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MEETING MINUTES FOR THE BOARD OF COMMERCE AND
INDUSTRY OF THE
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
HELD AT
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
BUILDING
FOURTH FLOOR BOARD ROOM
8401 UNITED PLAZA BOULEVARD
BATON ROUGE, LOUISIANA
ON THE 18TH DAY OF JULY, 2014
COMMENCING AT 11:00 A.M.

REPORTED BY: DESIREE DELATTE, CCR, RPR

1 Appearances of Board Members Present:

2 A.J. Roy
3 Alden Andre
4 Quentin Messer
5 Cal Simpson
6 Louis Reine
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8 Staff members present:
9 Melissa Sorrell
10 Brenda Guess
11 Rick Broussard
12 Seth Brown
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1 MR. ROY:
2 We will reconvene Board of
3 Directors of the Louisiana
4 Economic Development Corporation.
5 Roll call, please.

6 MS. VINNING:
7 A.J. Roy.
8 MR. ROY:
9 Here.
10 MS. VINNING:
11 Jay Rousseau.
12 (No response.)
13 MS. VINNING:
14 Alden Andre.
15 (No response.)
16 MS. VINNING:
17 Quentin Messer.
18 MR. MESSER:
19 Here.
20 MS. VINNING:
21 Nitin Kamath.
22 MR. KAMATH:
23 Here.
24 MS. VINNING:
25 Cal Simpson.

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1 MR. SIMPSON:
2 Here.
3 MS. VINNING:
4 Robert Stuart, Jr.
5 (No response.)
6 MS. VINNING:
7 Susan Tham.
8 MS. THAM:
9 Here.

10 MS. VINNING:
11 Harry Avant.
12 (No response.)
13 MS. VINNING:
14 Louis Reine.
15 Here.
16 MS. VINNING:
17 We have six members present.
18 We have a quorum.
19 MR. ROY:
20 Very good. Appreciate it.
21 Mr. Reine was able to make it,
22 and we will continue.
23 The first order of business
24 is approval of the minutes of the
25 June 20th board meeting.

5

1 MS. THAM:
2 I move to approve the
3 minutes.
4 MR. ROY:
5 Motion for approval is
6 presented.
7 MR. KAMATH:
8 Second.
9 MR. ROY:
10 Any discussion? Hearing
11 none, moving on. Any comments
12 from the public?
13 All in favor, "aye."

14 (Several members say "aye."
15 MR. ROY:
16 All opposed, "nay."
17 (No response.)
18 MR. ROY:
19 without objection.
20 Ms. Tham did an excellent job
21 of chairing the screening
22 committee earlier.
23 MS. THAM:
24 Thank you.
25 MR. ROY:

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1 And I'll ask her to present
2 the recommendations of the
3 screening committee to the Board.
4 MS. THAM:
5 Thank you. The first
6 economic development award
7 program that we covered was under
8 \$1,000,000 so that doesn't need
9 to be brought to the full Board.
10 The second one was from MXS
11 Solutions, and I'm sure Mr. Reine
12 read through that, and we had a
13 wonderful presentation today.
14 Mr. Pennington did a great of job
15 of -- and the members of the
16 company. And so we wanted to
17 recommend in favor of granting

18 the request for a 1.8 million
19 EDAP award based on -- including
20 all the contingencies that are
21 listed in our board broker that
22 we covered today.

23 MR. ROY:

24 Okay. So the screening
25 committee recommends the approval

7

1 of presenting Model X Solutions
2 with the City of Shreveport with
3 the award.

4 MR. SIMPSON:

5 Do we need to approve the
6 first part we talked about, or is
7 a whole policy?

8 MS. BIGNER:

9 We haven't gotten to that one
10 yet. This on the other EDAP, the
11 Module X.

12 MR. SIMPSON:

13 I got you.

14 MS. BIGNER:

15 Pod Pack could be approved by
16 the screening committee but
17 didn't have to go by the full
18 board. The Module X did because
19 it was over 1 million.

