

MEETING MINUTES FOR THE SCREENING COMMITTEE
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 15TH DAY OF MARCH, 2013
COMMENCING AT 9:37 A.M.

REPORTED BY: ELICIA H. WOODWORTH, CCR

1 Appearances of Members Present:

2 Thomas Cotten
3 A.J. Roy
4 Michael Saucier

5 Staff members present:

6 Daria Vinning
7 Brenda Guess
8 Frank Favaloro
9 Anne Villa
10 LouAnn Greco
11 Susan Bigner
12 Rick Broussard
13 Seth Brown
14 Celia Pugh

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MR. ROY:

Good morning. If everyone has a seat,
we'll call the meeting to order.

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

Rollcall, please.

MS. VINNING:

A.J. Roy.

MR. ROY:

Here.

MS. VINNING:

Jules Rousseau.

(No response.)

MS. VINNING:

Alden Andre.

(No response.)

MS. VINNING:

Jason Elkoubi.

(No response.)

MS. VINNING:

Mike Saucier.

MR. SAUCIER:

Here.

MS. VINNING:

Thomas Cotten.

1 MR. COTTEN:

2 Here.

3 MS. VINNING:

4 Harry Avant.

5 (No response.)

6 MS. VINNING:

7 Louis Reine.

8 (No response.)

9 MS. VINNING:

10 Robert Stuart.

11 (No response.)

12 MS. VINNING:

13 Due to a lack of quorum, we will not
14 have a Board meeting. We have three Board members for a
15 Screening Committee.

16 MR. ROY:

17 Very good. I'll turn the gavel over to
18 Mr. Cotten, who's the chairman of the Screening
19 Committee.

20 MR. COTTEN:

21 Thank you, Mr. Chairman.

22 I call to order the Screening Committee
23 of the LEDC Corporation.

24 First order of business -- do we need a
25 rollcall on this, or do we just continue?

1 MR. BROUSSARD:

2 Since rollcall has been made, it's
3 already established.

4 MR. COTTEN:

5 Okay. Great.

6 First order of business is UPS
7 Mainstream Services, Inc./LaSalle Economic Development
8 District. Ms. Bigner.

9 MS. BIGNER:

10 Yes. Good morning, gentlemen. This is
11 University Plant Services and they're going to be
12 opening a facility in Jena called UPS Mainstream
13 Services, Inc. and LaSalle Economic Development District
14 will be the sponsor.

15 UPS specializes in manufacturing,
16 maintenance, repair, onsite machines of all types of
17 equipment to include steam and gas turbines. They also
18 work a little bit with the oil and gas industry.
19 They've decided to reenter the mainstream service
20 sector, which is the pipe work section. This used to be
21 handled in Houston -- I'm sorry -- Forth Worth, Texas,
22 but that facility has closed, and they want to open this
23 new facility in Jena.

24 They will manufacture and sell parts for
25 both engines and compressors, as well as perform

1 overhaul services, field services, shop services and
2 customized maintenance solutions to pipeline operations.

3 The LaSalle Economic Development District
4 owns the property in Jena Industrial Park, and they will
5 continue to own the property during the life of this
6 EDAP contract and do a lease to the UPS Mainstream with
7 an option to purchase in 61 months. This is a five-year
8 contract, so the lease purchase -- the option to
9 purchase will be after the end of this contract. These
10 funds are going to be used to clear the land for the new
11 facility as well as extend the water and sewage service
12 at the industrial park, which will also include a sewage
13 lift station.

14 As you can see, UPS is going to be
15 putting \$2,580,000 into the project, and the EDAP is
16 only going to be for 272,750. In return for the EDAP
17 award, the company has agreed to create a minimum of 95
18 jobs over the five-year period with an additional
19 payroll of \$7.8-million. UPS will be required to create
20 these jobs and maintain them during the life of the
21 contract. The potential economic benefits for the State
22 from this EDAP commitment for all employees will be
23 returned within two years.

24 LaSalle is located in Central Louisiana
25 and has a population of almost 15,000. The parish

1 unemployment was four percent as of December, compared
2 to the State of 5.5 percent. The parish's per capita
3 income for 2011 was 30,016, while the State is 38,549.

