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LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS MEETING, TAKEN AT THE LASALLE
BUILDING, 617 NORTH 3RD STREET, LABELLE ROOM,
BATON ROUGE, LOUISIANA, ON SEPTEMBER 12, 2019
COMMENCING AT 9:30 A.M.

REPORTED BY:

RACHEL TORRES-REGIS, CCR, RPR
CERTIFIED COURT REPORTER

1 APPEARANCES OF BOARD MEMBERS:

2

3 A.J. ROY

4 ALDEN ANDRE

5 CHARLES JACKSON, III

6 CAL SIMPSON

7 KIMBERLY JOHNSON

8 DON PIERSON

9 SUE DURAND

10

11 STAFF MEMBERS:

12 BRENDA GUESS

13 STEVE BAHAM

14 CRYSTAL DALGO

15 DEBORAH SIMMONS

16 MANDI MITCHELL

17 ROBIN PORTER

18 SHAMELDA PETE

19 MELISSA DION

20 STANLEY BIENEMY

21 SUSAN BIGNER

22

23

24

25



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1 MR. ROY:
2 Good morning. Call to order
3 the Board of Directors Louisiana
4 Economic Development Corporation.
5 Roll call, please.

6 MS. SIMMONS:
7 Good morning. Mr. A.J. Roy.

8 MR. ROY:
9 Here.

10 MS. SIMMONS:
11 Alden Andre.

12 MR. ANDRE:
13 Here.

14 MS. SIMMONS:
15 Louis Reine. Charles
16 Jackson, III.

17 MR. JACKSON:
18 Here.

19 MS. SIMMONS:
20 Cal Simpson.

21 MR. SIMPSON:
22 Here.

23 MS. SIMMONS:
24 Nitin Kamath. Sue Durand.

25 MS. DURAND:



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1 Yes, ma'am.

2 MS. SIMMONS:

3 Kimberly Johnson.

4 MS. JOHNSON:

5 Here.

6 MS. SIMMONS:

7 Secretary Don Pierson.

8 MR. PIERSON:

9 Present.

10 MS. SIMMONS:

11 Todd McDonald. We have a
12 quorum.

13 MR. ROY:

14 Very good. I ask everyone to
15 please silence their cell phones.

16 First order of business is
17 the approval of the minutes of
18 the August 8th meeting.

19 MR. ANDRE:

20 Move to approve.

21 MR. ROY:

22 Motion for approval as
23 present. Second. Any discussion?
24 Hearing none, all in favor, aye.

25 ALL BOARD MEMBERS:



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1 Aye.

2 MR. ROY:

3 All oppose, nay. Without
4 objection.

5 Staff will give us an update
6 on in-house approvals.

7 MS. PETE:

8 Good morning. Ag Air, LLC,
9 for the acquisition of existing
10 business. Ag Air is a processing
11 service located in Schriever,
12 Louisiana. This operation
13 primarily operates in crop
14 protection services within the
15 agriculture services sector. Mr.
16 Kyle Forward is the borrowing and
17 current employee seeking to
18 acquire the company. Kyle has an
19 extensive background in the sugar
20 cane industry with over 15 years
21 of experience. If approved, the
22 \$380,000 loan will be used to
23 purchase the business and all of
24 its assets including a processing
25 claim, reloading trucks, a



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1 tractor, equipment, and 22 acres
2 of land for an airstrip with
3 hangar. It is a 75 percent
4 guaranty. Only \$380,000 terminal
5 with a guaranty term of five
6 years for equipment and seven
7 years for land. The loan will be
8 backed by land equipment and
9 inventory and receivables.

10 Also, this loan will result
11 in the creation of two new jobs.

12 Our second loan was Bonton
13 Associates provided to us by Tru
14 Fund Financial Services. Tru
15 Fund is requesting a \$130,000
16 non-revolving line of credit to
17 support working capital needs.
18 Bonton Associates is a civil
19 engineering and environmental
20 consulting firm. The company is
21 located in Baton Rouge,
22 Louisiana. Bonton is a licensed
23 and insured full service civil
24 engineering, planning and
25 environmental consulting firm.



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1 It provided a designing planning
2 services to support the
3 collections, convenience and
4 treatment and distribution of
5 water and wastewater and storm
6 water to a coast of municipal and
7 state public works agency
8 throughout the region.

9 Bonton Associates is
10 currently contracted as a
11 Disadvantage Business Enterprise
12 on a large clean water project.
13 As the number and size of this
14 project has increased, so does
15 their need for additional working
16 capital. If approved, this loan
17 will be a 75 percent guaranty on
18 a \$130,000 line of credit with a
19 term of 12 months. The loan will
20 be backed by receivables as well.
21 Both of these loans -- I'm sorry.
22 Also, this loan will result in
23 the creation of 13 new jobs.

24 MR. ROY:

25 Any questions or comments?



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1 Any comments from the public?

2 Thank you.

3 Next order of business under
4 the SSBCI program, Mel's Car
5 Wash.

6 MS. DOIN:

7 Good morning. Marissa Doin
8 representing staff. I have with
9 me today Amy Cook with the Bank
10 of St. Francisville, and Melvin
11 Hartnett (ph) with Melvin's Car
12 Wash.

13 MR. ROY:

14 Good morning.

15 MS. DOIN:

16 Today we have a loan guaranty
17 -- LEDC guaranty request for
18 Mel's Car Wash, LLC. Mel's Car
19 Wash is a car wash detail and
20 concierge service start-up. This
21 business will be part of the
22 economic revival of the north
23 Baton Rouge and Mid-City area.
24 Melvin Hartnett (ph) will be
25 transforming 35,000 square foot



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1 building into the state of the
2 art detail shop. The shop will
3 include four interior base for
4 undercarriage cleanings along
5 with commercial vacuum system.
6 The property is currently zone
7 commercial and sits approximately
8 on one acre on the corner of
9 Florida Boulevard and Acadian
10 Thruway.

11 The company is majority owned
12 by Hartnett Investments, LLC. It
13 will be guaranteed by Melvin
14 personally, and, in addition, it
15 will have a corporate guaranty
16 from Hartnett Investments and
17 additional silent investor.

18 The Bank of St. Francisville
19 is requesting an LEDC guaranty of
20 \$1,104,992. They will structure
21 the funding into three separate
22 loans. \$1,073,323 term loan for
23 lease hold improvements.
24 \$325,000 term loan to purchase
25 equipment, and a \$75,000



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1 revolving line of credit for
2 working capital gains. All three
3 loans will be cross
4 collateralized and secured by
5 equipment and the building and
6 land with improvements.

7 The total value collateral is
8 approximately \$2.1 million, and
9 the bank is also requiring a \$1
10 million term life insurance
11 policy on Melvin. And with that,
12 I'll turn it over to Melvin to
13 give you some more information on
14 his project.

15 MR. MELVIN:

16 Good morning.

17 MR. ROY:

18 Good morning.

19 MR. MELVIN:

20 Thank you for allowing me to
21 be here this morning. I just
22 want to say that I'm very excited
23 about building this car wash in
24 this area that's been
25 revitalized. I was born here in



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1 Baton Rouge, Louisiana, and I
2 grew up on 13th Street not far
3 from here. My mother and father
4 had 17 children. I'm not talking
5 about the Brady Bunch. We are
6 all related, and I was only the
7 one in the family that graduated
8 from high school and college, and
9 I had a great opportunity to have
10 successes in Baton Rouge, and I
11 wanted to give people the
12 opportunity in this area to have
13 the same thing that -- the
14 opportunities that I had. I
15 could have built this car wash
16 anywhere, but I decided to build
17 it in the north Baton Rouge area.
18 I was very happy when I pulled up
19 one day and there was a bus drop
20 off on both Acadian Thruway and
21 Florida Boulevard.

22 I wanted to give people an
23 opportunity to have a job whether
24 they have a college degree or
25 GED. If they have strong work



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1 ethics, willing to get up in the
2 morning. Building this car wash
3 in this location will give them
4 an opportunity to have some of
5 the same thing that we're
6 enjoying in life, and that is a
7 car, a home and things of that
8 nature.

9 I don't want to just build a
10 building on that corner, we want
11 to wow. I believe that Florida
12 and Acadian Thruway is a
13 heartbeat. It's across from
14 Denham Springs to downtown from
15 LSU to Southern University. And
16 when we build the building it's
17 going to be well lit. It's going
18 to employ 21 people, and I'm
19 excited to say that I think that
20 it's going to be the "wow" and it
21 would be the heartbeat of this
22 area. Thank you.

23 MR. ROY:

24 Questions? Comments? Ms.
25 Mandi.



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1 MS. MITCHELL:

2 Thank you, Mr. Chairman.

3 Well, Mr. Mel, I commend you for
4 this project. One of the core
5 missions and strategies of LEDC
6 is working with our economically
7 distressed communities around the
8 state. We have a community
9 competitive and strategy where we
10 seek to encourage our regional
11 economic development partners
12 such as BRAG and the north Baton
13 Rouge economic development
14 district to pursue projects such
15 as yours and to encourage
16 projects such as yours, so I
17 think it's a wonderful thing that
18 you are doing bringing jobs and
19 investment to north Baton Rouge.
20 And I may have missed this in Ms.
21 Marissa's comments, but I wanted
22 just to ask if you can highlight
23 the number of jobs you anticipate
24 providing. I know it will be a
25 combination of full time and



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1 part-time jobs.

2 MR. MELVIN:

3 Sure. We're looking to
4 employ 21 people. Some of those
5 jobs are skilled. You would have
6 four skilled, you would have four
7 hydraulic lifts. Those guys will
8 be skilled and pay them more than
9 other employees. We are also
10 working with Martin Luther
11 schools, the high schools. The
12 kids that come in during intern,
13 we wanted them to wear their
14 uniforms, Catholic High, Capitol
15 High or Istrouma High and have
16 the kids come in and have an
17 internship also as a part-time.
18 Full time, we would have
19 approximately 12 full time
20 employees, and then we'll have
21 part-time. But that is all going
22 to grow.

23 We are going to do strong
24 marketing. We will be doing a
25 lot of marketing. A lot of



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1 billboards, a lot of advertising,
2 so we believe that the increase
3 in business will become very
4 quick, which means there will be
5 more employees right away.

6 MS. MITCHELL:

7 Thank you. And you had
8 mentioned the skilled jobs, and
9 if I recall reading correctly,
10 you are going to be much more
11 than a car wash.

