

V-Vehicle Plans Second Bid At \$320 Million Loan

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NEW ORLEANS (AP) — V-Vehicle Co., a startup automaker planning to build its vehicle in northeastern Louisiana, will apply again for \$321.1 million in government loans, but must come up with another \$100 million in private investment and credit to satisfy federal concerns, the acting company head said Tuesday.

Late last week, Raymond Lane, a managing partner of venture capital firm Kleiner Perkins Caufield & Byers, which has invested in V-Vehicle, temporarily took over reins of the automaker, which lost its first bid for getting Energy Department loans on March 24.

San Diego-based V-Vehicle still plans to build the vehicle at a closed Guide Corp. headlight plant in Monroe — and has been led to believe that state and Ouachita Parish financial incentives will be available if the additional money is raised and the Energy Department approves the loans, Lane said in a telephone interview.

Lane said the Energy Department wants V-Vehicle to obtain another \$50 million in private investment — on top of the \$86.5 million already raised — and get a \$50 million credit line for working capital. He said the agency could approve the loans if V-Vehicle identifies sources for the investment and the credit, but the company would not get the federal money until it had all that private money in hand.

Federal officials also raised concerns about the company's management team, which Lane would not detail, its planned distribution network for eventual sale of the auto and the company's cost controls, he said.

"We plan to address those," Lane said. "We've started addressing those and plan to reapply."

Lane said previous chief executive Frank Varasano, a former Oracle Corp. executive who founded V-Vehicle, had stepped aside as CEO and remained on the company's board. Lane is still board chairman.

Lane also said the lease for the Guide Corp. plant was canceled due to pending deadlines, but he overruled that. "We have no intent to move out of Monroe," he said.

The state has committed \$67 million in incentives for V-Vehicle, which eventually plans to employ 1,400. Details of the car are under wraps, but the company has said it will cost around \$10,000 and get about 40 miles to the gallon. The company said its prototype is currently undergoing testing. V-Vehicle had hoped to have it in dealer showrooms by the end of 2011.

That incentive package is on hold and V-Vehicle has returned about \$6.2 million it

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

had received from the deal to the state. Ouachita Parish plans to refund \$1.9 million in property taxes collected so far as part of a \$15 million local incentive package on June 9.

Both state and parish officials have indicated the incentives would be available later if the project goes through, Lane said.

Stephen Moret, head of Louisiana Economic Development, said his agency had provided feedback to V-Vehicle for the needed loan application changes. He said the state remained committed to the project.

"The Energy Department's denial of V-Vehicle's loan was a major setback," Moret said. "But the company and LED are exploring multiple options that could allow the project to proceed."

Source URL (retrieved on 11/24/2014 - 7:47am):

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