4 Staff recommends approval of this
5 project as an EDAP Jobs Credit Loan. The company will
6 be given five years to achieve their proposed 95-job
7 commitment, which they must retain throughout the
8 five-year life of the EDAP commitment. If the required
9 jobs are created and retained at the stipulated annual
10 payroll levels, then this EDAP will be considered
11 satisfied. However, if the company does not create the
12 projected jobs and payroll on an annual basis, the
13 unearned credit balance for that year will be due and
14 payable to LEDC plus interest.

15 If approved by the LEDC Board, the
16 contingencies are as follows: The funding for the
17 project will depend on the availability of the LEDC
18 funds allocated for EDAP by the Board at the time of
19 approval. The project must also be approved by the
20 Division of Administration's Office of Facility Planning
21 and Control as eligible for Capital Outlay funding. The
22 EDAP applicant will have six months to start the project
23 or will have to appear before the LEDC Board and explain
24 why the project is not underway, and LEDC will agree to
25 lease the property, which they have agreed, with LaSalle

1 Economic Development owning the property for
2 construction and operating of the new facility.

3 With me, I have Chip Goetzinger from
4 UPS, Rick Ranson is on the end, and then I also have
5 Mayor McMillan from the Town of Jena.

6 MR. COTTEN:

7 Thank you, Susan.

8 Gentlemen, welcome this morning.

9 MR. GOETZINGER:

10 Thank you.

11 MR. COTTEN:

12 Please.

13 MAYOR MCMILLAN:

14 Thank you guys very much for allowing us
15 to appear before you. We have the investor here, and
16 we're always excited to have those investors. You can't
17 imagine what impact this 95 jobs will have on a small
18 town, which she kept saying Jena, and we say Jena.

19 MS. BIGNER:

20 I apologize.

21 MAYOR MCMILLAN:

22 We put an extra syllable in everything.

23 But we are going to have our investor
24 address anything that you want to, but I just wanted to
25 state that from a community standpoint, 95 jobs means

1 like 2000 jobs in this area right here, so we're excited
2 to have those investors. We're impressed with their
3 record. I looked at their business model, saw how they
4 expanded. I knew something about it because I came out
5 of the industry, the oil and gas industry. I knew they
6 were a fit for us and we are honored that they're
7 investing money and we need a little hand up. We don't
8 need hand out in this State, we need a hand up to make
9 sure that we solidify this project for LaSalle Parish,
10 for the little Town of Jena and will serve that whole
11 area. Jena is 3,500. As Susan said, we've got about
12 15,000 people in the parish, and everybody will be
13 impacted in the Parish of LaSalle.

14 So I'll turn it over to my right here,
15 and, Chip, you can add anything you want to.

16 MR. GOETZINGER:

17 Well, I'll just say a few things.

18 Again, my name is Chip Goetzinger. I
19 was telling the Mayor it's pretty humbling for so many
20 people when you make a decision to move to a particular
21 area that affects so many people, so I appreciate
22 everyone that invited us here today to, one, express our
23 appreciation for the State of Louisiana for really
24 making this possible for our company and for the Town of
25 Jena. The lease that she was talking about, the one

1 with the option of the lease to buy it out at the end of
2 it, so there's not a big balloon at the end. We'll be
3 able to the have it there operating and have it there
4 for quite some time.

5 The jobs that we're bringing are -- I think
6 we said the average wage is 30,000. In our areas, these
7 are high-paying jobs for technicians and craftsmen. I
8 think the lowest level would make probably 25,000 and
9 can make up to 65,000. If you get more into the project
10 manager phase of your career path, substantially more
11 than that.

12 We're very excited that we're going to be
13 able to bring in craft, a very, very well-paying craft,
14 to that particular area of the State. We chose that
15 location for a number of reasons. One, we like the
16 central location, which will make it easier to serve our
17 customers both in the State and outside of the State.
18 These men will travel. I mean, they will be generating
19 revenues and be buying products and bringing a lot of
20 things in from out of state so we can manufacture our
21 product. There's a lot of great things about that
22 particular community, and we -- you know, he said he
23 liked our direction and our focus and where we're
24 heading, we felt the same way. I think the Mayor is
25 building a very family-friendly place. What's going to

1 be important to us is that the workers that we have to
2 hire and workers that we have to train feel like they
3 have a place that they can go to and remain and stay for
4 a long period of time, and I think the family life
5 that's being created in that particular city will be
6 beneficial to our efforts we're wanting to accomplished.
7 So it's going to be a really good marriage of our goals
8 and our vision of where that particular city is going.
9 So I think we will both benefit substantially as a
10 result of this partnership together.