12 MR. MELVIN:

13 Yes.

14 MS. MITCHELL:

15 If you can highlight some of
16 the other concierge type services
17 that you are going to provide.

18 MR. MELVIN:

19 Yes. So, in Baton Rouge, a
20 lot of us are very busy. We'd
21 love to get our cars detailed but
22 we don't have time to go to the
23 shop. We are going to offer
24 concierge service and actually
25 come to you and do the service on



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1 the spot or even pick up your
2 vehicle, get you transported to
3 work and then come back and pick
4 you up afterwards. That's one of
5 the services that we are going to
6 provide. It's going to be very
7 unique. The skill workers will
8 do very well. We are also going
9 to offer a service where we will
10 do a one stop shop, so we are
11 going to train people to actually
12 do window tints, small dent
13 repair, and also we are going to
14 do headlight restoration. Jobs
15 that don't require a lot of
16 training but pay well, and we can
17 get individuals in and get them
18 trained pretty quick, and we want
19 to be your one car stop -- one
20 shop stop, if you will.

21 MS. MITCHELL:

22 Okay. Thank you.

23 MR. ROY:

24 Ms. Johnson.

25 MS. JOHNSON:



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1 Yes. In terms of the
2 operating area for the concierge,
3 will it be the Baton Rouge area
4 and Baton Rouge metro?

5 MR. MELVIN:

6 Yeah. We are looking at the
7 drive radius. I think you have
8 to be within 20 minutes drive
9 radius time because we have to
10 have enough time to get back to
11 get the service. Usually getting
12 a detailed job can take up to
13 four hours, so we make sure we
14 get that vehicle back to you at
15 lunch if you need it or get it
16 back to you or if you bringing it
17 before lunch, to get it back to
18 you, so we need that time and
19 window.

20 MS. JOHNSON:

21 And also one last question.
22 In terms of the concierge
23 service, will it be detailing or
24 will it also be those other that
25 you had talked about.



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1 MR. MELVIN:

2 It would be primarily
3 detailing. The other jobs that
4 require a lot of time, so if you
5 got restoration of a headlights
6 or something, that requirement of
7 time so this wouldn't be
8 financially feasible what the
9 cost is with -- it is with the
10 full detail.

11 MS. JOHNSON:

12 Thank you.

13 MR. ROY:

14 Any other questions,
15 comments?

16 MR. ANDRE:

17 Let's hear from the bank.

18 MS. COOK:

19 Hi. My name is Amy Cook. I
20 am vice president of commercial
21 lending at the Bank of St.
22 Francisville. We are extremely
23 excited to support Mel's car wash
24 with the revitalization of north
25 Baton Rouge. We have a new



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1 relationship with LED. Having
2 closed our first loan with LED
3 last -- LED back in the last
4 month. We look forward to the
5 LED programs in the future, and
6 are grateful that this resource
7 is available for start up and
8 small businesses to encourage
9 growth in our area in the State
10 of Louisiana.

11 I would like to thank Melvin
12 for bringing his vision and/or
13 request our bank, and also thank
14 LED and LEDC's board for its
15 consideration.

16 MR. ROY:

17 Anyone else? Questions?
18 Comments? I have one. Can you
19 just comment on the competition,
20 to what extent -- sounds like you
21 have a lot of unique things going
22 on, but just comment on the
23 competition and what you see out
24 there.

25 MR. MELVIN:



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1 Sure. We decide to do
2 something a little different than
3 any other car wash. You have
4 Benny's and you have the Geaux
5 Clean car wash out there. Those
6 are automated, which means that
7 you go in and you drive through a
8 machine.

9 I decided that we wanted to
10 employ more people, so what we
11 are going to do is our cash wash
12 will be a little different, kind
13 of change the competition, is
14 that you will actually come in
15 our car wash on the conveyor belt
16 with your car still be on the
17 belt as it is at Benny's but flat
18 belt, and instead of having a
19 machine, we are going to actually
20 have people handwashing your
21 vehicle as it goes through, which
22 gives an opportunity to employ
23 people instead of employing a
24 machine.

25 There are a lot of people



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1 that do not like their cars
2 washed by machines. I've done
3 some studies. I have gone to
4 different car washes in different
5 areas of Florida and Texas. They
6 are having great success and the
7 reason why is those people that
8 are looking for that type of
9 service that's just not out
10 there. There are some small
11 shops out there in Baton Rouge.
12 This is going to be something
13 very nice, very well lit, very
14 well landscaped and placed where
15 I don't care what time of day it
16 is, being that it's in that area
17 right at north Baton Rouge,
18 Florida area, the wife were to
19 call home and say where are you,
20 you say, I'm at Mel's that
21 husband will say.

22 MR. ROY:

23 Okay. Any comments from the
24 public?

25 MR. ANDRE:



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1 The more labor than Benny's,
2 so how can you compete with labor
3 -- (not audible- microphone not
4 in use)

5 MR. MELVIN:

6 We will offer detail services
7 versus just an express wash.
8 Detailed services are a little
9 bit more expensive but you are
10 getting more detailed work to
11 your car. We are not just a --
12 it's not just -- we will offer
13 express wash where you can come
14 and get your vehicle washed, but
15 our primary focus will be that of
16 a detail service.

17 MR. JACKSON:

18 Will you be offering extended
19 hours? You mentioned a couple of
20 times it will be well lit.

21 MR. MELVIN:

22 No. I think in the beginning
23 we'll probably be hours close to
24 around 7 p.m. being the area that
25 we're in until -- I attended a



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1 meeting just not long ago with
2 the crime, talk about the crime
3 in the area, and I attended that
4 meeting, and one of the biggest
5 things that they asked for, the
6 people said they needed were
7 jobs. I'm in that area now, but
8 coming in the area also means you
9 need to be smart, so we'll be
10 open for right now until probably
11 7 o'clock where it's turning dark
12 and then we'll look at that again
13 as time goes on.

14 MR. JACKSON:

15 Just out of personal
16 curiosity, headlight restoration,
17 is that when they've gotten
18 scratched and all of that?

19 MR. MELVIN:

20 Yes, sir. They faded where
21 you go in and the lights are kind
22 of faded due to elements we are
23 going and cleaning and it's more
24 safer when you driving down the
25 street.



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1 MR. ROY:

2 Ms. Mitchell.

3 MS. MITCHELL:

4 Last comment about this being
5 almost a textbook example of
6 redevelopment, you are also going
7 into a building that has been
8 burned and it's been out of
9 commerce, so this is another
10 point I just wanted to make for,
11 you know, the positive adapter of
12 reuse of a structure bringing it
13 back into commerce, so I can't
14 make a motion today, but if I
15 could, I would make a motion to
16 approve, so --

17 MR. JACKSON:

18 I can and I would.

19 MR. ROY:

20 Motion to approve as
21 presented and a second. Any other
22 discussion? Hearing none, all in
23 favor, aye.

24 ALL BOARD MEMBERS:

25 Aye.



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1 MR. ROY:

2 All oppose, may. Without
3 objection, congratulations.
4 Please keep us posted on your
5 success.

6 MR. MELVIN:

7 Thank you. Thank you very
8 much.

9 MR. ROY:

10 Thank you for coming.
11 All right. In meetings past
12 we discussed the venture capital
13 program, and we have an update
14 today from several of our venture
15 capital firms, and I will let
16 staff take it from there.

17 MS. BIGNER:

18 Good morning. I'm Susan
19 Bigner. Today we have three of
20 our venture capital funds. They
21 are going to give you updates on
22 the current activities. These
23 fee funds are the oldest
24 investment funds still in
25 operation. Each one will give



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1 you a current status of the fund
2 and when each one is expecting to
3 terminate. The first VC is
4 Louisiana Ventures, L.P.
5 Liquidating Trust, which
6 originated as Louisiana Ventures,
7 L.P. in 2003. The fund is
8 governed by the Louisiana Venture
9 Capital Match program, which was
10 created to provide financial
11 assistance through venture
12 capital.

13 The VC funds were required to
14 create a fund of the outside
15 investors to match LEDC's
16 investment with at least 2 to 1.
17 LEDC will become a non-voting
18 limited partner with a general
19 partner as the manager of the
20 fund. Each fund invested in
21 early to late stage investments
22 -- in early to late stage
23 investments and the companies
24 either located in Louisiana or
25 who held direct -- potential



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1 direct benefits to Louisiana.
2 LEDC could match up to \$5 million
3 with each fund. With me today is
4 Ross Barrett and Jennifer Group,
5 a VCE Capital Partners, LLC.
6 General partner of Louisiana
7 Ventures. Ross is the -- is the
8 acting trustee for the
9 liquidating trust and managed to
10 fund for the VCE.

11 LEDC invested \$4.75 million
12 and have received 176,958 returns
13 to date. The fund has a ten year
14 term with two one year extensions
15 which expired December 31st of
16 2017. On January 1, 2018 all
17 Louisiana Venture assets were
18 transferred to Louisiana Venture
19 LP liquidating trust with an
20 expected expiration date of
21 January 1, 2021.

22 There's a correction in the
23 papers that -- in the information
24 that y'all were sent. According
25 to Ross, all management fees will



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1 be paid out of distributions.
2 It's an annual management fee.

3 As of June 30, 2018, the
4 investments for the trust have
5 fair market value of \$18.4
6 million with LEDC's portion
7 valued at \$3.3 million and an
8 unrealized loss of approximately
9 \$1.29 million. The portfolio
10 consist of debts and equity
11 investments and early stage
12 businesses.

13 At this time I'm going to
14 turn it over to Ross and Jennifer
15 and let them tell you a little
16 bit more.

17 MR. ROY:

18 Before you go on, let me just
19 make a point of order. I will
20 ask that we discuss the general
21 -- any general discussions in the
22 open meeting. Should the Board
23 so desire, we can go into the
24 executive session and discuss the
25 details of any financial



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1 statements, etc. And so as a part
2 of efficiency, maybe we go
3 through the general comments
4 first and then we'll have to
5 clear the room if we want to
6 discuss any detailed financial
7 matters.

8 One other point. The Source
9 Capital, am I correct, could not
10 make it today due to unexpected
11 circumstances, so we have the
12 other three with us.

13 MS. BIGNER:

14 That's correct. Source
15 Capital will be invited at a
16 different meeting.

17 MR. ROY:

18 Okay. Thank you, sir. You
19 can proceed. Ms. Ross Barrett,
20 correct?

21 MR. BARRETT:

22 Yes, sir. Mr. Chairman and
23 Secretary and members of the LEDC
24 Board, thank you. It's an honor
25 to come and report on your



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1 investment in Louisiana Ventures
2 and to give you a high level
3 overview on where things stand.

