLANKENSHIP:

17 I'm sorry. Could you repeat

18 the question.
19 MR. REINE: (Microphone not in
20 use)
21 well, it creates a balance of
22 money in the LED. In the
23 budgeting process can that money
24 be taken by the legislature and
25 be appropriated to something

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1 else?
2 MS. BLANKENSHIP:
3 Yes, sir.
4 MR. REINE: (Microphone not in
5 use)
6 I don't know if that's good
7 or bad, but it is what it is.
8 Okay.
9 MS. BLANKENSHIP:
10 It's a double edge sword. We
11 can use it to increase our
12 appropriation authority and ask
13 the legislature to increase our
14 appropriation authority to have
15 more capacity for our programs or
16 there is the potential they could
17 use it for another purpose if
18 they so chose.
19 MR. COTTEN:
20 Staff, I need your input on
21 that statement.

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MS. GUESS:

well, one of the things that we look at is in terms of what Kathy said, the other option is

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if we do nothing and the value of the stock declines and then we have zero, so it's -- we're -- I think we have to look at it as being, you know, we are doing our fiduciary responsibility and being good stewards of the instruments that we have been asked to see after and protect, and we can show where we have, you know, made some wise choices and the investments that we have selected to make in the past, they have paid off. That is within what we can do. The outside factor of the legislature coming in and being able to take those dollars, that's really out of our control, so I think we -- the best option, good or bad, you know, would be for us to at least recoup -- we can at least show we recouped out money from the investments that we did make, and the others, they are out of our

♀
1 control.

2 MR. COTTEN:

3 Chaffe and Associates valued
4 it at \$914,000. Was that our
5 share, our valuations on our
6 financials.

7 MR. VEILLON:

8 Yes.

9 MR. COTTEN:

10 So staff is recommending we
11 sell?

12 MR. VEILLON:

13 Yes.

14 MR. COTTEN:

15 Okay.

16 MR. REINE:

17 I move we sell.

18 MR. COTTEN:

19 I have a motion to approve. I
20 have a second.

21 MS. FERRO:

22 I second.

23 MR. COTTEN:

24 Got a second. Any comments
25 from the public? Being none, all

1 in favor.

2 LEDC MEETING-2-18-11.txt
ALL BOARD MEMBERS:
3 Aye. All oppose? Unanimous.
4 Great. Thank you, Randy. We
5 appreciate it.
6 Any other business before us?
7 I guess we're ready to adjourn.
8 Do I have a motion?
9 MR. ANDRE:
10 So move.
11 MR. COTTEN:
12 Second.
13 MR. SAUCIER:
14 Second.
15 MR. COTTEN:
16 we're finished. Thank you.
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19 (Whereupon the meeting has adjourned at 10:31
20 a.m.)
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2 REPORTER'S CERTIFICATE
3
4 I, RACHEL Y. TORRES, a Certified
5 Court Reporter, do hereby certify that the within

6 witness, after having been first duly sworn to
7 testify to the truth, did testify as hereinabove
8 set forth.

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

16

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RACHEL Y. TORRES, CCR, RPR

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CERTIFIED COURT REPORTER

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