11 MS. BIGNER:

12 I also wanted to say that they have a
13 facility here in Baton Rouge, and this will be the
14 second facility in the State.

15 MAYOR MCMILLAN:

16 We also have from CLEDA here with us
17 today Rick Ranson, and I don't know if you want to say a
18 few words or not, but they might want to hear from you.

19 MR. RANSON:

20 CLEDA operates in 10 parishes in Central
21 Louisiana. We've done a lot of projects there, but I
22 can honestly say this project, out of all of the
23 projects we've done, excites us the most. Not because
24 of the size, because of the impact. This project has
25 the most impact on any area of any project we've done.

1 This is historic for the Town of Jena, and I'd like to
2 commend the Mayor for the job he's done because he
3 brought this project to Jena. You know, we just
4 assisted. And I'd like the also commend UPS because you
5 made the right decision. You've come to the right
6 place. So, again, we're just happy to be here in
7 support.

8 MR. GOETZINGER:

9 I kind of had to chuckle a little bit
10 when she said we had to start the project within six
11 months because I've seen the tractors waiting to clear
12 land, so...

13 MS. BIGNER:

14 Yes. I don't think that's going to be a
15 problem. I think they said Monday they have people
16 ready to go, so...

17 MR. GOETZINGER:

18 Not to be presumptuous, but to be
19 prepared.

20 MR. COTTEN:

21 Great.

22 Any questions?

23 MR. SAUCIER:

24 I do have one question.

25 In the notes, it says with respect to

1 the water and sewer lines, it is our assumption that
2 it's possible to obtain responsibility in the operation.
3 Is that city water and sewage being extended, or is
4 it -- who operates the water and sewage system?

5 MAYOR MCMILLAN:

6 The water is LaSalle Water District
7 Number 1 that has facilities right within 400-500 yards
8 of that, of the industrial park, and they are the ones
9 that are going to go be doing that. We've got approval
10 from their board to do that. They are anxious, of
11 course. We didn't have to sell them, they were ready to
12 do that. So, yes, they will do that, and they work
13 under the Police Jury of LaSalle Parish.

14 MS. BIGNER:

15 And all of this is in the industrial
16 park right there. There's a map in your package. I
17 realize it's not in color, but you can -- it gives the
18 site inspection side of it.

19 MAYOR MCMILLAN:

20 It brings the water from the location,
21 it brings the sewer capability of that location, maybe
22 even a lift station, also, for that sewage; right?

23 MR. GOETZINGER:

24 Would you like to see a color copy of
25 that? Would that help?

1 MR. SAUCIER:

2 No.

3 MR. COTTEN:

4 I do have a question.

5 What other states were you looking at to
6 expand your business?

7 MR. GOETZINGER:

8 Well, initially it would have been
9 convenient in Texas because that's where our corporate
10 headquarters is, but with the incentives that were
11 offered by the State and the desire -- certainly the
12 employees we were going to engage, being temporary, can
13 help turn the ties, it would either have been Texas or
14 Louisiana.

15 MR. COTTEN:

16 What particular program that Louisiana
17 had to offer that really attracted you that you felt
18 closed the deal?

19 MR. GOETZINGER:

20 I felt the Quality Jobs was something we
21 could really benefit from, and then this, you know,
22 helping us to get this project built by being here, and
23 the infrastructure was also very beneficial. I think
24 we'll be probably most benefit by the Quality Jobs,
25 given the number of people we intend to employ. Fast

1 Track, also, will be beneficial, I think. As I learn
2 more about the organization, I think they're going to be
3 able to do things with training with some of the local,
4 technical colleges that are out there. That we'll be
5 able to get people coming right in that are specifically
6 trained on our type of equipment. There's just a number
7 of things that the State culminated to help make this
8 decision for us.

9 MR. COTTEN:

10 Great. Thank you.

11 MAYOR MCMILLAN:

12 Can I -- we're already working for -- we
13 have a regional headquarters located in Beaumont.
14 They're looking at a location in Beaumont, but we wanted
15 the Southern Region to be in Jena, and they're looking
16 very favorably at that. So if they get this going, we
17 think we might have a regional headquarters in Jena.
18 And I'm kind of leading them right here. You're going
19 to take that to the bank, aren't you?

20 MR. GOETZINGER:

21 Absolutely.

22 MR. COTTEN:

23 I've had the pleasure to stay in your
24 town. I hunted in the great Catahoula Lake and it's a
25 fabulous community and I really enjoyed it.

