

MINUTES OF THE MEETING OF THE  
CADDO PARISH COMMISSION'S  
PARISH & URBAN ECONOMIC DEVELOPMENT COMMITTEE  
HELD ON THE 2<sup>nd</sup> OF AUGUST, 2013

The Parish Economic Development Committee of the Caddo Parish Commission met at 3:00 p.m., at Government Plaza in the Government Chambers Conference Room on the 1<sup>st</sup> floor with Ms. Lindora Baker, chairperson, presiding, and the following members in attendance, constituting a quorum: Commissioners Baker, Escude, Smith, Thibodeaux, Williams, Bowman, and Epperson (7). ABSENT: None.

Also in attendance were Parish Administrator Woodrow Wilson, Parish Attorney Charles Grubb, Parish Attorney Donna Frazier, Finance Director Erica Bryant, Mr. Bruce Rasher, Mr. Ray Cornelius, Mr. Lane Coleman, Mr. Ken Latlin, and Commissioners Stephanie Lynch and Matthew Linn.

The invocation was given by Mr. Williams, and the Pledge of Allegiance was given by Ms. Baker.

Chairperson Baker stated the purpose of the meeting as being:

- To discuss and recommend to the Caddo Parish Commission a proposal to fund the purchase of the General Motors Plant in Caddo Parish.

Mr. Grubb introduced Mr. Ray Cornelius, who helped perfect the proposal, to the group. He also introduced Mr. Bruce Rasher, with Racer Trust, to the group.

Mr. Grubb said that Elio Motors is a startup company and feels that it is not appropriate for the Parish to help execute their business plan. However, he and Mr. Cornelius figured out another way to "skin the cat". There will be a presentation today explaining the materials the Committee Members received earlier.

Mr. Grubb states that this proposal merits consideration. It is a proposal for the Parish to fund the purchasing of the General Motors Plant from Racer Trust for the amount of \$7.5 million, and put it in the name of the Industrial Development Board of Caddo Parish as the Parish's nominee. This would include a written agreement by the Industrial Development Board to sell the property back to the Parish at any time they wanted to. The reasoning behind putting it in the Industrial Development Board's name as opposed to the Parish of Caddo is to keep the Parish out of any contingent liabilities that may arise by the ownership of such a large piece of property.

The transaction would not be with Elio Motors but instead with Stuart Lichter's company Industrial Realty Group. He is one of the largest industrial developers in the United States.

Mr. Thibodeaux introduced Mr. Lane Coleman, with UL Coleman Companies, to the Committee. Mr. Coleman is a local expert and a major player in the industrial real estate business.

Mr. Cornelius said that they received a request from Elio Motors to invest \$10 million into their business plan. He sat down with Mr. Grubb and Ms. Frazier to figure out a way to protect the Parish's investment if such a plan moved forward. The proposal that he presented was for the Parish to fund the purchasing of the General Motors property for \$7.5 million.

There are several ways that the Parish's investment will be protected if the company should fail. Mr. Cornelius has a letter from a company offering to pay \$8 million to have the right to salvage the property. Another level of protection is that a real estate appraisal for the property is \$4.5 million. He said that part of what is proposed is that the Parish retains the mineral rights for the land.

Mr. Cornelius said that the idea is to lease the building to Mr. Stuart Lichter, who is a very successful in developing surplus properties. Mr. Lichter would then be required to retain the portion of the building that Mr. Elio wants to utilize for approximately 18 months. This way Mr. Elio would have enough time to manufacture another vehicle. Mr. Lichter will invest \$7.5 million into Elio Motors. If this proposal is approved, there would be a \$2.2 million payment due at the closing to Racer Trust. This payment would come from Mr. Lichter.

Under the Settlement Agreement, Racer is required to take the wishes of the community into selling the property. At this point, the community wants to see manufacturing at the plant. In respect to this wish, Racer Trust is requiring the Industrial Realty Group to make representation of the use of the facility beyond Elio Motors.

Mr. Rasher said that if it is approved, there is a 30 month time period when the financing takes place until Elio Motors takes Racer Trust out of the equation. Racer Trust would require its counterparty to comply with all the requirements in the Settlement Agreement. Any tenant leasing space at the property has to meet all the prerequisites that Racer Trust had to follow. This is another way of ensuring that the facility will be productively used.