4 Maybe a lit bit of historical
5 perspective could be helpful for
6 those who weren't on the Board
7 before. This was part of the
8 vision 2020 plan. In the
9 mid-2000s I was living in New
10 York -- I am an LSU grad but
11 further my education at NYU. My
12 wife wanted to stay in New York,
13 and I got a phone call from a
14 Adam App (ph) and he said, you
15 know, I understand that you are
16 involved in Venture Capital and
17 investment banking and early
18 stage investments. Next time you
19 are home in Shreveport, where I
20 grew up, why don't we meet or
21 next time you come to an LSU
22 football game, and that vision
23 20/20 plan was an idea to create
24 alternative sources of capital to
25 be able to build capacity and not



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1 only bring sources of seed
2 capital here to Louisiana but
3 also to leverage other peoples
4 capital to bring it into the
5 state, and I'm proud to say that
6 we've done that. We got your
7 commitment on a 2 to 1 match and
8 we're able to raise approximately
9 \$25 million of equity capital
10 into a partnership. That was a
11 ten year partnership and then it
12 has now come into a liquidating
13 trust.

14 A lot of people ask me why is
15 it put into a liquidating trust.
16 Well, we don't want to hold your
17 capital forever. We don't want
18 to hold on to the company's stock
19 forever. These are seed staged
20 companies. In many cases we've
21 wrote the first check, and I will
22 go into that in just a minute,
23 but they are private holdings
24 that do have value. They are not
25 traded on the stock market on a



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1 daily basis so you don't have
2 that volatility, but my
3 colleague, Jennifer and I, worked
4 with a third party valuation firm
5 to value those fairly on annual
6 basis and then we give those to
7 an auditor. So that's why you
8 may see some fluctuations on the
9 up and down on an annual basis.

10 We also have to be fairly
11 conservative. I'm happy to
12 discuss what the fund could
13 return, but we would like to
14 think that we are fairly
15 conservative in our numbers.

16 So, nevertheless, what we did
17 in Louisiana Ventures was invest
18 in ten companies. They are high
19 technology companies. We've had
20 two write-offs, one cash exit,
21 one stock for stock exit, and
22 currently have six portfolio
23 companies that is the value of
24 your investment, and three of
25 those are companies that we



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1 started or we started in
2 conjunction with our partners,
3 Louisiana Fund One or other
4 investment groups because we are
5 not necessarily competitive, we
6 are really collaborative, and so
7 nevertheless, our charge was seed
8 stage, and I will give you a
9 couple of quick high level
10 examples.

11 One from Shreveport, one from
12 Baton Rouge just to keep the
13 politics even. So the one in
14 Shreveport was a smoking
15 cessation company. It helps
16 people quit smoking. It helps
17 people get off of illicit drugs.
18 That company is called Embera
19 Neuro Therapeutics. We literally
20 wrote the first check. We took
21 the license and negotiated from
22 LSU. We saw the holes in the
23 intellectual property. We spent
24 a fair amount of money filing new
25 patents, attracting new capital.



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1 I'm proud to say that that
2 company has received \$15 million
3 from the NIH. That's good signs.
4 That's money that is flowed into
5 the LSU Health Sciences Center.
6 That company went from an idea on
7 a white board and now it is in
8 phase 2 trials in humans. We're
9 trying to get indications both
10 for cocaine use disorder as well
11 as smoking cessation.

12 I don't know if any of you
13 have seen the Chantix ads with
14 the slow -- the cold Turkey.
15 That's the company that we're
16 going against. That's the company
17 that we -- that's the drug that
18 we want to stop. That drug did
19 \$900 million in sales last year.
20 That's how they can afford all of
21 those advertisements. That's the
22 type of potential that Embera
23 holds.

24 Now, I cannot promise
25 anything. Those are seed stage



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1 companies that we've, you know,
2 matured on to where they are in
3 human trials and it could fail
4 and it could be a zero, and I do
5 want to stress that I'm not here
6 to sell the sizzle, but I'm here
7 to give you the objective of what
8 it could potentially be worth,
9 and so we're very excited about
10 that company that's based up in
11 Shreveport.

12 There is another company, and
13 I won't go into too much detail.
14 I will let Joe Lovett and Rick
15 Babb talk in a little more in
16 detail because they were they
17 first to Esperance
18 Pharmaceuticals. But Esperance
19 Pharmaceuticals has raised over
20 \$30 million of investment
21 capital. It came from the
22 Pennington and the LSU Ag Center
23 and LSU main campus, but it had a
24 lot of intellectual property
25 issues. So we got together, we



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1 syndicated a \$750,000 round of
2 equity, all risk capital. That
3 was, again, just an idea, and
4 we've now taken that through a
5 collaborative effort into phase 2
6 being clinical trials.

7 The company went sideways
8 because the first clinical trial
9 was a little bit choppy, yet,
10 there was one principal
11 investigator at MD Anderson that
12 did this trial. This is a
13 treatment for ovarian cancer and
14 potentially for triple negative
15 breast cancer that is prevalent
16 in African-American women. The
17 drug was looked at in detail by
18 Dr. Anil Sood and Dr. Rob Coleman
19 at MD Anderson. They said
20 typically we would just write
21 this off but something is
22 interesting with this drug, and
23 so we were asked to apply to a
24 very prestigious program called
25 the Strategic Industry Ventures



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1 Program at MD Anderson and we
2 were accepted. The company was
3 accepted. And Joe and Rick can
4 talk a little bit more about
5 that. That was a reflection
6 point for the company, and we now
7 have designs to go into uveal
8 melanoma as well as ovarian
9 cancer trials in the first
10 quarter of 2020, so, again, these
11 are -- these were not exiting
12 when we started, and I'm proud to
13 say those are just two examples
14 of companies that we -- we've
15 started, we've nurtured and we
16 are going to see through to an
17 end.

18 So, again, I can't promise
19 anything as far as the returns.
20 These are, you know, risk -- high
21 risk but they are very high
22 reward. It's my hope and prayer
23 that we are able to return new
24 capital but more importantly to
25 get these drugs on the market



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1 because it's going to help
2 humanity. And, oh, by the way,
3 LSU has three percent royalty in
4 each one of those, so it could
5 create an economic development in
6 terms of diversifying LSU's
7 revenue streams, so I'm happy
8 to -- that's a little bit of an
9 overview.

10 One last technical thing. We
11 are in a liquidating trust, so if
12 the companies do not go public,
13 which we are pushing for, either
14 an M & A or IPO, they do not go
15 public, we will return your pro
16 rata of those shares, so I will
17 be happy to take any questions.

18 MR. ROY:

19 Mr. Secretary.

20 MR. PIERSON:

21 Not really a question. Thank
22 you, Ross, for coming today and
23 bringing the Board up to speed on
24 what we do, and I think it's such
25 an important opportunity for the



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1 Board to get their arms around
2 the fact that, you know, as a
3 banker or an investor you look at
4 a balance sheet, but there's so
5 much here in the portfolio like
6 the grants that are awarded to
7 the companies that don't appear
8 on the balance sheet, so when
9 there is an evaluation of what
10 the economic benefit and outcomes
11 are to the state, you can't
12 measure those in the way that
13 might typically be conducted by
14 an accountant or auditor, and so
15 the idea that there's just sort
16 of a triple bottom line that we
17 are attracting significant
18 research to our state, we're
19 attracting those research dollars
20 that power that and that there's
21 a potential for this three
22 percent ownership of the
23 intellectual property to pay a
24 significant dividend back into
25 our public systems, like LSU and



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1 the other universities that may
2 be involved in some of these. I
3 think that the electrode property
4 particularly attracts the
5 professor or the academic
6 institution retains that position
7 in that, so it's an incredibly
8 important activity, one that a
9 state can really participate in
10 in what I call good times, and
11 facing deficits and other things
12 of that nature gets much harder
13 to push forward into the frontier
14 of venture capital.

15 We are certainly very proud
16 of the investments that have been
17 made in the past and then we --
18 outstanding fashion which they
19 have been executed and continue
20 to be executed. Thank you.

21 MR. BARRETT:

22 Thank you, Mr. Secretary.

23 MR. ROY:

24 Any other questions,
25 comments?



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1 MS. JOHNSON:

2 Yes. In terms of fertile
3 ground of the universities in
4 Louisiana, is that where you
5 mostly do your pipeline?

6 MR. BARRETT:

7 It is. We work closely with
8 all of the universities. We work
9 with Louisiana Tech, LSU, Tulane,
10 the Pennington. Those are the
11 primary areas that we work with.
12 I'm proud to say that really it's
13 a different day than eight, ten
14 years ago. There is an angel
15 fund, for example, out of New
16 Orleans. There is an angel fund
17 and accelerator in Shreveport,
18 and so they attract ideas not
19 only for -- from the
20 universities, but we are now
21 attracting ideas from all over
22 the country to come here. There
23 is a startup in Shreveport that
24 was put on and we've got
25 companies from California and



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1 Tennessee to come down and take a
2 pitch at it, so starting to see
3 that, you know, Louisiana has
4 really good technologies. Most
5 of it does come from the
6 universities.

7 I will give you one last
8 example. One of the largest drug
9 companies in the world, Sanofi,
10 put almost \$10 million into the
11 technology, so they would never
12 have seen that from Pennington,
13 but for, you know, truly what you
14 guys started with the venture
15 capital match program.

16 MR. ROY:

17 Any other questions,
18 comments?

19 MR. JACKSON:

20 Yes. I think we put \$5
21 million with you. You said the
22 total fund was 25. That doesn't
23 include these investments by
24 Sanofi and NIH and things like
25 that; is that correct?



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1 MR. BARRETT:

2 Yes, sir. That is correct.

3 MR. JACKSON:

4 Those are additional dollars.

5 MR. BARRETT:

6 Those are additional dollars

7 that have flown into our

8 portfolio companies directly.

9 MR. JACKSON:

10 And most of that is brought

11 into the state for research? I

12 recognize trials are certainly a

13 disperse but a lot of the core

14 research is done in state?

15 MR. BARRETT:

16 I would say it's -- because

17 of the clinical trial nature,

18 once you get to that point, you

19 do have to span out across the

20 US, but we have had clinical

21 trials in Shreveport and in Baton

22 Rouge and in New Orleans.

23 MR. JACKSON:

24 Okay. Could you estimate

25 total dollars that the \$25



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1 million or even the 5 that we've
2 put in have brought into these
3 entities over what -- I guess
4 it's 12 years.

5 MR. BARRETT:

6 Yes, sir. If I could provide
7 that to Ms. Bigner and get back
8 with you on that. I wouldn't
9 want to estimate but we did that
10 analysis four or five years ago.