1 MAYOR MCMILLAN:

2 Thank you. Welcome back.

3 MR. ROY:

4 Your business is primarily experienced
5 in the oil and gas industry; is that correct?

6 MR. GOETZINGER:

7 And the power industry, yes.

8 MR. ROY:

9 Can you comment on what you see
10 happening in the oil and gas industry in Louisiana and
11 how that may have impacted your decision to go to Jena?

12 MR. GOETZINGER:

13 Well, everything up and down the Gulf
14 Coast between now and 2017 is scheduled turnaround work
15 that's going to happen is amazing, and I see very
16 substantial growth over the next few years in this
17 industry, particularly in Louisiana. You know, our
18 biggest constraint in growth will be finding the right
19 manpower, which is another reason why going to that
20 particular community and offering something that's
21 attractive to keep families there, keep workers in that
22 area was another driving force, a much more stable
23 workforce to handle this projected growth.

24 MR. ROY:

25 Great.

1 MR. MCMILLAN:

2 I had -- the oil shell, it's discovered
3 right there. There will be more pipelines added, more
4 pump stations added, and they will -- those guys, that's
5 what they do is take care of system pipelines,
6 additional pipelines and manufacturing pumps,
7 compressors and things like this, so it fits right in
8 that area. It would be right there, having spare parts
9 for every pipeline that has a problem. That's what
10 they're trying to do.

11 MR. COTTEN:

12 Okay. Thank you.

13 MR. SAUCIER:

14 I'd like to make a motion that we
15 approve this and pass it on to the Board. I'm a big
16 proponent of the EDAP Program, particularly if it's
17 going to infrastructure into the public body. Your
18 water district is a public water district. Very few
19 projects are being done today that are not
20 private/public partnerships which -- 10 percent, plus
21 the Quality Jobs Program, and I'd like to wish you luck.

22 MR. ROY:

23 I'll second.

24 MR. COTTEN:

25 Okay. All in favor?

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MS. BIGNER:

We just need to make sure that we understand that it doesn't have to go before the full Board to be approved, that the Committee can approve, and the contract can begin as of today.

MR. SAUCIER:

Well, I amend my motion to approve this investment.

MS. BIGNER:

Thank you.

MR. ROY:

Second.

MR. COTTEN:

All in favor?

(Several members respond "aye".)

MR. COTTEN:

Any opposed?

(No response.)

MR. COTTEN:

None.

Congratulations.

MR. ROY:

Please keep us posted on your success.

MR. COTTEN:

Okay. Next is Gravois Aluminum Boats

1 D/B/A Metal Shark Boats. Ms. Bigner, you're busy today.

2 MS. BIGNER:

3 Give me just a moment.

4 MR. COTTEN:

5 Sure.

6 MS. BIGNER:

7 Okay. I also wanted to let the Board
8 know that Rick Ward with LED worked with that project,
9 and he -- it was a very good -- we worked really well
10 together.

11 Here, I've got Eddie James. He's also
12 with LED.

13 MR. JAMES:

14 Did you bring that up with contrast?

15 MS. BIGNER:

16 I just want to make sure they understood
17 how important you guys are.

18 MR. JAMES:

19 Thank you.

20 MS. BIGNER:

21 I have Chris Allard and Jimmy Gravois.
22 Both of them are from Gravois Aluminum Boats doing
23 business as Metal Shark Boats. This is our next
24 project. This is an EDLOP. They're a small shipyard in
25 Jeanerette, and they construct aluminum law enforcement

1 craft up to 60 feet. They have quite a few contracts
2 with the U.S. Navy, the U.S. Army, the Coast Guard -- I
3 know I'm missing somebody -- oh, and the Air Force.
4 They were offered an incentive package previously, and
5 that package -- I've got the letter in here. Excuse me.

6 MR. JAMES:

7 Fast Start.

8 MS. BIGNER:

9 Right. Offered Quality Jobs Fast Start
10 and Industrial Tax Exemption Program, and with that
11 contract, they were required to maintain 75 jobs and
12 create an additional 106 jobs. When they got started on
13 this project, they realized that they did not have
14 enough manpower to get up and going as quickly as they
15 needed to, and so they've come back and they've asked --
16 Secretary Moret has offered them an EDLOP to assist with
17 purchasing -- expanding again and purchasing automated
18 equipment and some other equipment. The good thing
19 about this is that this equipment is not going to
20 replace any of those jobs that were previously
21 committed. In return, they are going to create another
22 88 new jobs.