20 MS. ROY:

21 Module X is a modular

22 building company.

23 MR. REINE:

24 Doesn't a committee action
25 need an approval of the full

8

1 board?

2 MR. ROY: I'm sorry?

3 MR. REINE:

4 Doesn't a committee action
5 need an approval of the full
6 board?

7 MS. THAM:

8 And that's what we're asking
9 for now is for the Board to vote
10 on the recommendation by the
11 committee.

12 MR. REINE:

13 All right. The one that was
14 under \$100 million, what project
15 is that?

16 MS. BIGNER:

17 It was for Pod Pack. It was
18 for \$760,000.

19 MR. REINE:

20 Okay. The screening
21 committee approved it, and
22 wouldn't the proper be for the
23 Board to approve the action of
24 the screening committee on that
25 action?

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MR. CANGELOSI:

If I may respond, the bylaws currently give the screening committee the full authority to approve an EDAP \$1 million or less. It's not necessary that the Board approve it. If you would like to do motion that the Board approve it, you certainly can do that. It's not just not needed.

MR. REINE:

well, my experience is when a committee takes action, the full Board has to approve the deal, so I will discuss the rest later, but I will make a motion to approve the action of the screening committee on Pod Pack.

MR. ROY:

Okay.

MR. MESSER:

Second.

MR. ROY:

Second motion to validate and

1

approve the -- to have the full

2 Board approve what the screening
3 committee approved on Pod Pack.
4 Any discussion? Any comments
5 from the public?

6 Hearing none, all in favor,
7 say "aye."

8 (Several members say "aye.")

9 MR. ROY:

10 All opposed, nay.

11 (No response.)

12 MR. ROY:

13 without objection. And the
14 Module X Solutions now before the
15 board, and that was recommended
16 by the screening committee to the
17 Board. The screening committee
18 does not have authority to
19 approve that in and of itself.

20 Any questions? Mr. Reine,
21 you may have some. The committee
22 recommended it, and it's a
23 modular building group in
24 Shreveport. They've made modular
25 buildings primarily for cell

1 phone towers, I think, in the
2 past, and now they're expanding
3 and they need some more
4 infrastructure in the city of
5 Shreveport.

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MR. REINE:

I move for approval based on the recommendation of the committee.

MR. ROY:

Okay. Motion for approval as recommended by the committee.

MR. MESSER:

Second.

MR. ROY:

Second. Any other discussion?

Hearing none, all in favor, "aye."

(Several members say "aye,.")

MR. ROY:

All opposed, "nay."

(No response.)

MR. ROY:

No comments from the public.

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without objection.

And the final that matter was recommended by the screening committee is under the Louisiana Seed Capital Program, Catalyst Fund, and perhaps Susan can outline the two prongs to that recommendation.

MS. BIGNER:

10 The first -- wrong Susan.

11 Sorry.

12 MR. ROY:

13 Either Susan.

14 MS. THAM:

15 The first part of this
16 question we were dealing with was
17 whether we wanted to prove the
18 catalyst fund to be eligible for
19 participate in the Louisiana Seed
20 Capital Program contingent upon
21 them receiving their 501(c)3
22 approval by the IRS and any of
23 the other contingencies that were
24 listed.

25 Having heard from the head of

1 the program, Ms. Bayless, they
2 have a strong action plan. They
3 have a strong board. They're
4 working on building themselves a
5 committee that will find and help
6 their venture capital projects to
7 move forward.

8 And as a screening committee,
9 we want to present to the Board
10 approval of them being eligible
11 to deal with the Louisiana Seed
12 Program, and I'd like to move
13 that we do so and that the Board

14 approve that decision.

15 MR. ROY:

16 We have a motion on the
17 table. Is there a second?

18 MR. KAMATH:

19 I second.

20 MR. ROY:

21 Second. Is there any
22 discussion?

23 MR. REINE:

24 It was contingent upon what?

25 MS. THAM:

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1 The first contingency was
2 that they receive their 501(c)3
3 approval from the IRS. It's not
4 a really quick process, so it
5 hasn't gone through yet, and the
6 other requirements that would
7 make them eligible, I think we
8 were -- well, that was matching
9 the money, but the -- we will
10 match money.