Answering a question from Ms. Baker relative to the amount of jobs Mr. Elio would create, Mr. Rasher said that there would be a minimum of 1,500 new jobs created in that building. If the 1,500 jobs were not established by month 36, Mr. Elio would have to pay a financial penalty of \$5,000 per job.

Mr. Epperson would like to have some clarification on the handouts that were received. Mr. Cornelius explained that the Parish would have to fund \$7.5 million in order to buy the General Motors Plant. The Industrial Development Board would own the property as an entity that the Commission allowed to be created and exist for the benefit of the Parish. The Industrial Development Board would have strict liability in case of an explosion or fire at the plant. The operation and use of the building would be leased to the Industrial Realty Group. The lease payments during the first three years would be a minimum of \$300,000. During the fourth year, the lease payments would increase to \$725,000. The lease would be a triple net lease. The maintenance, operational costs, insurance, and security would be paid by the Industrial Realty Group. They would also have the right to pay off the unadvertised value at any time during the term. They also have to provide \$7.5 million to Elio Motors for the development of the company. The Parish/Industrial Development Board will own the mineral rights. Racer Trust will require the Industrial Realty Group to comply with its requirements in the Settlement Agreement and review the sub-lease to Elio Motors. Racer Trust requires a \$2.2 million payment for equipment in September.

Mr. Williams wants to know what would be the economic impact of the 1,500 jobs. Mr. Rasher estimates about \$75 million a year.

Mr. Grubb said that he had favorable discussions with Sheriff Prator and the President of the School Board regarding this. He explained to Mr. Williams that loss tax revenue may not be that significant. He has been advised by the tax assessor that the property will have a market value of \$12 million this year.

Mr. Williams would like to ensure that the citizens of Caddo Parish get first priority once the employment opportunities are available. He would like the language to read that the Merging Businesses include minorities.

Mr. Thibodeaux said that based on the \$35,000 credits per \$1 million in salaries paid, the loan would be paid off in about six years. He said that Mr. Lichter would own the property just in credits. The initial investment of \$7.5 million may not be paid back in dollar bills, but payroll instead.

Mr. Bowman wanted to know if the 1,500 jobs are full-time positions, and if local suppliers were included. Mr. Rasher explained that they are full-time positions. The 1,500 jobs are employees that are based in the plant itself. It does not include any jobs that are created in the community as a result of Elio Motors.

Answering a question from Mr. Bowman regarding the number of local jobs Elio Motors plans to obtain, Mr. Grubb said that Mr. Elio is excited to get involved with the local workforce. Mr. Cornelius stated that there could be provisions made to give the locals an advantage to being interviewed first.

Ms. Lynch wants to know where the Industrial Development Board stands on this proposal. Mr. Cornelius said that the Commission would have to inform the Board of the position with this deal. By putting the property in the Industrial Development Board's name, it would protect the Parish from being liable for any mishaps that may occur at the plant, i.e. fires, explosions, etc.

Ms. Lynch would also like to know who would be responsible for the upkeep of the property. Mr. Rasher said Mr. Lichter would have to maintain it. This does not include the 90 acres in surplus which the Parish would have to maintain.

She also inquired about the value of the equipment that was sold to Elio Motors. Mr. Rasher said that the value was \$26 million, and it was all sold to Elio Motors. Elio Motors paid \$3 million six months ago; the next payment that is due is the \$2.2 million payment for equipment. Three months later, a payment of approximately \$175,000 per month is to be paid. The final payment should be made approximately 30 months from now.

Ms. Lynch asked about the projected annual payroll. Mr. Cornelius estimated \$75 million in salaries per year. She also wants to know why the Industrial Realty Group would be receiving the credits if Elio Motors was the employer. Mr. Cornelius stated that the Industrial Realty Group would be the ones facilitating it. He also said that it is more desirable to Mr. Lichter if there are as many gainful payroll members as possible. Mr. Grubb said that this proposal is not based around Elio Motors. They would like Elio Motors to be successful, but they would also like to fill occupancy of other businesses in the General Motors Plant.

Mr. Rasher will provide a copy of the Settlement Agreement required for Racer Trust to transfer the property.

Mr. Epperson asked Mr. Rasher about the deadlines Elio Motors is looking at regarding Racer Trust. Mr. Rasher stated that Elio Motors has to have a payment of \$9.7 million on or before September 4<sup>th</sup>.