23 So this is a \$750,000 EDLOP. As you can
24 see, it's going to be for building and land acquisition,
25 rehab and renovation of an existing building, as well as

1 capital equipment.

2 Metal Shark has agreed to retain -- they
3 have 144 current jobs with an annual payroll of
4 6.2-million, as well as add the additional required 37
5 more new jobs to get up to the 106 new jobs.

6 MR. JAMES:

7 That's from the previous agreement.

8 MS. BIGNER:

9 That's from the previous agreement.

10 MR. JAMES:

11 So to finish up requirements.

12 MS. BIGNER:

13 Right.

14 And then to create an additional 88 new
15 jobs with an annual payroll of 5.5-million. They're
16 located in Iberia Parish, which is in South Louisiana.
17 The parish's unemployment was 4.7 percent as of
18 December, compared to the State, which is 5.5 percent.
19 The per capita income for Iberia Parish in 2011 was
20 37,805, compared to the State, which was 38,549. The
21 potential economic benefits for the State from this
22 EDLOP business for all employees will be returned by
23 year three.

24 Currently, they have a contract to
25 manufacture 500 aluminum boats for the Coast Guard,

1 along with additional contracts for metal boats for
2 other Federal agencies as well as State agencies. So
3 we're really excited that we're going to be able to
4 assist them to meet these contracts, create well above
5 what the original offer letter was for and to be able to
6 keep that here in the State of Louisiana.

7 If approved by the LEDC Board, the
8 contingencies are as following: The funding for the
9 project will depend on the availability of the LEDC fund
10 to EDLOP by the Board at the time of approval. This
11 project must also be approved by the Division of
12 Administration Office of Facility Planning and Control
13 as well and eligible for the Capital Outlay funding. A
14 recorded first lien on the capital equipment acquired
15 with EDLOP funds or other proof of the collateral. The
16 in solido personal guarantee of Mr. Carol and Jimmy
17 Gravois and Mr. Christopher Allard, and the EDLOP
18 application would have -- the applicant will have 90
19 days to start the project or will have to appear before
20 the LEDC Board to explain why the project is not
21 underway.

22 Do you have any questions?

23 MR. COTTEN:

24 Good morning. Please, Chris or
25 Mr. Gravois.

1 Mr. Gravois, you speak. You're the
2 owner of the company. Tell us about yourself.

3 MR. ALLARD:

4 He owns half of the company.

5 MR. COTTEN:

6 Your name is on it. Tell us about
7 yourself. I've heard of your product throughout
8 Southern Louisiana. You have a great name and a great
9 product.

10 MR. GRAVOIS:

11 We've built fishing boats for a long
12 time, and then started doing government work several
13 years ago. We've been in business -- I started with my
14 father back in the 70s and then Chris I started doing
15 the government boats several years ago and it's just
16 been evolving. We've probably grown 50 percent every
17 year in the last several years, and we could grow some
18 more. We have really refined boat building. It's more
19 manufacturing jobs now than anything. It's --
20 everything is real productive. We went from one boat a
21 month to --

22 MR. ALLARD:

23 We do two and a half a week on average.

24 MS. BIGNER:

25 And all of their facilities are

1 climate-controlled. They've got it set up so that they
2 work on one part of the boat before they move on to
3 another part. It's very universal in the quality of the
4 product, so they're able to create many products at the
5 same amount of quality. It doesn't, you know, change
6 from product to product.

7 MR. JAMES:

8 And if I could add a little context to
9 this, the 500 boat contract that they won was
10 outstanding. The nice thing for them about that was
11 that the standard for the contract that they won is used
12 around the world by agencies of various governments and
13 law enforcement. They basically will say, "We want that
14 boat with some small modifications on it," so they do a
15 very good job of customizing. But Chris told me
16 earlier, currently, they're shipping about 40 percent of
17 their sales outside the country. So really a remarkable
18 Louisiana story.

