

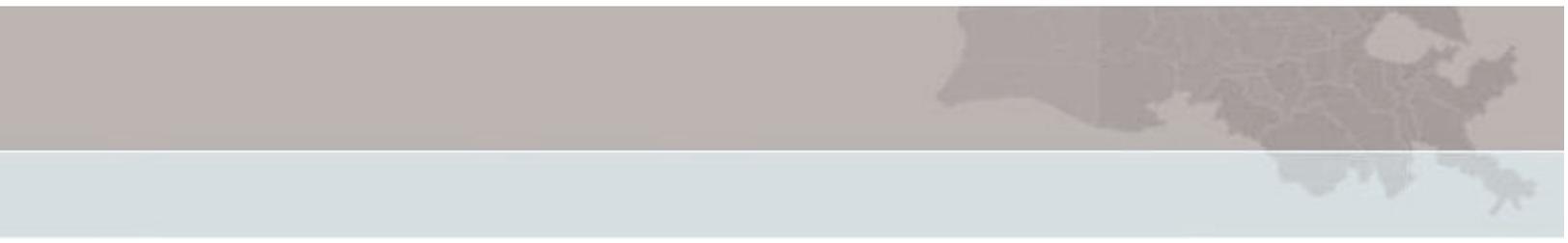


South Louisiana Economic Council
Assumption • Lafourche • St. Mary • Terrebonne

2006 Year in Review

Annual Report
of the
South Louisiana Economic Council





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OVERVIEW

Not since the crash of the oil economy in the mid 1980's have events so defined the economic landscape of the Bayou Region as did the storms of 2005. The Bayou Region's crawl back to normalcy was punctuated by an unprecedented spike in economic activity to create a period where SLEC's role adapted and flexed time and time again to meet the needs of a post-hurricane economy.

While SLEC assumed many roles, both long term and transitional, perhaps its greatest single role was to serve as a source of clarity and information in the midst of a rapidly-evolving economic landscape. FEMA, local government, the Louisiana Recovery Authority, the U.S. Department of Commerce, local industry, education and others relied on SLEC as a reliable and effective partner in restoring the damaged economy. As 2006 comes to a close, SLEC's role as a lead point for the coordination of major projects that will affect fundamental components of the Bayou Region economy is being more clearly defined. As the groundwork laid in 2006 takes shape, 2007 is emerging as a watershed year in defining the Bayou Region economy for many years to come.

MAJOR PROJECTS

Throughout 2006, SLEC assumed key roles in a wide variety of projects. SLEC's reputation as a neutral participant and a its regional perspective made it the logical home for a variety of critical projects as illustrated here.

Louisiana Speaks – An initiative of the Louisiana Recovery Authority designed to address the needs of hurricane affected parishes. SLEC assumed the responsibility of managing the goals on behalf of Lafourche Parish in monitoring and championing the furtherance of that parish's recovery goals. Those goals can be found online at the Louisiana Speaks Long-term Recovery Planning website at www.louisianaspeaks-parishplans.org.

Business Counseling Centers (BCC) – In response to the need for concentrated business relief and recovery

services, Louisiana Economic Development established a network of business counseling centers within the most severely hurricane-impacted regions. SLEC was selected as one of five such centers. As a BCC, SLEC became the conduit for business relief support to provide service to companies affected by the storms. While the initiative officially expired in October, SLEC continues to provide services to any business as part of the ongoing commitment to recovery after the storms.

LRA Grants – Billions of dollars in federal relief aid is set to be distributed to hurricane affected regions through a series of grants dealing with Workforce Development, Technical Assistance to Small Business and Small Business Loan and Grants programs. SLEC has assumed lead roles in the Bayou Region’s grant applications for Workforce Development and Technical Assistance to Small Businesses. The Workforce grant is for an aggregation of three separate but related grants totaling more than \$12 million. The Technical Assistance to Small Business Grant involves five agencies across four economic regions and totals more than \$4 million. While not financially involved in the Small Business Loan and Grant, SLEC will assume a lead role in assisting local businesses to connect with SLEC partner, Regional Loan Corporation to access that program.

