



1           WHEREAS, amongst these advocacy groups was the Mayors and Municipalities  
2 Automotive Coalition based in Washington, D.C., and comprised of local officials in  
3 automotive communities around the country; and

4           WHEREAS, continued advocacy specifically resulted in a forty-nine billion dollar  
5 assistance package from the federal government to the benefit of General Motors; and

6           WHEREAS, the General Motors bankruptcy resulted in eighty-nine former General  
7 Motors properties being entrusted to the RACER Trust for the sole purpose of using and  
8 leveraging those assets to replace the jobs lost in communities where General Motors plants  
9 were closed and shuttered; and

10           WHEREAS, from the forty-nine billion dollar assistance package, more than six  
11 hundred million dollars was set aside to fulfill the mission of the RACER Trust; and

12           WHEREAS, approved uses for RACER Trust funds for administrative expenses, as  
13 stated in Article 1, Section 1.1.1 of the trust agreement are, "including but not limited to  
14 property taxes, liability insurance, security, personnel costs, utilities, maintenance,  
15 professional fees, property marketing costs..."; and

16           WHEREAS, all expenses associated with the former GM-Shreveport plant were paid  
17 by the new post bankruptcy General Motors until December 31, 2012; and

18           WHEREAS, despite having access to resources that would have covered all carrying  
19 expenses and allowed for an unrushed and deliberate due diligence process, the RACER  
20 Trust, at the direction of its Redevelopment Manager, Mr. Bruce Rasher, announced in the  
21 first week of January 2013, less than one week after the official exit of General Motors from  
22 the state-of-the-art GM-Shreveport plant, that the facility would be optioned to and  
23 ultimately controlled by Mr. Paul Elio and Elio Motors; and

24           WHEREAS, during February 2013, the RACER Trust and Elio Motors entered into  
25 a purchase and sale agreement whereby Elio Motors was expected to acquire from the  
26 RACER Trust all of the property, both movable and immovable, relative to the former  
27 GM-Shreveport plant; however, Elio Motors purchased only the movable property and as  
28 such, entered into a security agreement with the RACER Trust in the amount of twenty-three  
29 million dollars to acquire the movable property; and

1           WHEREAS, circumstances changed regarding the sale of all of the former  
2 GM-Shreveport plant to Elio Motors; instead, the immovable property of the plant was  
3 purchased by the Caddo Parish Industrial Development Board; and

4           WHEREAS, at the request of the Caddo Parish Industrial Development Board, a  
5 parent company known as Industrial Realty Group first purchased the immovable property  
6 of the former GM-Shreveport plant and immediately resold this same property to the Caddo  
7 Parish Industrial Development Board; and

8           WHEREAS, the Caddo Parish Industrial Development Board then leased the  
9 immovable property back to Industrial Realty Group; and

10          WHEREAS, as the lessee and property manager of the former GM-Shreveport plant,  
11 Industrial Realty Group next subleased a portion of the plant to Elio Motors; and

12          WHEREAS, Elio Motors assumed the plant as a sublessee during the latter part of  
13 2013 and was expected to manufacture automobiles, stimulate economic growth, and create  
14 approximately one thousand five hundred jobs by the end of 2015; and

15          WHEREAS, since 2013, Elio Motors has not engaged in automobile manufacturing  
16 at the former GM-Shreveport plant, and as a result, related economic development and  
17 stimulated growth in this state have not materialized as projected and desired; and

18          WHEREAS, at the time that Mr. Rasher extended the option for Mr. Elio to purchase  
19 the GM-Shreveport plant and its assets, Mr. Elio was in substantial debt with a failing  
20 engineering firm, was subject to substantial tax liens, and was in active search of  
21 employment; and

22          WHEREAS, Mr. Stuart Lichter, CEO of Industrial Realty Group, who ultimately  
23 gained control of the former GM-Shreveport plant, described and outlined the plant's worth  
24 at an Elio Motors press conference on January 13, 2013; and

25          WHEREAS, Mr. Lichter said the GM-Shreveport plant "was probably the most  
26 modern car plant in America", and further stated, "It's fully equipped and the amount of  
27 money it saves in start-up costs, I can't even calculate, but it's something like five hundred  
28 million dollars of equipment sitting in this plant, and you just turn it on!"; and

29          WHEREAS, in fact, less than a decade earlier, General Motors doubled the size of  
30 the GM-Shreveport plant and invested almost two billion dollars in the process; and

1           WHEREAS, despite the substantial manufacturing potential of the GM-Shreveport  
2 plant and all of the previous failures of Mr. Elio, Mr. Rasher and the RACER Trust first gave  
3 Mr. Elio an exclusive option to buy the plant and all of its equipment; and

4           WHEREAS, despite the acknowledged manufacturing potential of the plant, Mr.  
5 Rasher spoke to the members of the Caddo Parish Commission almost exclusively about the  
6 salvage value of the GM-Shreveport plant, as opposed to its utilization for continued  
7 manufacturing; and

8           WHEREAS, the parish administrator and former president of the Caddo Parish  
9 Commission both publicly stated that Mr. Rasher's statement to them essentially provided  
10 two options:

11           (1) Cooperate with the Industrial Realty Group's and Elio Motors' occupancy and use  
12 of the plant.