Mr. Cornelius gave a brief synopsis of his involvement in situations similar to this.

Mr. Epperson suggested that if this Ordinance does pass, there should be a Job Fair held exclusively for former General Motors employees. He also suggested that the name of the plant be changed to "Elio Motors Caddo Parish".

He also expressed that Caddo Advantage advertise all local companies that would like to do business with Elio Motors, any perspective person that has the desire to be a venue within that particular property, or any persons or companies that are needed to help maintain that property to submit their information to the Caddo Advantage Program.

Mr. Escude had discussions with Mr. Elio concerning the workforce in this area. He said that the General Motors plant was the second most productive plant in the United States before it shut down. Mr. Elio expressed that the workers and their work ethics were a strong point to him.

He also talked with Mr. Elio about suppliers. Mr. Elio is willing to use local businesses because it is more cost effective. He is also hopeful that this will create some interest for people to move to the area because the population growth has been stagnant.

Mr. Escude asked if the 90 surplus acres was the same as the acreage that the Parish did a perpetual lease on with General Motors. Mr. Grubb said that the surplus acreage is on the east side of the property. Answering a question from Mr. Escude concerning mineral rights, Mr. Grubb stated that the Parish will own the mineral rights for all 537 acres of the property. Mr. Escude wanted to know if the Parish would own all the mineral rights for as long as they have control of the property. Mr. Cornelius said that is correct.

Mr. Williams said that this was a well open discussion. He wants to know if this would affect our AAA Bond Rating. Ms. Bryant cannot say whether or not it will have a significant impact.

He also wants to know how much of an input does the Administration and Legal Staff have in creating the Cooperative Endeavor Agreement. Ms. Frazier said that she has sat through all of the negotiations for the crafting of the Agreement and is well up to speed.

Mr. Williams would also like to know if there is rural free enterprise zone. The line was moved when Racer Trust and Elio Motors executed sale documents. He also commended everyone that has put the time and energy into this project.

Mr. Linn would like a copy of the Demolition Contract from Mr. Grubb. He will provide that information to him.

Mr. Lane said that he needed to review all the information presented before he made a solid recommendation to the Committee.

Answering a question from Ms. Lynch pertaining to the sale of the equipment at the plant, Mr. Rasher said that the day Racer Trust sold the equipment to Elio Motors, they entered a contract to sale the real property.

Mr. Rasher said that the Settlement Agreement does not charge Racer Trust for selling buildings; it charges Racer Trust in creating jobs and bringing economic activity into the community.

Ms. Lynch would like the numbers for the suppliers versus plant workers. Mr. Rasher will try to obtain this information for Ms. Lynch.

Mr. Escude said that this is an opportunity to facilitate "bringing the plant back to life" by purchasing the plant and leasing it to Mr. Lichter. He is very comfortable with purchasing the plant.

Mr. Grubb wants the Committee to be aware of the mechanics of what the Commission is being asked to do. He continued to say that September 4<sup>th</sup> is a hard deadline, and the Commission has two meetings between now and then. There are two things that need to be done. Those items are the budget ordinance and the resolution authorizing a cooperative endeavor agreement with the Industrial Board. He does have a draft of the resolution.

Mr. Thibodeaux would like to allow Mr. Coleman to act in advisory capacity as they have offered to.

It was **moved by Mr. Epperson**, seconded by Mr. Escude to recommend to the full Commission that a Budget Ordinance of \$7.5 million to the Industrial Development Board for the purchase of the old General Motors facility; fifty percent of the funds coming from the Reserve Trust and fifty percent of the funds coming from the Oil and Gas Funds. Motion carried. YEAS: Commissioners Baker, Thibodeaux, Bowman, Smith, Williams, Escude, and Epperson (7). NAYS: None.

It was **moved by Mr. Escude**, seconded by Ms. Baker that the Economic Development Committee sponsor the Resolution for the purchase of the former General Motors facility. Motion carried. YEAS: Commissioners Baker, Thibodeaux, Bowman, Smith, Williams, Escude, and Epperson (7). NAYS: None.

Mr. Ken Ward presented to the Committee the 90 surplus acreage on a map per Mr. Epperson's request.

There was no further discussion, and the meeting was adjourned at 5:00 p.m.

Todd A. Hopkins  
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Commission Clerk