U.S. Commerce Internal Trade Mission – In an effort to attract major re-investment in hurricane ravaged regions, and to highlight the accelerated depreciation and bond-backed financing incentives available through the GO Zone legislation, the U.S. Department of Commerce sponsored an internal trade mission that brought some thirty major corporations to Louisiana to learn more about doing business in the communities of South Louisiana. SLEC was tasked with the preparation of the presentation that represented the Bayou Region. Houma attorney and member of the Louisiana Disaster Recovery Foundation, Berwick Duval, spoke to the gathered businesses at an event in New Orleans to highlight the benefits of doing business in the Bayou Region.

The Republic of Kazakhstan – The Bayou Region was host to a trade mission from the Republic of Kazakhstan, a

former Soviet republic bordering the oil rich Caspian Sea. Under the leadership of Congressman Charlie Melancon, Kazakhstan's Ambassador to the United States, Kanat Saudabayev, met with area businesses to lay the ground-work for business exchanges beginning 2007. Ambassador Saudabayev capped his visit by presenting relief checks to agencies in the Bayou Region and New Orleans metro area.

Federal Technology Transfer Program - Nicholls State University became an award recipient of a grant to transfer federally-developed technologies to private industry. Working through the Houston Area Research Center, SLEC served as the conduit of government developed technologies and private industry. The project introduced key technologies to area marine and port facilities including crane technology to allow for the offloading of cargo, even in a moving sea, bilge water separation technology and underwater husbandry, or a process of surveying and repairing vessels without the need to dry dock. The project highlighted the strength of collaboration between the federal government, private industry and our local university.

GO Zone Assistance to Companies – The Gulf Opportunity Zone legislation provided aggressive incentives that included bonus depreciation of 50%, bond-backed financing of major projects and other incentives designed to attract new business into hurricane-affected regions. While aggressive, the incentives are extremely federal-tax centric and therefore required careful evaluation of projects by qualified experts to determine the applicability to projects. Through a cooperative initiative with SLEC, local CPA Michael Bergeron assisted companies in evaluation of the applicability of GO Zone Incentives. SLEC also co-sponsored a regional event with experts from the IRS, state bonding commission and others to provide information directly from agencies involved in granting the incentives.

Manning Passing Academy – For nearly twelve years now, the Manning family, Archie, Cooper, Peyton and Eli, along with marquis players from around the NFL, have played host to hundreds of student athletes from around the nation in their week-long passing academy. For the past

two years, the Mannings have chosen Nicholls State University as the home for the prestigious event and for each of those two years, SLEC Executive Director, Vic Lafont, has been asked by the Mannings to head up the hospitality committee for campers, their families, camp coaches and others. The 2006 camp was one of the most successful ever with more than 1,000 athletes in attendance. The Mannings count their time at Nicholls to be some of their very best camps due in large part to the genuine welcome and hospitality shown to them by Nicholls, SLEC and the community.

Capital Outlay – As stated, 2006 was a year of great transition and distraction and the economy worked to right itself following the storms. It was equally so for our state’s government as they first braced for a doomsday scenario only to find the state the recipient of a significant inflow of relief dollars and an economic boom. It was a difficult time to draw the focus of the legislature to worthwhile initiatives that were outside of the storm-related issues and yet it was in the midst of these times that the legislature supported a capital appropriation for SLEC to continue the development of a Center for Economic Growth and Technology. The appropriation, when funded, will assist SLEC to create a cluster of services to assist business growth in the Bayou Region.

COLLABORATIONS

SLEC’s role as source for collaborations reached new heights in 2006 as its ability to work across geographic and organizational boundaries became central to re-orienting the economy. Listed below are some of the collaborations formed.

Small Business Development Center – SLEC and the Small Business Development Center (SBDC) paved the way for a new relationship as the SLEC became the first non-university co-location of an SBDC. SLEC has long shared clients, programs and outreach with the SBDC. This collaboration formalizes that relationship to bring these two business centric organizations into an even closer working relationship.