11 Were there any other
12 contingencies?

13 MS. BIGNER:

14 Yes. The other contingency
15 was that LED retain a seat on the
16 Investment Advisory Board.

17 MR. REINE:

18 And was the motion with those
19 contingencies being satisfied?

20 MR. ROY:

21 Yes, sir.

22 MR. REINE::

23 Okay.

24 MR. ROY:

25 That was part of the

15

1 committee's recommendation, I
2 believe. Ms. Tham, is that
3 correct?

4 MS. THAM:

5 Yes.

6 MR. REINE::

7 Making sure it's on the
8 record.

9 MR. ROY:

10 Any other discussions or
11 questions, comments?

12 Hearing none, any comments
13 from the public?

14 Motion for approval.

15 MR. REINE:

16 I thought we had one.

17 MR. ROY:

18 I'm sorry. You're right.

19 All in favor, say "aye."

20 (Several members say "aye.")

21 MR. ROY:

22 All opposed, "nay."
23 (No response.)
24 MR. ROY:
25 And let the record reflect

16

1 that Mr. Messer abstained from
2 voting on this matter.

3 MS. THAM:

4 The second prong of the
5 presentation from the Catalyst
6 Fund is that we approve sending a
7 letter of recommendation that
8 they be offered a match of \$1.1
9 million in the Catalyst Fund.

10 There were a number of
11 contingencies, which you can see
12 in the board book. They'll be
13 subject to the rules,
14 regulations, and guidelines of
15 the SSBCI, the investment funds
16 are contingent upon them being
17 available. They'll have 60 days
18 the date of LEDC board approval
19 to accept a letter of commitment.
20 There will be verification of
21 additional commitments,
22 verification of the tax exempt
23 status.

24 And there's several other
25 contingencies, and I don't know

1 if Mr. Reine wanted to go through
2 them.

3 MR. REINE:

4 Not if they're part of the
5 record.

6 MS. THAM:

7 Right. So we do have -- we
8 did listen and we have made a
9 recommendation as the screening
10 committee that we extend this
11 letter of commitment to them.

12 MR. ROY:

13 So moved.

14 MR. SIMPSON:

15 Second.

16 MR. ROY:

17 Motion and a second, and as
18 recommended, any discussion?
19 Hearing none, any comments from
20 the public?

21 All in favor, "aye."

22 (Several members say "aye.")

23 MR. ROY:

24 All opposed, "nay."

25 (No response.)

1 MR. ROY:

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without objection.

All right. Now we move over to other business and matters we have not discussed today. I think Brenda is going to lead us on the discussion of the potential amendments to the LEDC bylaws and the policies, and perhaps -- Brenda, I know we have some information in our package about the proposals, but if you can, refresh everyone's memory about where we are currently and what the current screening committee and board has authority to do under the existing rules.

MS. GUESS:

Okay. Well, the memo you're referencing starts with the information on the tab 5 and contingencies with tab 6.

Currently, our internal screening committee has the ability to approve loan

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guaranties up to \$350,000. The internal committee is made up of our LEDC staff members, our under secretary, our legal counsel, and the representative from LEDC

6 management convene these internal
7 meetings.

8 Currently, our median loan
9 request is over \$600,000. Our
10 average loan size is about
11 \$400,000. So for a request --
12 I'm sorry. Just a reverse.
13 Okay. Yeah, \$400,000 is our
14 median, and our average loan size
15 is about \$660,000.

16 With the increase of the
17 banks that we're getting on board
18 as a result of our marketing and
19 projects that we're seeing, in
20 turn, we were not able to review
21 those, and make those decisions
22 in internally.

23 The first request is to ask
24 for an increased authority for
25 the in-house loan approval loan

20

1 committee for up to \$500,000.
2 The screening committee currently
3 can review any loans.