19 We're about -- to put in a bit of context,
20 we did make an announcement on the original 106 job
21 commitment last year. This is the one example where I
22 think that the Fast Start -- LED Fast Start was able to
23 meet their match because we had pledged support there.
24 They worked very closely with these gentlemen, and they
25 had quite a bit of difficulties to keep up and locate

1 and be able to supply employees. We recognize that that
2 was a -- while it was a short-term problem, it was
3 enough of a problem that they were having difficulty to
4 keep up with their current orders, and this is the
5 reason we came up with the approach to do the EDLOP to
6 allow them to do a simple expansion to the current
7 location, but to add some automation equipment. All of
8 this is to be able to sustain the role that they have
9 right now, but also push them to really grow a lot in
10 the future. So this is -- great guys and a pleasure to
11 work with them. Really a remarkable story from an
12 unusual part of Louisiana to see something like this
13 happening.

14 MR. ROY:

15 After you complete this next
16 infrastructure development, what will your capacity be?
17 What percentage of capacity will you be, I guess?

18 MR. ALLARD:

19 With the implementation of the new
20 facility, we're basically already at an over-capacity
21 situation. We're behind. The new facility will still
22 have room for about 30-45 percent growth from what we
23 are at right now.

24 MR. ROY:

25 And your average boat that you

1 manufacture, what don't you build on the boat?

2 MR. ALLARD:

3 As little as possible. We're a very
4 vertically integrated company down to the sticker
5 machine. I mean, literally, we make our own placards,
6 our own decals, everything. We cut all of the aluminum,
7 we bend all of the aluminum. Really, the main area that
8 you see us growing, you know, not producing things are
9 items like propulsion units, engines, generators,
10 electronics. You know, the electronics are all foreign,
11 but everything that we can on the boat, the actual boat,
12 we probably do ourselves.

13 MR. SAUCIER:

14 Has there been any calculation on direct
15 jobs created by...

16 MR. JAMES:

17 If you give me a moment, I can answer
18 that.

19 One hundred thirty-four indirect jobs just
20 as a result of this project. I would like to also point
21 out that the commitments that we made in the original
22 announcement for Quality Jobs in the EDAP, they will
23 also be realizing those same incentives on the jobs that
24 they're creating, but because they were able to meet the
25 original requirements so quickly, that was the reason

1 that we were willing to put additional support on the
2 table for them.

3 MR. SAUCIER:

4 How did you two gentlemen team up?

5 MR. ALLARD:

6 Jim and I met about nine years ago now
7 at the Workboat Show in New Orleans. I was working for
8 a recreational and government boat company in South
9 Florida in fiberglass, and the company I was working for
10 actually wanted to get involved in aluminum boats
11 because the government was moving rapidly and strongly
12 toward almost all aluminum. Probably 95 percent of the
13 government's small boats are aluminum. So we originally
14 teamed -- actually, originally, eight years ago, Metal
15 Shark was started as a portion of this company, and due
16 to a strategic shift, Jimmy and I actually acquired
17 Metal Shark from them. So actually it was started in a
18 way by another company, but we then teamed to buy it.
19 And Jimmy was always the subcontractor, essentially. He
20 was providing the aluminum hulls to this conglomerate in
21 Florida that I was working for.

22 MR. SAUCIER:

23 That shift to aluminum, was that for
24 durability or...

25 MR. ALLARD:

1 Durability and repairability.
2 Fiberglass came onto the scene really only about 10 to
3 15 years ago in the government world, or 10 to 15 years
4 before we started working in it, and they started to see
5 that they could not rehab the fiberglass boats like they
6 could the aluminum boats. So in a way, it went from
7 aluminum to fiberglass as the new thing in the mid-80s,
8 and when the mid-80s boats came up for refurbishment,
9 they couldn't do it. They couldn't support it, and
10 boats were being -- they're supposed to last 20-25
11 years. They were getting to 10-12 years and having to
12 throw them out, so it shifted back towards aluminum.
13 There's still many areas for some possible construction,
14 you know, like minesweepers, for example, but it has
15 really gone largely back to aluminum. And we see it
16 staying there with the exception of, you know, kind of
17 the niche, as I said, minesweeper, ultralight-weight
18 crafts, some of the unmanned stuff.

19 MR. SAUCIER:

20 I am very upset you quit making
21 recreational boats.

22 MR. JAMES:

23 They take custom orders.

24 MR. SAUCIER:

25 You need to crank that back up.

1 MR. GRAVOIS:

2 We will.

3 MR. SAUCIER:

4 (Inaudible.)

5 MR. ALLARD:

6 All kidding aside. One of our plans
7 with the expansion is to allow us the capacity to stop
8 turning those people away. We've been turning them
9 away. Unless you worked really, really hard over the
10 last few years to buy one, we just haven't been focused
11 on it. And the market is still there and we still want
12 to do it, we just have not been able to reach the
13 capacity where we could do it without jeopardizing the
14 government work that we have.