11 MR. JACKSON:

12 It seems very impressive, I
13 mean, to put the amount of money
14 in and it sounds like there's a
15 tremendous amount that is
16 attracted in.

17 MR. BARRETT:

18 Well, and just with that one
19 portfolio company along with the
20 NIH spent close to \$15 million,
21 we just got a \$1 million grant
22 from the Rose Research Center for
23 smoking cessation. That's in
24 North Carolina, and that's going
25 to get spent based on LSU



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1 technology, so I will be happy to
2 work with Susan.

3 MR. JACKSON:

4 Okay. That's great. Thank
5 you.

6 MR. ROY:

7 Thank you, Mr. Barrett. I
8 ask that you stick around as well
9 as any support personnel that you
10 may have as well as the other
11 presenters in the event we have
12 any financial questions at the
13 end of your presentations.

14 MR. BARRETT:

15 Yes, sir.

16 MR. ROY:

17 I appreciate your words
18 today. I thought for a minute
19 you said Enron Pharmaceutical.
20 I'm glad that I heard otherwise
21 the second time.

22 MR. BARRETT:

23 I would say one last thing.
24 I have four daughters so I never
25 want to ignore the ladies in my



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1 life. Jennifer Pugh, we were
2 able to recruit her from Dallas.
3 She is a Baton Rouge native and
4 was in investment banking, and
5 we're just thrilled to have her.

6 MR. ROY:

7 Very good. Thank you for
8 coming.

9 All right. Next presenter is
10 Louisiana Fund I.

11 MS. BIGNER:

12 Louisiana Fund I lending
13 partners. Louisiana Fund is
14 governed by the University
15 Foundation Investment Program.
16 This program was developed to
17 assist with the possible
18 commercialization of the
19 university related processes,
20 techniques or the vices through
21 the development of university
22 Form C Fund. LEDC originally
23 committed \$750,000 to the
24 research and technology
25 foundation at LSU to develop a C



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1 Fund, and this was -- sorry. I
2 didn't have that, the day. This
3 was 2004.

4 The purpose of the fund was
5 to convert university research
6 and technology and commercialize
7 businesses. The foundation used
8 \$355,000 to develop the fund.

9 Originator become Louisiana Fund
10 I. The remaining \$375,000 was
11 transferred to a Louisiana fund
12 along with a \$5 million
13 commitment through LEDC. LEDC is
14 a limited partner with a 20.67
15 percent ownership of the fund and
16 the second highest investor.

17 With me today is Joseph Lovett
18 and Richard Bass (ph) with
19 Louisiana Fund I general partners
20 who managed the funds. The fund
21 invested \$26 million in seed or
22 early stage companies either in
23 Louisiana or with Louisiana ties.

24 As of the June 30, 2018 Chafe
25 report, the investment had a fair



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1 market value of \$49.9 million
2 with LEDC's portion valued at
3 \$8.2 million. LEDC has received
4 \$136,000 in returns to date and
5 has an unrealized goal of
6 approximately \$3 million. That's
7 an unrealized gain.

8 Louisiana Fund I general
9 partners are paid in annual
10 management fee of one percent,
11 the total cost of the portfolio
12 investments. The cost of the
13 investments in portfolio is \$17.1
14 million.

15 I'm going to turn the table
16 over to Mr. Lovett and Mr. Bass
17 to talk further with you.

18 MR. LOVETT:

19 Thank you, Susan, and thank
20 you for the opportunity
21 presented. It's good to see some
22 of you again and some new faces.
23 We are going to introduce
24 ourselves since some of you don't
25 know us and give you an overview



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1 of the fund. The fund
2 highlights, we are going to touch
3 on the portfolio status. We have
4 four investments with Louisiana
5 Ventures which Ross mentioned.
6 We're not going to duplicate what
7 Ross said, and what the
8 partnership timeline is.

9 First of all, give you a one
10 minute overview of me. My name
11 is Joe Lovett. I have been a
12 life science person my whole
13 career with three corporations
14 and then Venture Capital business
15 since 1988 with a fund similar to
16 this called Medical Science
17 Partners, which Harvey created,
18 and I got -- like Ross, I got a
19 call in late 2003 from one of
20 your consultants whose name is
21 Frances Myers, who some of you
22 remember, looking for some names
23 to establish a venture capital
24 fund in Louisiana. The
25 technology out of universities,



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1 and I said, Fran, as you know, we
2 have been friends for a long
3 time, this is what we are doing.
4 So Rick and I talked, came down
5 here and met your people, some of
6 whom are on the Board and some of
7 whom are in audience, some of
8 whom have retired, met the
9 university people and decided to
10 do this. So, Rick.

11 MR. BABB:

12 My name is Rick Babb --
13 Richard Babb, and I was the CFO
14 for the Medical Science Partners
15 fund in Boston, and prior to
16 that, I was -- I'm a CPA. I was
17 with Ernst Young CPA. I did a
18 lot of work with Venture Capital
19 funds in Boston, so I have a lot
20 of back office experience in
21 running funds.

22 When in 2004 we were winding
23 down the funds in Boston and had
24 the opportunity to start the
25 funds here, Joe and I made a



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1 decision to do it. We came both
2 -- Joe came in 2004. It took me
3 a couple of years after Katrina
4 and settle myself down here, and
5 we are both here now, and, again,
6 we'll go through what we've
7 accomplished in the past 15
8 years.

9 MR. LOVETT:

10 Okay. A quick overview. We
11 are a \$26 million fund. This is
12 directly from the partnership
13 agreements. The fund is -- was
14 created as a collaboration
15 between LSU and LEDC. Between
16 LEDC and LSU Foundation called
17 the LSU Research Science and
18 Technology Foundation. We give
19 them part of the profits of the
20 general partner. We are part of
21 vision 2020, and the exciting
22 part for us was this was trying
23 to get technology from
24 universities into the market
25 place. Great companies to create



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1 excitement, and as you will see,
2 to enhance the reputation as far
3 as the technology showcase for
4 Louisiana. That's a quick
5 overview.

6 The investor, that -- we have
7 18 limited partners. We have
8 five pension funds. Five
9 Louisiana pension funds invested
10 alongside with -- but you were
11 the trigger for the whole thing.
12 In addition to that, we have the
13 endowments from LSU, Pennington.
14 Tulane made a direct investment
15 in us. We have the Woman's
16 Hospital Foundation, and several
17 high net worth individuals and
18 noteworthy families. The mandate
19 was to develop the potential of
20 Louisiana technology to bring out
21 of state entrepreneurs and
22 capital here and to provide
23 returns. Rick and I didn't move
24 here just for the weather.

25 MR. BABB:



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1 Great part is we don't have
2 to shovel the heat. So what have
3 we done. Over the past 15 years,
4 we licensed 11 technology out of
5 the universities. Eight from
6 LSU, two from Louisiana Tech, one
7 from Tulane. Those are all
8 startup companies, those aren't
9 licenses of products that are
10 regular market. These were all
11 real startup into technologies,
12 and as Ross mentioned, these are
13 ideas with researchers. So this
14 was -- these are some of the
15 first startup companies out of
16 the universities, so it was an
17 education process and it was a
18 whole working with the
19 universities to get these
20 licenses done.

21 All of the companies have
22 locations or ties to Louisiana.
23 Some of them are managed
24 virtually, but, again, the
25 license is here with LSU. We've



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1 had -- we've co-invested in 20
2 different funds. Your question
3 about how much has come in from
4 the outside. It's over \$200
5 million. On our \$20 million plus
6 of investments, we brought in
7 over \$200 million into the
8 companies. And the big one was
9 the investment into invest bonds.
10 That was a big validation of
11 technology of the science of what
12 we were doing. Thus far, we have
13 had two cash exits, one has been
14 distributed, one wasn't big
15 enough and we're putting it
16 together with a couple of others.
17 We had three equity investments.
18 We had one total write off and we
19 still have seven companies active
20 in the portfolio.

21 MR. LOVETT:

22 Okay. We are going to touch
23 on the companies. Just to add
24 what Ross talked about with
25 Esperance. The way Esperance was



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1 started was this was the
2 technology that had been around
3 LSU for a long time. There were
4 two previous licensees. They
5 couldn't get it to work, so
6 together with Ross we brought in
7 an outside venture capital fund
8 from Arizona called Research
9 Corporation Technologies. This
10 is a very prestigious early stage
11 fund. They work with
12 universities to develop several
13 technologies like the PSA test.
14 Us old guys know what that is.
15 GMCSF, a cancer drug, and several
16 other technologies. They came
17 here, they work with us. We
18 originally committed \$9 million
19 and sat around the table and said
20 we need to redo the technology
21 and we need to redo the IP, which
22 is getting old and then with some
23 holes in it. We decided to do it
24 with Pennington and it worked.
25 So now that the company has



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1 completed phase 2 clinical trials
2 in ovarian cancer, and one of the
3 previous licensees couldn't get
4 the technology to work for
5 ovarian cancer. We got it to
6 work by bringing Hector Ravela
7 (ph) and some real smart people,
8 and Ross told the MD Anderson
9 story. The company has locations
10 in Houston and here. Some of the
11 -- touching on some of the other
12 technologies, this one flies
13 under the radar. It's
14 international meso technology.
15 Susan knows about it. Susan
16 works with us quite closely. She
17 is on the advisory board. She
18 attends the meetings. She visits
19 the companies. She's taken an
20 active interest representing you
21 in our fund.

22 Meso was our first investment
23 in 2005. It was a heat exchanger
24 technology. Heat exchangers or
25 radiators, they cool water,



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1 basically. This is kind of an
2 example of a company that some of
3 you thought we would do. It was
4 in the LSU incubator on the main
5 campus. We led the first round
6 of financing and enabled them to
7 bring in some more money and
8 enabled them to get an SBA loan
9 and enabled the company to grow.
10 Unfortunately the original
11 technology had scala problems.
12 The management team led by Kevin
13 Kelly, a former LSU engineering
14 professor redid the technology.
15 We stuck with it. A lot of
16 venture clients would have
17 written it off.

18 We stuck with it, so the
19 company has raised only \$2 or \$3
20 million in venture capital, which
21 we trigger, and has raised \$18 to
22 \$20 million in SBI or financing
23 from the government. That's the
24 way these are -- these companies
25 are financed. So where is the



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1 company today. It moved to the
2 tech park in Florida Boulevard
3 out in its own building on
4 Mammoth Avenue in the Choctaw
5 area.