13           (2) Complete demolition of the plant; and

14           WHEREAS, the option and threat of demolition was likely unwarranted based on the  
15 stated value and potential of the plant; and

16           WHEREAS, the conduct of Mr. Rasher and other staff of the RACER Trust denied  
17 the people of Caddo Parish and the state of Louisiana the opportunity for a reasonable and  
18 appropriate due diligence process for determining how the former GM-Shreveport plant  
19 would be used to replace the jobs lost by the plant's closure; and

20           WHEREAS, an industrial development board, created by the Louisiana Legislature,  
21 was used to facilitate the current status of the plant; and

22           WHEREAS, certain aspects of the current lease agreement in place between the  
23 Caddo Parish Industrial Development Board and the Industrial Realty Group could  
24 potentially violate Article VII, Section 14(A) of the Constitution of Louisiana; and

25           WHEREAS, such provisions potentially in violation of the constitution may have  
26 become effective as recently as November 2018; and

27           WHEREAS, Article VII, Section 14(A) of the Constitution of Louisiana describes  
28 prohibited uses with respect to donations, loans, or pledges of public credit and provides in  
29 pertinent part: "Except as otherwise provided by this constitution, the funds, credit, property,

1 or things of value of the state or of any political subdivision shall not be loaned, pledged, or  
2 donated to or for any person, association, or corporation, public or private."; and

3 WHEREAS, it is a matter of state interest and concern that the prospect of the former  
4 GM-Shreveport plant's demise may have actually been a false threat used as a catalyst to  
5 urge the Caddo Parish Commission and other local and state economic development officials  
6 to support and commit the former GM-Shreveport plant into the contractual care of  
7 Industrial Realty Group and Elio Motors; and

8 WHEREAS, this matter of state interest and concern warrants further investigation  
9 into the provisions of this state's industrial development board statutes provided in Chapters  
10 7 and 8 of Title 51 of the Louisiana Revised Statutes of 1950 and Article VII, Section 14(A)  
11 of the Constitution of Louisiana to determine the following:

12 (1) The purpose and intended use of industrial development boards incorporated by  
13 municipalities and parishes in the state of Louisiana.

14 (2) Whether powers thereof or the manners of use of such boards have potential to  
15 create an unintended consequence of use of public property and resources contrary to the  
16 best interests of the citizens of Louisiana.

17 (3) How the Caddo Parish Industrial Development Board may have been used to  
18 create a contract contrary to the best use of the GM-Shreveport plant.

19 (4) Whether certain provisions of the current lease agreement for the GM-Shreveport  
20 plant may result in a prohibited use of state property as described in Article VII, Section  
21 14(A) of the Constitution of Louisiana; and

22 WHEREAS, in light of the dire circumstances surrounding the former  
23 GM-Shreveport plant, the state is compelled to examine the process of negotiations which  
24 resulted in Industrial Realty Group's and Elio Motors' attainment of the former  
25 GM-Shreveport plant, per the recommendation of the RACER Trust; and

26 WHEREAS, contingent upon the findings of the subcommittee, the Legislature of  
27 Louisiana and the Department of Economic Development may be equipped with  
28 indispensable, essential information for the creation of improved policy to better regulate  
29 and safeguard with respect to negotiations expected to further the state's policy of protecting  
30 the welfare and future prosperity of its citizens; and

1           WHEREAS, it is appropriate that the subcommittee examine any potential breach of  
2 fiduciary duties or obligations which may have resulted in this state's lost opportunities for  
3 substantial economic development; and

4           WHEREAS, the assets of the former GM-Shreveport plant possess great potential  
5 to be a source of real opportunity for economic growth and job creation in Louisiana, but  
6 although publicly owned, no provisions or mechanisms for local oversight are in place to  
7 rectify this agreement made in furtherance of the state's economic development that has not  
8 materialized to provide an economic benefit to this state; and

9           WHEREAS, House Rule 14.51 pertinently states the following: "Each standing  
10 committee...each joint committee...and any subcommittee of such standing or joint  
11 committee is hereby specifically and expressly granted the power and authority to hold  
12 hearings, subpoena witnesses, administer oaths, require the production of books and records,  
13 and to do all other things necessary to accomplish the purposes of the study or investigation  
14 assigned to it by the House or by the legislature or by a majority of the members of the  
15 committee".

16           THEREFORE, BE IT RESOLVED that the House of Representatives of the  
17 Legislature of Louisiana does hereby create a subcommittee of the House Committee on  
18 Commerce to further investigate and examine certain matters relative to the RACER Trust's  
19 fulfillment of fiduciary duties concerning the former GM-Shreveport plant and its  
20 operations.

21           BE IT FURTHER RESOLVED that the subcommittee shall, non-exclusively,  
22 investigate the process by which the RACER Trust and its representatives chose the current  
23 lessee and occupant of the GM-Shreveport plant; determine the statutory use, powers, and  
24 functions of industrial development boards; determine whether the use of the Caddo Parish  
25 Industrial Development Board relative to the GM-Shreveport plant created an unintended  
26 consequence concerning the public property and resources of this state; and determine  
27 whether certain provisions of the lease agreement for the GM-Shreveport plant may result  
28 in a prohibited use of state property as provided by the constitution of this state.