15 MR. SAUCIER:

16 Good news.

17 MR. COTTEN:

18 Chris, give me your background,
19 education.

20 MR. ALLARD:

21 I'm originally from New York. Don't
22 hold that against me. I went to a college in New York
23 called Webb Institute that is solely and only focused on
24 naval architecture and marine engineering, so I am a
25 naval architect by education. I moved down to Florida

1 and worked out of college with this conglomerate in
2 Florida that did recreational government boats, learned
3 the government side working in their government division
4 and then teamed with Jimmy on the Metal Shark side.

5 MR. COTTEN:

6 Okay. I've got the founder over here.
7 I've got the architect guy here. Who's running the
8 people?

9 MR. ALLARD:

10 We have layers of management. One guy
11 that maybe we should have brought is Matt Unger, who's
12 our chief operating officer. Matt is also a naval
13 architect, graduated school with me. He's our
14 operations manager. He handles about -- we're up around
15 180 people now, actually, so we've expanded beyond
16 the --

17 MR. JAMES:

18 Since we did this.

19 MR. ALLARD:

20 It's 10 a month. That's what we add.

21 MR. COTTEN:

22 That's our concern.

23 MR. ALLARD:

24 So Matt handles the majority of the
25 working staff. Of our 180 jobs, 150 are direct labor

1 manufacturing jobs.

2 MR. COTTEN:

3 I guess I'm going to grill some more.
4 You said you have the capacity to expand. I don't see a
5 CFO. I see an accountant. I'm a CPA, by the way.

6 MR. ALLARD:

7 We are actually -- it is next. We need
8 currently on office staff, we need one engineer, one
9 draftsman, a CFO and another customer service person, as
10 well as a number of international training staff.
11 International training is a huge growth for us, so those
12 are kind of eight jobs that we are trying to fill
13 immediately on the internal office side.

14 MR. COTTEN:

15 I just didn't see it in your jobs. I
16 guess they're existing jobs, and I guess it's in year
17 two.

18 MR. ALLARD:

19 No. It is admittedly an area that we
20 are trying to fill. We have filled it unsuccessfully
21 before, and Jimmy's son, actually, John, is our
22 essentially acting CFO for the moment. We use
23 accountants in a heavier manner than typically.

24 MR. COTTEN:

25 Is that because the professional fees

1 are so high? And which one of the CPAs in Lafayette do
2 you use?

3 MR. ALLARD:

4 Broussard, Poche --

5 MR. COTTEN:

6 Give me the individual, the CPA.

7 MR. ALLARD:

8 Kyle Kellner and Stacey Singleton are
9 primarily our CPAs.

10 MR. COTTEN:

11 Know them both. Good CPAs.

12 MR. ALLARD:

13 And they're more involved in our
14 business than they are in a lot of other businesses.

15 MR. COTTEN:

16 Okay.

17 MR. ALLARD:

18 We use them deeply.

19 MR. COTTEN:

20 Let the record stand, they're audited
21 financial statements are in their package and they're
22 compiled, which is -- it's just the heading on it is
23 audited, but the CPA firm compiled the financial
24 statements.

25 MS. BIGNER:

1 Thank you.

2 MR. COTTEN:

3 Mr. Gravois, you have got a great
4 opportunity. This is huge for Louisiana and for you and
5 I'm excited. I just -- growing companies scare me,
6 especially in South Louisiana because we kind of put the
7 cart before the horse, but it sounds like you've got
8 that horse in front, so I commend you. Sounds like a
9 great opportunity.

10 What's the pleasure of the Board?

11 MR. ROY:

12 Move for approval.

13 MR. SAUCIER:

14 I'll second.

15 MR. JAMES:

16 And could I add one thing before --
17 there's one party that's not represented here that
18 actually deserves a lot of credit here, that's the bank
19 that these gentlemen work with, who were willing to step
20 back in the line to allow them to be able to construct
21 this financially where they put a stapler and were in
22 the right order, and I was --

23 MR. COTTEN:

24 What bank is that?

25 MR. JAMES:

1 First National Bank of Jeanerette.

2 MR. ALLARD:

3 First National Bank of Jeanerette.

4 Jimmy's been doing business with them for -- how long do
5 you think? As long as he's been alive, I think. As
6 long as he's been around.