6 We would invite, as Susan has
7 done, any of you to visit the
8 company. You will see 40 to 50
9 engineers, mostly with LSU
10 degrees, all well paid there, and
11 they are making heat exchangers.
12 All of the Ferrari race cars has
13 meso heat exchangers. All of the
14 Andretti race cars in the Indy
15 500 have Meso heat exchangers.
16 They have several other
17 prestigious race car companies,
18 and now it's turning into a DOD
19 company.

20 This is public so I can tell
21 you there will be an in-flight
22 test of a meso oil cool. Same
23 technology, cools oil instead of
24 -- as most of you know, the cap
25 had some problems with dust, with



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1 meso oil coolers. It's passed
2 all of their testing so far, and
3 if it works, we expect a
4 multi-million dollar contract
5 from the Navy.

6 There are three other DOD
7 projects that I cannot mention,
8 which are very, very exciting.
9 It's become kind of a darling
10 with the DOD. Senator Cassidy's
11 people have visited the company.
12 We encourage you to visit the
13 company. These companies have
14 flown under the radar. You have
15 to press it. Susan knows. You
16 have to press them to publicize
17 anything. They are like the CIA
18 over there. They are doing some
19 good things and the company is
20 making money. So that's meso.

21 Ross touched on Embera. This
22 is entering phase 2 in cocaine
23 addiction and smoking cessation.
24 Raised a lot money for this
25 company. And the last company



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1 we'll mention on and still active
2 is an implant for adjusting the
3 tension on an ACL graft or an ACL
4 surgery which came from the LSU
5 Veterinary School. This has been
6 a long project for us. We are
7 ready to go with it. The
8 inventor said, I have another
9 improvement I would like to make.
10 It took her five years to do it
11 under an LSU Lift grant. We
12 stuck with her. We now have a
13 commitment to raise \$3 million to
14 get this into people. This is
15 potentially exciting. It's a
16 long term investment, and any of
17 these university technologies
18 take a while.

19 It was the same thing in
20 Boston with Harvey in the 1980s
21 and the early 1990s. They just
22 weren't geared to do the
23 intellectual property the right
24 way. They weren't experienced
25 with the venture community, and



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1 so we just -- it just takes time.
2 So you want to touch on some of
3 the exits.

4 MR. BABB:

5 Sure. There was another
6 question earlier on the
7 additional money that came in.
8 Esperance was the one that did
9 about \$8 million in research
10 locally and did take advantage of
11 the R and D tax credits also, so
12 that research was done here and
13 those credits were taken with
14 meso. Meso did a lot of SBARs
15 that they took advantage of. So,
16 you know, it's not just one
17 program. All of the things that
18 come into play, and they've all
19 worked in different situations.
20 So just the other one that is
21 really worth touching on is a
22 company called -- that we started
23 called Brain Vital. And it's an
24 epileptic seizure device that's
25 implanted on top of the skull,



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1 under the scalp on top of the
2 skull, not the brain. It came
3 out of Louisiana Tech. We met
4 some folks in Boston that were
5 doing some work on it, got
6 involved. It was a joint license
7 between Louisiana Tech and LSU
8 Shreveport. Had to redo all of
9 the IP again. We thought we had
10 a deal and it fell apart because
11 they didn't like the IP. We
12 stuck with it, put the money in
13 it to redo the IP. This company
14 was purchased by German companies
15 now in humans as of last year.
16 As of actually last summer, three
17 months ago it went into humans
18 for the first time. We now own a
19 piece of that German company.
20 It's a privately held company
21 there, but this is another one
22 that Joe mentioned there is a
23 couple of sleepers here that just
24 take time. You know, this is
25 another one that could take that



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1 extra time because it was really,
2 really basic research from the
3 start. I mean, it was work that
4 was being done on mice when we
5 started it. So that's a good
6 detail overview of the individual
7 companies.

8 And then just in closing,
9 just want to walk through a
10 little bit of the timeline with
11 what we did. Again, we started
12 this, it was late 2004. Like Joe
13 mentioned, we made two
14 investments and a lot of things
15 here are measured. I'm not a
16 local yet. I do live here now.
17 I'm a taxpayer but I'm not quite
18 a native, but everything is
19 pre-Katrina and post-Katrina. We
20 made two investments pre-Katrina
21 in the summer of 2005, and one
22 was meso, as Joe mentioned, and
23 one was our exit which was a
24 company called Patient Care out
25 of New Orleans, and after Katrina



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1 relocated to Milwaukee. We
2 stayed with it and we ended up
3 selling that company and that was
4 our one distribution that we did
5 make, and that was about a 3X
6 return.

7 So 2004 was our initial close
8 because of Katrina. We extended
9 that final close in 2006, and
10 then we had a five year
11 investment period from 2006, so
12 that's when we were active.
13 That's when all of these
14 companies started. All of the
15 companies that we describe
16 started between 2005 and 2011.
17 2016 was in a ten year end of the
18 partnership, and now we had two
19 year -- two two year extensions,
20 so all of 2020, and as Susan
21 mentioned, the management, you
22 know, had been reduced. We
23 discussed this at the partner
24 advisory committee at our annual
25 meetings with our partners and



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1 everybody is happy with where we
2 are. Of course, everybody would
3 like to get that big check, but
4 in the meantime, you know, if we
5 done what we set out to do, which
6 was letting the early technology
7 come ine and into
8 commercialization.

9 MR. LOVETT:

10 Any questions? Just on a
11 personal note, Rick and I weren't
12 LSU graduates, but we had kids
13 with LSU, and we both married
14 Louisiana women so we're not
15 going any place.

16 MR. ROY:

17 Questions, comments thus far.

18 MS. JOHNSON: (Microphone not
19 in use)

20 I have a question about the
21 meso technology. Did y'all
22 update the IP after it went to --
23 (inaudible) slash DOD because of
24 the viscosity of oil and water
25 difference?



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1 MR. LOVETT:

2 Did we update the IP?

3 MS. JOHNSON:

4 Yes. Did you update the
5 intellectual rate.

6 MR. LOVETT:

7 Yeah. That's a constant
8 process with meso updating the
9 IP. A lot of the initial fix was
10 non-patented because we use
11 conventional technology. That's
12 one of the reasons that they
13 don't send out press releases
14 when some of the big DOD
15 contractors like General Dynamics
16 and Rolls Royce, even Ferrari
17 visit meso, they are not shown
18 the trade secrets.

19 MS. JOHNSON:

20 Okay.

21 MR. LOVETT:

22 And by the way, even though
23 the LSU license was terminated
24 they still own three percent of
25 the company, so they are going to



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1 get a little kicker when meso is
2 making public.

3 MS. JOHNSON:

4 Thank you.

5 MR. ROY:

6 Mr. Jackson.

7 MR. JACKSON:

8 Both groups have mentioned
9 issues with holes in the IP and
10 universities not really knowing
11 how to actualize that. Has that
12 changed over the last, I guess,
13 ten years that y'all have been
14 doing these things or is there
15 anything within the experiences
16 that y'all have had that can be
17 proactively kind of communicated
18 to the universities? I know
19 licensing of the technology is a
20 really big thing these days and
21 all of the universities are
22 working at it.

23 Do they now know what they
24 need to do to fix things right
25 the first time?



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1 MR. LOVETT:

2 Let me speak to that.

3 Because it's a broader question
4 and I will get to the IP.

5 There was a committee of
6 business leaders that was put
7 together maybe four or five years
8 ago on LSU why isn't the stuff
9 coming out. I was asked to
10 testify at a meeting along with
11 some LSU people as to why things
12 don't get out, and what I said
13 publicly and I will repeat it was
14 where we come from, in Boston, we
15 had 30 companies. A lot of them
16 were Harvard licenses, but it was
17 one significant one from the
18 university of North Carolina. A
19 couple from Cambridge and Oxford,
20 Stanford. We know how to do
21 this, and usually those
22 universities, the technology
23 transfer office can sign off on a
24 license. It's really no big
25 deal. And MIT is kind of a fill



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1 in the bank. We know what they
2 want to fill in the blank. And
3 maybe with the sign off from the
4 Department of Chairman.

5 Here at LSU the technology
6 transfer office had to go to the
7 LSU system and then it had to go
8 to outside counsel and then back
9 through the process again and
10 then up through the process again
11 and then be approved by the Board
12 of Supervisors. So it was total
13 bureaucracy. And as you can
14 imagine, it took us six months to
15 sign Esperance agreement. In
16 Boston it would have been six
17 days. Okay. So I got a lot of
18 grief from senior LSU people, but
19 they changed. They listened.
20 And they said they have
21 streamlined the system quite a
22 bit. Now for a standard license
23 agreement the licensing officers
24 can sign off. There is no LSU
25 system. In fact, I don't think



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1 there is no LSU anymore anyway.
2 There is no Board of Supervisors
3 approval anymore so they
4 streamlined the system.

5 As far as the IP, they set up
6 a foundation about four or five
7 years ago to allow the campuses
8 to use out of state counsel.

9 Very frankly, you know, there is
10 some good stuff here and you got
11 to protect it and they should be
12 going to the best patent
13 attorneys in the world, okay, and
14 sometimes they are not here.

15 There are a couple of good ones
16 here but they are not experts in
17 everything, and they did that for
18 a few years and now there is a
19 debate at LSU to do that again.

20 Some of the campuses are going
21 back to just in-state attorneys.

22 One of the main campus still has
23 the ability to reach out to out
24 of state attorneys. So they
25 listened and they should listen



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1 some more, and you got to watch
2 it talking to universities
3 because, you know, don't tread on
4 me.

5 MR. JACKSON:

6 Well, and the reason I ask
7 you, you did -- obviously LSU is
8 the big source, but you mentioned
9 Tech. I know ULM pharmacy school
10 is beginning to move into some of
11 that and there is some other
12 things that are beginning to
13 happen in both ULM and over in
14 Shreveport, and I know if you are
15 not directly invested you don't
16 have a specific responsibility.
17 I'm just looking to make sure as
18 these other areas do move more
19 into tech transfer, if there is
20 anything that we can at least
21 pass on that might help them to
22 lessons learned.

23 MR. LOVETT:

24 I would -- transfer process
25 has been streamlined from LSU.



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1 Give them a lot of credit for
2 that. The IP, they are still
3 wavering. One thing you could
4 pass on they got the best
5 attorneys in the world to protect
6 their IP. They are not cheap,
7 but nothing in this life is
8 cheap. I mean, the key Esperance
9 attorney -- we took the IP
10 process away from LSU at
11 Esperance. They are upset, but,
12 too bad, you want the license
13 we'll take over the IP. And we
14 went to a firm in San Diego.
15 Their lead patent attorney is
16 \$750 an hour. Now, he doesn't do
17 all of the work. He has junior
18 people do it for three or four
19 hundred dollars an hour. But the
20 results are terrific, and the
21 universities have to bite the
22 bullet and do that, but there are
23 some good patent attorneys here.
24 We are using one from one of our
25 companies. He is pretty good but



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1 he is not an expert in
2 everything.