Nicholls State University - The relationship with Nicholls State University goes back to the very formation of SLEC in 1984 when Dr. Ridley Gros, Dean of the College of Business served as SLEC's original chairman. 2006 brought new opportunities for collaboration including work with Dr. John Griffin, Professor of Petroleum Services and the HARC Technology Transfer Program, two collaborations with Professors of English, Dr. Windy Rachal and Professor Connie Siros on out migration of our graduates and most recently, on communities that have pools of labor that might be recruited to work in the Bayou Region. Collaborations have also included the integration of Dr. Ken Chadwick's Entrepreneur Class with companies completing the SLEC Entrepreneur Training Series, work on GIS mapping with Dr. Balaji Ramachandren, and coordination of space and facilities with the Nicholls Intergenerational Center.

Co-location of the Procurement Technical Assistance Center (PTAC) and Manufacturing Extension Partnership of Louisiana (MEPoL) – PTAC is an exceptional organization with the mission of assisting businesses to obtain contracts with federal and state government. MEPoL is equally exceptional and provides assistance to Louisiana manufacturers to improve their competitiveness and efficiency. Both organizations have a long and successful working history with SLEC and both established satellite offices at SLEC to improve accessibility of their programs within the Bayou Region. SLEC and both organizations have collaborated on many successful events and direct assistance to business.

Entergy – Entergy is a long-time partner in economic development and a supporter of SLEC. Entergy's shared focus on economic development has made it an invaluable partner within the Bayou Region. SLEC is directly involved with Entergy as an annual participant in Entergy's Team City program and is a local partner in the revision of the building's and site's database used by Entergy in its economic development initiatives.

Louisiana Department of Labor (DoL) – SLEC and the Louisiana Department of Labor reestablished long time relationships to address chronic workforce issues such as out

migration and the need to recruit and train a skilled labor workforce. SLEC is working with DoL to integrate their resources on a regional basis as part of SLEC's recruiting, placement and retention focus under the workforce development grants.

Louisiana Technical College and Louisiana Community College – The critical need to address the long-standing shortage of skilled labor for area industry under the Recovery Workforce Training Program has brought SLEC into direct partnership with the technical and community college systems. Working as one, SLEC and the technical colleges will be working to ensure that industry is supplied with an adequate supply of well trained persons sufficient to meet the rebuilding and growth needs of the Bayou Region.

Society of Human Resource Managers (SHRM) – Long before the announcement of grant dollars to address workforce issues, SLEC and SHRM had begun collaboration to identify solutions to workforce development issues. SLEC and SHRM continue this process as SLEC works to tap into the collective expertise of the human resource managers of some of the Bayou Region's key companies.

Industrial Associations – The foundational mission of SLEC is service to industry. Never has that role been more important than in a post-hurricane economy and never before has the role of the industry groups been more essential. SLEC has actively engaged key associations in the planning of solutions and will engage these organizations in the delivery of those solutions throughout 2007. Included in SLEC's outreach to industrial associations are; South Central Industrial Association (SCIA), Bayou Industrial Group (BIG), St. Mary Industrial Group (SMIG), Offshore Marine Services Association (OMSA) and the National Ocean Industries Association (NOIA).

Business and Technology Center at LSU (LBTC) – SLEC reached across its geographic borders to draw the resources of the Business and Technology Center at LSU into the Bayou Region. SLEC and the LBTC collaborated to establish the Bayou Region's first annual Capital Access Forum, an inaugural event designed to connect business with sources of financing, as well as the deployment of

LBTC's mobile classroom in Assumption Parish to conduct two nights of business startup seminars.

EVENTS

Recall that providing clarity in the midst of change was a key focus of SLEC in 2006. Accordingly, SLEC remained very active in community events that kept the region informed and connected. These included:

U.S. Department of Commerce Internal Trade Mission - U.S. Department of Commerce turned its sights internally following the storms to create a unique internal trade mission that brought major industry into the area on a rebuilding and investment tour. SLEC, with the assistance of Houma attorney, Berwick Duval, provided information on the value of doing business in this region.

Capital Access Forum - SLEC launched the inaugural event of a half-day forum to bring business together with sources of capital. Finance experts in debt, government-backed programs and investment capital presented to a crowd of nearly 100 companies with participation from the SBA and banks that included Chase, MidSouth and Capital One, and angel and capital investment firms.