7 MR. SAUCIER:

8 All right.

9 MR. ALLARD:

10 They have been unbelievable to us. They
11 really have. I kind of inherited them when I met Jimmy.
12 And every step of the way, we've wondered if they're
13 going to be able to keep up with our growth as well, and
14 they have matched and exceeded many of the major banks
15 and continue to take that business away from them and
16 keep it in Jeanerette. And they've done creative
17 things. Like a lot of businesses, they have equity in
18 terms of building and land, and one of the things that
19 we needed was collateral here, and it took them two days
20 to get their Board together and say, "We'll take second
21 to the State on anything you need because" -- and
22 they've just been phenomenal to us.

23 MR. ROY:

24 I move on one condition, that you build
25 Mr. Saucier a 60-foot boat. That's not part of my

1 motion.

2 MR. COTTEN:

3 Do you also you build for law
4 enforcement?

5 MR. ALLARD:

6 We do. We do.

7 MR. COTTEN:

8 Did you build the boat for the Pointe
9 Coupee Sheriff's Department for Torres?

10 MR. ALLARD:

11 We did. Two of them. There are two
12 boats --

13 MR. COTTEN:

14 I'm very familiar with those boats.

15 MR. GRAVOIS:

16 There's two in Baton Rouge, two new
17 Coast Guard boats here in town.

18 MR. ALLARD:

19 There's -- and state law enforcement all
20 over the country. We have two boats in the Port of Los
21 Angeles. Virginia Beach Police Department is a big
22 customer. We've got -- Florida Fish and Wildlife is
23 coming on board. Maryland, Delaware, all over the
24 state. So law enforcement around the country is a big
25 business for us as well.

1 MR. ROY:

2 Who's your competition? It sounds like
3 you've almost got a monopoly.

4 MR. ALLARD:

5 We've got a couple of them out of the
6 way over the last couple of years, but we still have
7 Safe Boats in Port Orchard, Washington, is one of our
8 biggest competitors, as is Seacraft in Washington State;
9 Zodiac, which is based in Maryland; Brunswick, even
10 though they're largely fiberglass, which is Boston
11 Whaler, in South Florida; Silver Ships in Mobile,
12 Alabama; and Metal Craft in Ontario, Canada. Those are
13 kind of the top-tier competitors that we compete with.

14 MR. JAMES:

15 The two competitors that you recently
16 had left, I think it was what we were talking about when
17 Mr. Cotton was representing earlier, they're managing --

18 MR. ALLARD:

19 No, honestly not. SeaArk in Arkansas,
20 their commercial and military side shut down.
21 Essentially they just decided the business was too hard.
22 I don't understand why they did it. They took a great
23 company and just shut the doors. They were not
24 innovating and designing in the market and competitors
25 were building more advanced and more complicated and

1 better craft and they were building the same things they
2 had built in the 70s. The family that owns it, I think,
3 had done fairly well and just decided to retire. We're
4 blown away that they did, but we're very thankful. And
5 the other company up in Washington just went bankrupt,
6 just based on poor management.

7 MR. COTTEN:

8 Thank you.

9 I think have a motion and a second, so
10 all in favor.

11 (Several members respond "aye".)

12 MR. COTTEN:

13 Any opposed?

14 (No response.)

15 MR. COTTEN:

16 None.

17 Thank you, gentlemen.

18 MR. ALLARD:

19 Thank you. We really appreciate all the
20 State has done in continuing to work us.

21 MS. BIGNER:

22 Thank you.

23 MR. ROY:

24 Keep us posted. Sounds like you have a
25 bright future. We'd like to hear about it.

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MR. ALLARD:

Come down and visit.

MR. JAMES:

Yes. Come Monday.

MR. COTTEN:

Does that conclude the Screening
Committee?

MR. BROUSSARD:

Yes, sir. The only thing I will add is
that the next LEDC Board meeting will be held in this
room April 19th.

MR. COTTEN:

April 19th.

Okay. So motion for adjournment?

MR. SAUCIER:

Motion.

MR. COTTEN:

Adjourned.

(Meeting concludes at 10:16 a.m.)

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REPORTER'S CERTIFICATE:

I, ELICIA H. WOODWORTH, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this Board Meeting for the Louisiana Economic Development Corporation Screening Committee, do hereby certify that this Board 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 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.

Dated this 4th day of April, 2013.

ELICIA H. WOODWORTH, CCR
CERTIFIED COURT REPORTER