3 MR. JACKSON:

4 Thank you.

5 MR. ROY:

6 Any other questions,
7 comments? Comments from the
8 public? Thank you very much. We
9 look forward to hearing about
10 your continued success, so please
11 come back. And please stick
12 around in the event we have any
13 financial questions. All right.

14 The final venture capital
15 program is Business Resource
16 Capital Specialty BIDCO. Good
17 morning.

18 MS. BIGNER:

19 The last venture capital that
20 we are here to discuss is
21 Business Resource Specialty --
22 Capital Specialty BIDCO, which
23 originated as New Orleans
24 Specialty BIDCO in 1993. The
25 venture capital is governed by



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1 the business and industrial
2 development corporation
3 investment and co-investment
4 program, which is the same as
5 source capital earlier.

6 BIDCO program or BIDCO's full
7 process charter non-repository
8 alternative financing licensed by
9 office of financial institution,
10 which provided equity and
11 subordinated debt financing with
12 new and old businesses. This one
13 is a specialty BIDCO and so the
14 only difference is this fund
15 focuses on disadvantaged
16 businesses.

17 With me today is T.H. Betz
18 and Dwayne Abadie with Regional
19 Loan Corporation who manages the
20 funds. In 1993 a group of New
21 Orleans bankers invested
22 approximately \$1 million with the
23 City of New Orleans granted
24 another million to Regional Loan
25 Corporation to establish a BIDCO.



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1 LEDC invested \$1 million in
2 '93 and another million in 1996,
3 totaling the total investment of
4 \$2 million. The BIDCO was not
5 able to interest other outside
6 investors which resulted in a \$4
7 million fund that has been
8 investing in direct equity
9 investments and SBA guaranteed
10 loans. To better reflect the
11 mission of the BIDCO, the name
12 changed from New Orleans
13 Specialty BIDCO to Business
14 Resource Capital Specialty BIDCO.
15 The fund offers non-traditional
16 financial business to businesses
17 in the south Louisiana region
18 that are not able to secure the
19 traditional commercial funding.

20 As of June 30, 2018 Chafe
21 report, the BIDCO had a fair
22 market value of \$2.65 million
23 with LEDC's portion valued at
24 almost \$1.6 million. LEDC has
25 not received any returns on the



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1 investment and has an unrealized
2 loss of approximately \$420,000.

3 Regional Loan Corporation has
4 paid \$120,000 annually in
5 management fees from agreement
6 with Regional Loan Corporation --
7 sorry -- the Business Resource
8 Capital which will expire in
9 March 2020. I will turn it over
10 to Mr. Betz and Mr. Abadie and
11 for them to explain how they are
12 doing.

13 MR. BETZ:

14 Thank you, Susan. Mr.
15 Chairman, and Mr. Secretary and
16 members of the Board of Directors
17 at LEDC, as Susan said, in early
18 1991, '92 the bank in the City of
19 New Orleans proper were looking
20 to find a way to assist those
21 businesses that couldn't get
22 traditional bank financing. We
23 knew there was a need out there
24 but with the regulatory controls
25 that we had with financial



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1 institutions, we looked for an
2 alternative way to do that. We
3 were able to get the banks in the
4 city, and I think there were
5 probably 13 at the time, to be
6 able to contribute \$1,007,000
7 into the fund. The City of New
8 Orleans was kind enough to match
9 that with \$1 million of their
10 money, and of course LEDC was
11 great in order to provide the \$2
12 million in the finances, so we
13 ended up with a \$4 million pool.
14 BIDCO got started in 1993. The
15 mission was always to provide
16 financing for those that couldn't
17 find traditional financing and
18 also for minority and women only
19 businesses located within those
20 distressed areas.

21 So over the years I think
22 BIDCO -- we have been able to
23 assist 132 borrowers and funded
24 over \$19 million worth of loans
25 or equity financing to those.



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1 That in itself doesn't sound
2 large, but when you think about
3 ours is just a portion of the
4 overall capital being funded, the
5 totals that we had, we used that
6 \$19 million to leverage an
7 additional \$60 million in
8 projects around the 11 or 12
9 parishes that we're in today.

10 \$10,003,000 or 53 percent of
11 the dollars funded were actually
12 in the Orleans Parish, and \$9
13 million or 57 percent were in 11
14 other parishes outside of
15 Orleans, so -- and in terms of
16 minority women owned businesses,
17 72 of the 132 or 55 percent were
18 actually allocated to that group
19 that we were so much trying to
20 assist with.

21 In terms of jobs, we've been
22 able to attribute 1,475 to retain
23 jobs and the creation of 453 for
24 a total of 1,928 jobs.

25 What we do look at is that we



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1 are managed by Regional Loan
2 Corporation, and just a little
3 bit about them is that Regional
4 Loan Corporation is a non-profit.
5 It is located in the City of New
6 Orleans. It is also a certified
7 development company, which means
8 we assist with the SBA 504
9 Lending Program. Like I said, we
10 have been able to on that
11 program, and through -- we also
12 have other funds from the State
13 of Louisiana which were the LEDC
14 disaster loans that we assisted
15 as a sub-recipient with Katrina
16 and Rita for those disaster
17 loans, and we are currently
18 participating in restoring
19 Louisiana small business program
20 to help those victims of the
21 floods from 2016, so -- but in
22 that grouping we have had over
23 473 businesses that we have been
24 able to assist in lending
25 totaling \$118 million worth of



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1 funds that we have advanced over
2 that period of time, and the
3 leverage capital creates to about
4 \$288 million.

5 In terms of jobs created and
6 retained well over 7500.

7 Basically split between retain
8 jobs at 3800 and 37 for jobs
9 created. So -- and we have
10 partnered with over 30 different
11 private financial institutions
12 out there. Our partners are
13 really bank and investment -- I
14 mean, the savings and loans and
15 savings bank that are now today.
16 Whenever we don't compete with
17 them, we try to be a partner with
18 them so that we contribute a part
19 of the need, the financial need
20 when the banks can't make it work
21 by themselves. We also have
22 direct loans where clients will
23 come to us, and especially when
24 the banks aren't comfortable,
25 they can't get it approved from



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1 their standpoint, they will ask
2 us to be a second set of eyes to
3 look at it where we can assist
4 with that. And in Business
5 Resource Capital we've probably
6 looked at an additional \$5
7 million worth of activities that
8 we just couldn't get help in
9 financing in some way, shape or
10 form.

11 So -- and I think in a
12 nutshell, our mission is very
13 similar to LEDC's in terms of
14 trying to provide growth and
15 employment out there as well as
16 economic development, and we
17 would -- I know we have not been
18 real good at our exit strategy.
19 I think we had prepared one but
20 things have changed since 1993 in
21 so many different ways between
22 Katrina, Rita, just the financial
23 downturn and so forth like that.
24 We would almost like to see if
25 LEDC would consider being a



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1 permanent investor and partner
2 with us, and the regulations are
3 out there and they are different,
4 but we would certainly look to
5 see if that is a potential or an
6 opportunity.

7 We just think we have done so
8 good for the community and
9 there's so much more need out
10 there today that we continue to
11 lend and do good things within
12 the community.

13 MR. ABADIE:

14 I'm Dwayne Abadie. I was a
15 founding board member of BIDCO
16 and a member of Regional Loans
17 since the late 80s, and at the
18 time at the inception I was a
19 representative of one of the
20 large bank investors. Over the
21 last 26 years been involved on
22 and off with the organization.
23 Have relied on both Regional Loan
24 and BIDCO to help fill in the gap
25 in some of the financing needs of



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1 the community. It's a very
2 important part of what we do. I
3 know in my banking career we
4 relied heavily on those
5 opportunities, so I have been on
6 both sides, continue to be on
7 both sides.

8 Worked on back in the, I
9 guess, late 90s and 2000s the
10 exit strategy. I think in
11 today's environment it would be a
12 challenge as it was in the past
13 for us to try to replenish that
14 level of funds. You know, this
15 is lot of hard work, small
16 business hand holding. In 26
17 years I think we've done a
18 remarkable job, and would, once
19 again, also request and appeal
20 for some consideration for LEDC
21 to remain a partner in this
22 endeavor.

23 MS. BIGNER:

24 The one thing that I did not
25 mention that you might find



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1 interesting is that the first two
2 venture capital funds that you
3 heard from, Louisiana ventures
4 and Louisiana fund, those are
5 actually investment funds that
6 you go in, invest in companies
7 looking for an exit to return to
8 the investors.

9 This BIDCO Fund has mostly
10 been small businesses that have
11 come in, they've had loans or
12 direct investments and when those
13 funds are paid back they turn
14 around and do other loans to
15 other companies, so it's kind of
16 been a revolving loan rather than
17 just an investment fund where if
18 you go in expecting that when you
19 come out of those investments
20 that those distributions are
21 going to be made to the
22 investors.

23 MR. ROY:

24 Questions, comments?

25 MR. PIERSON:



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1 I would just applaud your
2 efforts. It's a great update for
3 this Board. This program was
4 created 28 years ago so Governor
5 Roemer was over -- just to put
6 everything in context, so you're
7 26 years old, the program was
8 created 28 years ago, a lot of
9 things have changed. I think
10 initially we were maybe up to
11 nine BIDCO's, the other eight
12 have served their purposes and
13 moved on. However, due to things
14 like Katrina that we found this
15 to be an outstanding pathway
16 pipeline when a company visits
17 the bank and the bank can't
18 assist them and they walk out the
19 door, the question becomes do we
20 let this fall off the table and
21 go away or is there some other
22 ways that the state can take a
23 role in actively seeking to take
24 what value is there, still
25 carefully consider the



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1 investment, require responsible
2 activities and continue, as Mandi
3 mentioned earlier for us at LED
4 continue to execute against a
5 program that serves a lot of
6 disadvantaged businesses that are
7 struggling but have great
8 potential, and that was
9 represented in your comments
10 relative to job retention, job
11 creation that has taken place
12 over the years.

13 Susan, thank you for
14 differentiating that this is a
15 completely different animal with
16 a completely different mission
17 and design than our fantastic
18 venture capital funds that have
19 that investment characteristics.
20 This one is more of a source for
21 funding and what I will call last
22 resort and has been very helpful
23 over the years, so I think the
24 Board will probably have to take
25 under advisement due to legal



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1 issues of how we might be able to
2 suspend the requirement for an
3 exit strategy and try to close
4 down the operation given
5 consideration to the outstanding
6 mission that it performs in the
7 community, and, as I appreciate
8 it, from my understanding and the
9 feedback that I get is a very
10 welcome tool in the community
11 today in the New Orleans area for
12 continuing to assist companies
13 that are struggling but have
14 great potential.