Matchmaker – The Third Annual Matchmaker event is designed to bring local business together with government or government prime contractors. The event's success in establishing real business connections is widely known. The event became the model for similar events held in other hurricane affected regions.

Entrepreneurship Day at the Legislature - For the second consecutive year, SLEC took a lead role in the formation of a statewide gathering of Louisiana entrepreneurs in Baton Rouge. Sponsored by Louisiana Economic Development, the event brings emerging companies and service providers to Baton Rouge during the general session to meet with legislators to remind them of the importance of entrepreneurs to Louisiana's economy.

Dr. Loren Scott's Annual Economic Outlook - SLEC, along with Coastal Commerce Bank, co-sponsored this much anticipated report that details the likely direction of the Bayou Region's economy and this year predicted sustained and increased activity particularly in the oil and gas related sectors.

SLEC CORE SERVICES

While 2006 necessitated a shift in focus to special projects, the regular task of service to business continued on at a steady pace. Listed here are the core services provided through the year.

Louisiana Economic Development Small and Emerging Business – Louisiana Economic Development operates a highly effective program that directly underwrites the cost of activities such as marketing, accounting or specialized training needed by small business. Since the inception of the program, SLEC has been the regional outlet for that program in the Bayou Region. Nearly 100 businesses were assisted in 2006 through direct support or through tuition stipends to the entrepreneur training series.

Entrepreneurial Training Series – For the third consecutive year, SLEC has sponsored ten-week sessions of entrepreneurial training for new and early-stage businesses. In two and one-half hour evening sessions over ten weeks, new companies are exposed critical aspects of starting and growing a business. With the latest session, completed in November of 2006, more than one hundred companies have completed the training. This year also brought a new innovation to the program with collaboration between Dr. Ken Chadwick's class in entrepreneurship and the companies completing the class. As a result, students received a first hand view of the process of entrepreneurship while assisting companies with essential tasks such as research, writing and presentations.

Business Relocation - SLEC routinely assisted businesses in examining relocation sites in Terrebonne, Lafourche, St. Mary and Assumption. Working with parish economic developers and business leaders, SLEC has been instru-

mental in having the Bayou Region considered as a preferred site for several business relocation decisions. SLEC has also received visitors from Canada, England and France in their examination of the Bayou Region as a location for their companies.

Business Counseling Center (BCC) – SLEC, in cooperation with Louisiana Economic Development, operated one of five Business Counseling Centers to direct storm affected businesses to resources. The BCC's provided essential access to information and resources in the twelve months immediately following the storms.

Assistance to Chamber of Commerce – SLEC's support of the region's Chambers of Commerce continued in 2006 with support of specific projects and general operations. SLEC assisted local chambers of commerce with projects including conducting business startup seminars in cooperation with the Assumption Chamber, providing outbound e-mail communications to St. Mary Chamber, and participating with the Public Affairs Committee of the Thibodaux Chamber. All chambers also regularly participated as co-sponsors of many of SLEC's events and seminars.

EVOLUTION IN SERVICES

As with the businesses it is chartered to serve, SLEC adapted throughout 2006 to remain responsive to the needs of business in how its services are delivered. Directed in part by changes in funding formulas from fee for services arrangements to project directed funding, SLEC evolved its service methods to ensure the most effective outcomes of new project-based initiatives. This has meant a shift from a 100% internal staffing model to a hybrid of internal staff and topic-specific, typically contracted expertise. The shift effectively matches resources with the time-limited outcomes of the up and coming grants and initiatives.

Even as the internal workings of SLEC are adapted, special care has been taken to ensure alliances are strengthened by facilitating the movement of SLEC staff into key positions of SLEC partners. Accordingly SLEC supported the transition of Deanna Duet from SLEC to Louisiana Economic

Development and then Louisiana Recovery Authority, Jan Labat to PTAC and Renee Piper to Nicholls State University.