15 MR. ROY:

16 Very good. And I take it
17 that perhaps at some meeting in
18 the future we would maybe have
19 that on the agenda. Any other
20 questions, comments?

21 MS. MITCHELL:

22 Just to request for a
23 follow-up information.
24 Information you shared was very
25 helpful regarding your efforts to



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1 support disadvantaged business
2 enterprises, women and minority
3 business, I would just ask if you
4 could just share that with Susan
5 that so that we can have that
6 information. We are often
7 touting to the public the
8 resources that are available to
9 DBE and make sure individuals are
10 aware, and you-all do serve
11 businesses statewide not just in
12 Orleans?

13 MR. BETZ:

14 Southeast Louisiana.

15 MS. MITCHELL:

16 Southeast. Okay. Okay.

17 Very good. But I, too, would like
18 to commend the work that you do
19 in this regard. The legislature
20 in 2018 created the Louisiana
21 small business entrepreneurship
22 council. It is a policy think
23 tank group whose purpose is to
24 look at issues with access to
25 capital in Louisiana, so I would



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1 like to be able to highlight the
2 work that you-all are doing as,
3 you know, positives that we can
4 share that has happened and
5 knowing that we have room to
6 grow. And then I will follow-up
7 with afterwards on information
8 about your eligibility criteria
9 for loans, so I don't want to
10 elongate the meeting. Thank you.

11 MR. ROY:

12 Any other questions,
13 comments? Comments from the
14 public? Thank you very much. And
15 you can just stay there for a
16 minute rather than move. You are
17 our last presenter.

18 Do we have any questions of
19 any financial nature that we
20 would like to go into with any of
21 them?

22 All right. Thank you for
23 your patience. Sorry to make all
24 of you wait. I figured you-all
25 knew each other and wouldn't mind



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1 visiting. Thank you very much
2 for your patience today.

3 MR. JACKSON:

4 Mr. Chairman, I would just
5 like to thank all of the
6 presenters and as well as staff
7 facilitating this briefing. I
8 have been on the board a year and
9 this has been something that's
10 been out there, and I appreciate
11 the opportunity to see what they
12 are doing. It's helpful.

13 MR. ROY:

14 It's always good to get the
15 update, as Mr. Jackson said. I'm
16 not sure when the last time we
17 had such a formal presentation
18 but it would be good to hear
19 another one within some
20 reasonable period of time. Thank
21 y'all for coming.

22 Next order of business is the
23 Treasurer's Report. Ms. Brenda
24 Guess.

25 MS. GUESS:



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1 Good morning. One change or
2 one direction is that on the
3 secretary treasurer's report it
4 says as of September 30 we have
5 not gotten there yet, so we made
6 that change and all of the
7 numbers reflect as of August
8 31st. What we have before us is
9 our budget for -- as of the end
10 of August the 31st there were
11 virtually no changes. The FY
12 budget is still at \$11,738,969.
13 This morning we have had one
14 project that would be under
15 review that was approved for the
16 loan that was presented for Mel's
17 Car Wash, but as of this one we
18 see that we have the pending,
19 which was \$276,248 on this which
20 brings our year end projected
21 balance as of \$9,901,560. You
22 will notice and I will point out
23 on the line for the state's small
24 business credit initiative that
25 there is a minus number of



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1 24,679. Translation of that is
2 that we have finally utilized all
3 of our federal dollars allocated
4 for SSBCI, and that's been a goal
5 that we have been trying to
6 achieve for sometime now. So we
7 are there now.

8 So on the next secretary
9 treasurer's report there will
10 probably be a removal of that
11 line item for the credit
12 initiative of not showing all of
13 our remaining dollars that we
14 have for the recycle dollars from
15 loans that have paid off, those
16 have not closed that we can move
17 back into that category and they
18 will now be shown under the
19 financial assistance program.

20 So that negative 24,679 will
21 be deducted from the projected
22 year end balance of 190,000 under
23 the financial assistance program.

24 MR. ROY:

25 Brenda, at some point we hope



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1 to get money back as deals
2 mature.

3 MS. GUESS:

4 Oh, yeah. That is where the
5 recycle funds are.

6 MR. ROY:

7 Okay. So where would that be
8 reflected?

9 MS. GUESS:

10 It's going to be reflected in
11 the financial assistance program
12 because it's lost its federal
13 identity, and so SSBCI funds will
14 have been -- are depleted at this
15 point and we -- going in, the
16 original intent was to utilize
17 any recoveries or any recycled
18 dollars will be utilized in the
19 same fashion in which they were
20 intended to fund the small
21 business loan program.

22 On page 2 we have the loan
23 that we have today under Mel's
24 Car Wash, the Bank of St.
25 Francisville. We started off our



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1 budget of \$1,627,729, and with
2 that project pending approval
3 today and minus the -- we had one
4 loan that was paid out -- that we
5 had to pay out due to a default
6 and we bring that up under the
7 accountants report of \$503,148,
8 which brings us to our projected
9 balance for the year end of
10 \$165,321.

11 Currently on page 3 there is
12 nothing that has changed from
13 last month's report. We still
14 have two EDAPs that announce
15 projects that are still under
16 review. They are not ready to be
17 brought to the Board for full
18 applications, so as those are
19 prepared, we will have those
20 presented to you as that time.

21 So we still have our budgeted
22 figure of \$10,111,240 after the
23 projects under reviewed, so the
24 projected year end balance of
25 \$9,736,240.



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1 Any questions on those pages
2 before we go to page 4 and 5?
3 Which pages 4 and 5 are more for
4 the general appropriations for
5 the department for our funds that
6 are done. This one is one that
7 it doesn't -- we have anything
8 pertaining to the Board here with
9 our functions, so when Ms. Villa
10 returns on next month, she'll be
11 able to go more into the weeds on
12 the budget items on any of the
13 appropriations.

14 Any questions? Okay.

15 MR. ROY:

16 Okay. Hearing none, I will
17 entertain a motion to accept the
18 Treasurer's Report.

19 MR. SIMPSON:

20 Move to accept.

21 MR. ROY:

22 Move to accept. Second. All
23 in favor, aye.

24 ALL BOARD MEMBERS:

25 Aye.



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1 MR. ROY:

2 All oppose, nay. Without
3 objection.

4 Next on our business is the
5 Accountant's report. Ms. Dalgo.
6 Good morning.

7 MS. DALGO:

8 Good morning. I'm Crystal
9 Dalgo and I will be presenting to
10 you the LEDC Accountant's Status
11 Report.

12 For the SSBCI guaranteed loan
13 portfolio, as of July 31st there
14 were 17 loans and the portfolio
15 totaled \$5,521,572. Of those 17
16 loans, LA Bayou Bites is 30 to 60
17 days late and Acadian Cypress are
18 listed as high risk loans as of
19 July 31, 2019. The allowance for
20 the guaranteed loan losses as of
21 July 31st total \$1,841,396.

22 On my next report, Acadian
23 Cypress will no longer be listed
24 as that guaranteed was paid out
25 in August.



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1 Now I'm going to move on to
2 the EDAP loan portfolio. As of
3 July 31, 2019 there were 3 loans
4 which consisted of Town of
5 Colfax, the City of Bastrop and
6 Morgan City. It totaled
7 \$989,197, and the allowance is
8 set at 15 percent. As of July
9 31st that totaled \$148,679.
10 Morgan City did pay off their
11 loan in August for that EDAP loan
12 portfolio so that will be
13 reflected as well in next month's
14 report.

15 I jumped around a little bit
16 but that concludes my report.
17 Are there any questions?

18 MR. ROY:

19 Questions, comments? Hearing
20 none, entertain a motion to
21 accept. Yes, sir.

22 MR. JACKSON:

23 So the loan guarantee on
24 Acadian Cypress, we did not end
25 up paying the full amount of the



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1 guarantee?

2 MS. DALGO:

3 We did not pay out the full
4 amount of the guarantee.

5 MR. BAHAM:

6 It was approximately the full
7 amount of balance due at the time
8 of the payment was \$735,000 and
9 some changes. If you notice back
10 on the secretary treasurer's
11 report it was reported at 503, I
12 believe, and some change. The
13 difference there was originally
14 when we approved the guarantee
15 for this, we took our set aside
16 of 25 percent of the guaranteed
17 amount, so 25 percent of the 930
18 was put into the account, so
19 we've already had that money
20 there. The 503 was the difference
21 in what was due, so that's why we
22 only reported 503 on the
23 secretary treasurer report.

24 When she does our
25 accountant's report, we always



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1 hold it as the full 930,000 of
2 our maximum exposure, but to
3 answer your question, it was only
4 735,000 that was actually paid
5 and a little bit more than that,
6 but doing the quirky math and set
7 aside and other money coming out
8 of the federal SSBCI dollars, it
9 all added up to 735 and some
10 change.

11 MS. GUESS:

12 Also, add that the bank is in
13 the position now that we paid the
14 guarantee which is a learning
15 experience for all of us because
16 we hadn't had a default in a
17 very, very, long time.

18 MR. JACKSON:

19 That was really my question.

20 MS. GUESS:

21 And so now that -- unlike
22 SBA, SBA has you -- has the bank
23 to liquidate the collateral and
24 the guarantee of that portion of
25 time is paid out. When we pay



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1 our guarantee within 30 days of
2 the notice of the default of the
3 loan and so the bank now will
4 liquidate the collateral that is
5 utilized so the guarantee --
6 collateralized the loan and we
7 will share on the pro rata basis
8 the recoveries.

9 MR. JACKSON:

10 The recoveries. Got you.
11 That's exactly where I was going
12 with that. Thank you.

13 MR. ROY:

14 I might add, that's a
15 substantial difference in the
16 banking world. You have to
17 foreclose and go the distance and
18 take a while before you get your
19 funds from SBA or USBA, whatever
20 it might be, so substantial
21 difference in the way we operate.

22 MR. BAHAM:

23 As Brenda alluded to, it was
24 our first payout in a long time.
25 Since SSBCI we had talked about



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1 our default rate on our loans.
2 It's been zero since 2011 and
3 actually longer than that, but we
4 did a quick calculation the other
5 day and it's -- it brought it
6 from zero up to less than one and
7 a half percent, so still good.