MEDIA

SLEC's commitment to providing reliable source of economic information was greatly assisted by the support of local and national media. SLEC served as a regular source of information to reporters on economic issue stories run throughout the year in the Houma Courier, Daily Comet, Lafourche Gazette and Daily Review. Vic Lafont was a regular guest on HTV-10, and KLRZ- radio "Talk on the Bayou". SLEC staff also joined Congressman Charlie Melancon in community segments on WBZE – Radio. SLEC was also featured in a profile of Louisiana by Southern Business Development Magazine, a leading publication tracking major business development in seventeen southern states.

A sampling of SLEC's media exposure includes:

- HTV 10
- KLRZ serving lower Lafourche Parish
- WB 38 , television Morgan City
- Houma Courier and Daily Comet
- SLEC is a regular contributor to the Entergy Economic Development Newsletter
- SLEC was featured in Southern Business Development Magazine

2007 OUTLOOK

2007 and beyond are expected to be heavily influenced by major hurricane recovery funding of which, SLEC is centrally involved.

Recovery Workforce Training Program (RWTP) - The RWTP is a \$38 million grant designed to address the need for additional skilled labor in five key industry sectors – Advanced Manufacturing, Oil and Gas, Transportation, Construction and the Cultural industry. SLEC is the named intermediary – or central coordinator – of 3 grants for fabrication, oil and gas, and a transportation grant covering marine and trucking transportation. In addition to serving as intermediary, SLEC has defined roles in outreach and recruiting, hiring placement and retention – critical roles in addressing the worker shortages.

The Region III Louisiana Technical College system and the L.E. Fletcher Community College in Houma are the primary training providers and serve as fiscal agents for these grants. In all of the grants, industry is directly involved to ensure that program deliverables are closely aligned with the needs of industry.

RWTP Requested Amounts

– Transportation	\$ 5,510,816
– Oil and Gas	\$ 2,000,025
– Fabrication	\$ 5,448,193
–SLEC Role	
– Outreach and Recruitment	\$ 2,501,516
– Hiring	\$ 324,000
– Retention	\$ 296,877
– Intermediary	\$ 7,200

The grant was submitted on November 29th.

Technical Assistance to Small Business - The Technical Assistance to Small Business Grant is designed to provide services to hurricane affected small businesses through intensive and protracted services. SLEC proposes to collaborate with five other economic development groups including; SLEC, as lead applicant, SSA Consultants as

technical advisors, Southwest Louisiana Economic Alliance from the Lake Charles area, the Louisiana Business and Technology Center at LSU, the St. Tammany West Chamber of Commerce, and the City of New Orleans Office of Planning and Development.

The proposal seeks to reconstitute the Business Counseling Center network to leverage the strengths of each center into a network of centers to assist small businesses.

The total grant request is \$4,092,427.
SLEC's level of funding would be \$919,380.

Small Business Loan and Grant Program - The Small Business Loan and Grant Program is designed to provide loans or a combination of loans and grants to hurricane affected businesses. Grant criteria required that applicants have prior experience in administering government-backed loan funds, an area of expertise not held by SLEC. Instead, the Regional Loan Corporation, a partner with SLEC in finance packaging, will be the lead applicant with services delivered through SLEC should the grant be awarded. The grant is intentionally tied to the Technical Assistance to Small Business grants.

Louisiana Economic Development Matching Grants - Louisiana Economic Development (LED) has long partnered with SLEC as its regional partner for service delivery. LED continued that relationship by awarding two competitive grants to provide core services key to business relocation as well as outbound marketing to attract new business to the region. The grants are referred to as Tier I or core services development and Tier II which are community branding and outbound marketing for business relocation.

The Tier I grant amounts to \$150,000 and has been awarded. The Tier 2 grant amount is \$100,000 and has been awarded. The Tier II grant is a matching grant requiring participation from local or regional organizations on specific marketing projects.

Small Business Development Center (SBDC) from Nicholls to SLEC - The Small Business Development

Center will begin to operate a counseling center in cooperation with SLEC. This is the first time that a counseling center has been located within an organization other than a university. The counseling center will be administered through the Loyola SBDC, creating yet another link between SLEC and other economic development organizations.

The movement of the SBDC brings with it a \$28,000 USDA training grant that will be applied to St. Mary and Assumption Parishes.