8 MR. ROY:

9 A default rate that many
10 bankers would love to exchange.

11 MR. BAHAM:

12 Right.

13 MR. JACKSON:

14 And I guess the other piece
15 of that is you always want to
16 think about lessons learned, and
17 of course we were guaranteeing,
18 so ultimately it was -- we relied
19 on the bank to do the due
20 diligence, but were there any
21 lessons learned? Because I know
22 we look hard at guarantees before
23 we accept them. Was there
24 anything here that --

25 MS. GUESS:



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1 No. I don't think there were
2 any lessons learned, and even
3 though the bank performs their
4 due diligence, there is just as
5 much due diligence as perform
6 internally before loans even get
7 to this level and we have our
8 internal review for the loans
9 that we gave the reports on
10 earlier that we reviewed and
11 approval as an internal staff.

12 I think that maybe I'm not
13 going to say that there wasn't a
14 very high risk loan at the time.
15 Being a former banker, we have a
16 -- we can't go back after we make
17 them, so, you know, it's hard to
18 say, you know, any lessons
19 learned. We did all of the
20 precautions of escrow. We had
21 sufficient collateral. It passed
22 our muster, if you will, came
23 with a full analysis from the
24 bank, and we assessed that it was
25 a risk that we wanted to take.



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1 So I want to say there -- there
2 probably are some, but I can't
3 think of any right now, but I
4 think all of our I's are dotted
5 and all of our T's are crossed.

6 MR. JACKSON:

7 As we talked about before, if
8 you are not incurring some
9 losses, you are probably being
10 too conservative in your lending.
11 We're not reaching our mission.
12 It's just unusual. As you say,
13 it's been a number of years.
14 First time since I have been on,
15 so I'm just curious about the
16 process.

17 MR. ROY:

18 Mr. Jackson's point is worth
19 contemplating a bit. I know the
20 deals that are presented, but
21 that's an extraordinarily low
22 default rate. Not to say we wish
23 for a high one. It's our mission
24 and -- our mission is inherently
25 more risk -- we invite more risk



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1 inherently than a financial
2 institution.

3 MS. GUESS:

4 There are loans that don't
5 make it to the agenda, that don't
6 make it to the reporting that the
7 staff reviews and is determined
8 that they just don't -- that's
9 not a risk we wanted to take.

10 MR. JACKSON:

11 And it would be nice -- we
12 don't obviously have to know what
13 they are, but just the numbers
14 would be worth knowing.

15 MR. BAHAM:

16 That's something that we did,
17 I think, at some point last year.
18 We started keeping track of the
19 ones that -- you know, we looked
20 at it but we are not going to
21 move any further with it or the
22 bank decided not to go forward or
23 something happen where they
24 pulled out, we started just
25 putting little checkmarks by



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1 those just to have those type of
2 numbers because we were curious
3 ourselves. So we -- the next
4 update that we give, I believe,
5 will probably be maybe the end of
6 the year -- well, calendar year,
7 end of the year, sometime in
8 January, maybe. Half a year,
9 fiscal year updates on our
10 marketing efforts and will
11 probably have that number for you
12 as well.

13 MR. JACKSON:

14 Thank you.

15 MS. JOHNSON:

16 I have a comment. I agree
17 with the chairman in terms of
18 we're looking at the thresholds
19 in which a go or no go. That
20 would be -- I will be interested
21 in knowing what your thresholds
22 are in terms of what is good or
23 bad or go or no go.

24 MR. ROY:

25 One thing that sort of limits



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1 the whole -- what level of risk
2 we engage in on an amount of
3 funds that we have, when you have
4 just the dollars, obviously, I
5 guess you can go put it in a
6 risky deal, but probably with a
7 propensity, but the more
8 knowledge you have, the more
9 likely you are in engaging in the
10 risk. It's sort of human nature,
11 I guess. But, yeah, worthy of
12 discussion and perhaps to educate
13 all of us as to the level of risk
14 and the decisionmaking the staff
15 goes through in vetting things to
16 get to here, but also the vetting
17 that takes place on the deals
18 that the staff does.

19 Any other questions or
20 comments? Hearing none, entertain
21 a motion to accept the
22 accountant's report.

23 MR. JACKSON:

24 So move.

25 MR. SIMPSON:



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1 Second.

2 MR. ROY:

3 Any discussion? Any comments
4 from the public? Hearing none,
5 all in favor, aye.

6 ALL BOARD MEMBERS:

7 Aye.

8 MR. ROY:

9 All oppose, nay. Without
10 objection.

11 And the Secretary had to
12 leave but of course he left us
13 with the very capable Ms.
14 Mitchell instead.

15 MS. MITCHELL:

16 Yes. Thank you, Mr.
17 Chairman. I will try to be brief
18 but we got a lot of good news to
19 share.

20 Hot off the press just today
21 we received our 9th consecutive
22 top ten ranking for top states
23 for doing business by Area
24 Development Magazine. That is
25 the top site -- that survey --



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1 they surveyed the top site
2 selection consultants and about
3 their interactions with various
4 states, and so Louisiana remains
5 in the top ten, and we earned a
6 number of other top ten rankings
7 leading workforce development
8 programs, business incentive
9 programs and favorable general
10 regulatory environment and speed
11 of permitting, so these are all
12 things that corporate executives
13 and site selectors respond to
14 inquiries to the survey, so we
15 have done very well there, and in
16 addition to those positive
17 results, we earned our second
18 consecutive number 2 ranking for
19 southern states with the best
20 economic development wins and
21 results, and that's from Southern
22 Business and Development
23 Magazine. And then, of course,
24 business facilities ranked our
25 LEDC FastStart No. 1 state



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1 workforce recruitment and
2 training program for the tenth
3 year.

4 Talk about some project wins,
5 and Mr. Alden is going to be very
6 familiar with this one, but just
7 a couple of weeks ago Governor
8 Edwards and Formosa Plastics
9 announced a \$332 million
10 expansion to expand its
11 production of polyvinyl chloride
12 resin or PVC, and so that -- and
13 Formosa Plastics has operated in
14 this area since 1981. This
15 particular project is going to
16 create 15 new direct jobs with an
17 average annual salary of about
18 \$78,000, so that is very positive
19 for our economy and we're excited
20 about that announcement.

21 Also, we're happy whenever we
22 can bring projects to rural
23 communities in Louisiana, so just
24 a couple of weeks ago we
25 announced a 50 job pipe



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1 fabrication facility in Lake
2 Providence, Louisiana. We worked
3 with Epic Piping to do that
4 project, and the average salary
5 for those jobs will be \$43,500
6 plus benefits, and, again, that
7 was very welcome news in East
8 Caddo Parish, and we were happy
9 to work with Epic Piping on that
10 expansion, which, by the way, we
11 were in competition with a site
12 in Texas.

13 Also, in New Orleans just a
14 couple of days ago, a tech firm
15 called Litify announced its entry
16 into New Orleans. They are going
17 to open a new regional office
18 there creating 20 new jobs by the
19 close of next year. This is an
20 integrated legal technology
21 platform that empowers law firms
22 of all sizes to seamlessly manage
23 their business operation. The
24 company is headquartered in New
25 York, and we were excited to be



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1 able to lure them to open a
2 regional office in Louisiana.

3 A couple of other
4 announcements, and Secretary
5 Pierson stepped out, but I think
6 you-all should be aware that the
7 US Department of Commerce has
8 selected Secretary Pierson to
9 serve on the US Investment
10 Advisory Council. This is a 25
11 member panel of national experts
12 who will advise the federal
13 government on attracting and
14 retaining for direct investment.

15 It's an area that we do
16 particularly well in Louisiana.
17 We have the highest dollar of
18 investment per capita in foreign
19 direct investment, so it is a
20 no-brainer that they selected
21 Secretary Pierson to serve on
22 that panel.

23 We have launched an online
24 service to connect Louisiana
25 properties eligible for the



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1 opportunities on the program with
2 potential investors, so we have
3 launched our own Louisiana
4 opportunities own web portal, so
5 if anyone is interested in that,
6 I can send the link to that web
7 portal, and the opportunities
8 zone program is just a federal
9 capital gains tax incentive that
10 -- it is to attract investments
11 to low income communities around
12 the country, and we have 150 of
13 those designated areas in
14 Louisiana so we wanted to use
15 technology through this online
16 portal to match investors to
17 communities and persons looking
18 for that investment in their
19 projects.

20 Lastly, Governor Edwards
21 announced the launch of the
22 cybercenter on the Baton Rouge
23 water campus. As you know, all
24 cybersecurity is increasing of
25 importance, and Louisiana is



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1 trying to make a play to become a
2 destination for -- to be on the
3 front lines for cybersecurity
4 efforts, so just a couple of
5 weeks ago we partnered with the
6 Louisiana National Guard, LSU,
7 Stevenson Technologies
8 Corporation, Radiance
9 Technologies to launch the cyber
10 center at the Baton Rouge water
11 campus, so we expect some great
12 things coming from there.

13 That is my update. Thank
14 you-all very much.

15 MR. ROY:

16 Thank you, Mandi. Any other
17 business?

18 MS. GUESS:

19 Mr. Chairman.

20 MR. ROY:

21 Yes, ma'am.

22 MS. GUESS:

23 This will probably be the
24 last time or the last meeting
25 that Steve Baham will be



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1 attending as manager within
2 business incentives. We're
3 losing Steve not out of the
4 building, he is going to the
5 other side of the building. He
6 is moving to the dark side. He
7 will be joining the staff of
8 business retention and
9 organization staff and I would
10 like to publicly thank him for
11 his time that he has been with
12 us. I call Steve our boomerrang
13 kid. He started off with us as
14 business development officer. He
15 went away and we hired him back
16 as a manager and he has done a
17 very good job with guiding the
18 loan staff, and so we are not
19 going to miss him because he is
20 going to be on the other side of
21 the hall. He did say he was
22 coming back in January to give a
23 report, so we got -- so I just
24 wanted that to be known because I
25 didn't think he has told anybody.



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1 He is turning red, so he didn't.
2 I wanted to say what a great job
3 he has done with us. Thank you,
4 Steve.

5 MR. ROY:

6 Thank you, Steve. Let the
7 record reflect that he has served
8 with honor and distinction, and
9 we look forward to seeing you
10 back in January and we'll grill
11 you then.

12 MR. BAHAM:

13 Sounds good.

14 MR. ROY:

15 Very good. Thank you for all
16 you have done.

17 MR. BAHAM:

18 I appreciate it.

19 MR. ROY:

20 All right. We'll entertain a
21 motion to adjourn.

22 MR. SIMPSON:

23 So move. Second. We're
24 adjourned.

25 (Whereupon the meeting has adjourned at 11:10



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