Collaboration with Nicholls State University - The activity of the expected grants will create unique opportunities to collaborate with Nicholls. A plan to integrate students in data management, jobs matching and other functions of the grant are being formulated. SLEC will also respond to opportunities to work more closely with the College of Business on student business incubator, slated for opening in the spring of 2007, Free Enterprise Week, as well as support of the College of Business entrepreneurship curriculum and the newly launched Executive MBA program. SLEC also anticipates opportunities to work with Applied Sciences, Geomatics, Applied Manufacturing and Petroleum Services faculty as well as with the Department of English for ongoing research as a part of Dr. Windy Rachal and Professor Connie Siros' business writing courses.

New Office Space - The level of activity expected through 2007 will demand the acquisition of additional operational space. SLEC will retain its primary offices on the Nicholls State campus but is investigating leased office space within Thibodaux as well as the eventual construction of a SLEC economic service center. A capital outlay appropriation may serve as the foundation for the construction of a new facility.

New Web Portals for Small Business, Workforce Development and Business Recruiting - The SLEC website has earned a reputation for being the most reliable source of economic information within the Bayou Region. SLEC will build upon that foundation to establish true web portals for the free exchange of information to small busi-

ness as well as the establishment of powerful web portals to manage workforce development initiatives and business recruiting.

Extension of SLEC Beyond the Region - SLEC's reputation as a strong collaboration partner known for effective outcomes, has attracted the attention of communities and agencies beyond the Bayou Region. Always willing to lend its expertise, SLEC anticipates being drawn into a wider network of service delivery as 2007 progresses. Some extensions beyond the Bayou Region may include SLEC's role as lead agency under the five- organization Small Business Technical Assistance Network, an active role in the establishment of a state-wide entrepreneurship network and outreach to sister parishes of the River Region.

OPEN PROJECTS

SLEC continues to develop projects begun prior to 2006. These include:

LA RECON - An Advanced Concept Technology Demonstration through the U.S. Department of Defense designed to test concepts of interoperable communications in a domestic terrorist event on U.S. soil. The project was designed to leave residual capabilities within the community that are still to be put in place.

Republic of Kazakhstan - The bi-lateral trade agreement between SLEC and the oil rich former Soviet Republic of Kazakhstan remains in force and culminated with an official trade mission from the Kazakhstan Ambassador to the United States, Kanat Saudabayev. 2007 is expected to create opportunities for a first business exchange to Kazakhstan.

Center for Economic Growth and Technology - The SLEC Center for Economic Growth and Technology remains under development and may form the centerpiece of SLEC's initiative to cluster services into a "one stop shop" of economic support.

REPORT OF COMPANIES SERVED

2006 was a transitional year for services as post-hurricane support from federal, state and local sources were staged within the Bayou Region. The complexities of setting up new programs created a temporary pull back of the numbers of companies being directly served by SLEC. Even so, more than 300 companies were directly assisted by SLEC in 2006.

Below is a summary of the companies served by parish.

Assumption:	12
Lafourche:	102
St. Mary:	21
Terrebonne:	154
Other Parishes	48

ABOUT THE SOUTH LOUISIANA ECONOMIC COUNCIL

The South Louisiana Economic Council (SLEC) is a regionally focused economic development agency serving the parishes of Assumption, Lafourche, St. Mary and Terrebonne. Formed in 1983, SLEC provides industrial assistance and programs designed to create economic growth for the Bayou Region.

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Business is **Red Hot** in Louisiana's Bayou Region



retention, expansion & recruitment
new business startup
community assessment & training

Business is **red hot** in the Louisiana parishes of Assumption, Lafourche, St. Mary and Terrebonne. Driven by a strong and growing demand for our industries, an exceptional workforce, and a quality of life unlike anything else in the world, the region offers an attractive environment to relocate, start or expand your business. Business startups are also now eligible for aggressive federal GO ZONE incentives that include a 50% Bonus Depreciation and Net Operating Loss carry back and an enhanced section 179 expensing to allow your business to write off up to \$200,000 of expenditures.

Ready to learn more? Visit us online at www.slec.org or call 985-449-4485

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