4 MR. ROY:

5 Brenda, if I can, let's just
6 kind of go through it
7 methodically. With respect to
8 the in-house committee,
9 approximately how often does the

10 committee meet and approximately
11 how many requests do you deal
12 with, let's say, on a monthly
13 basis?

14 MS. GUESS:

15 The activities have started
16 to increase. Right now I would
17 say probably on a monthly basis
18 we have anywhere from two to
19 three requests that are -- that
20 coming before us. We have one
21 in-house now, a small one that's
22 about \$200,000. We have another
23 one that we received just the
24 other day. I think that was
25 \$450,000. So about two to three

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1 per month internally.

2 MR. ROY:

3 And how often do you meet and
4 how quickly can you meet?

5 MS. GUESS:

6 We meet as often as we need
7 to. We'll convene a meeting once
8 those projects are in. We can
9 usually -- provided all the
10 information is there or taking
11 time to gather additional
12 documentation that we might need
13 for the package, we can do it

14 between seven to ten days.
15 Basically that's what we are
16 marketing to the banks that we're
17 able to do is to do a turnaround
18 on loans up to a million dollars
19 within a reasonable period of
20 time. With the now current
21 approval authority, we tell them
22 seven to ten days.

23 We are experiencing loans
24 that come in that are larger than
25 our internal approval level that

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1 we may have to do. If a board
2 meeting is on the horizon, say,
3 within the next week or so, we'll
4 bring that to the Board.
5 Sometimes it's not always
6 convenient. Of course, there's
7 always a sense of urgency, and in
8 most cases, it's validated. If a
9 company is looking for a line of
10 credit or equipment purchase,
11 then time is of the essence and
12 we like to be able to move at the
13 speed of the business and assist
14 in that effort in getting the
15 quicker approval.

16 It's also important for us,
17 when we're we've got the last

18 three loan requests that we
19 received are from completely new
20 banks that have never dealt with
21 us before, and as you remember
22 from last month, with our
23 marketing -- with the
24 consultants, that started to
25 increase. So for us to be able

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1 to move very quickly on the
2 those, I think, it's very
3 important to the program.

4 MR. ROY:

5 Let me just stop and let me
6 make sure that everyone's
7 questions have been answered. Do
8 we have any questions or comments
9 so far regarding the in-house
10 process?

11 MR. REINE:

12 You said the maximum the
13 committee approves is \$350,000?

14 MS. GUESS:

15 Yes, sir.

16 MR. REINE:

17 And out of all the deals,
18 what percentage? Is that 10
19 percent of what we do,
20 volume-wise, or 5 percent or 50
21 percent, or -- just an estimate.

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MS. GUESS:
Of those that are 350, I
would say, it's a low percentage.
Maybe -- it's below 50 percent.

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MR. PENNINGTON:
It's got to be below 50
because our average loan size is
well above the 600,000, so it's
definitely above 15 percent of
the enrollment portfolio. On the
accountant's report that we get
to later in the board meeting,
there's a chart of all active
SSBCI loans that are still active
and just glancing over them,
we've got several. The vast
majority of them are over our
internal limit.

MR. MESSER:
Steve, could you give Louis a
tab for --

MR. PENNINGTON:
Tab 9, page 4.

MR. MESSER:
Okay.

MR. REINE:
And then when this committee
approves them, the Board, I found
out now, has -- doesn't approve

1 any committee actions formally at
2 a later date. When do we see
3 those?

4 MS. GUESS:

5 The minutes are included in
6 the packet when these meetings
7 occur. They're listed as minutes
8 from in-house loan committees,
9 dated whatever that particular
10 date is.

11 MR. REINE:

12 But we don't see a packet of
13 information on them like we do on
14 a larger deal?

15 MS. GUESS:

16 Not at the present time. If
17 that's something you'd like to
18 see --

19 MR. REINE:

20 My concern is that we sit on
21 the Board and somebody else is
22 going to approve the loans, and
23 then we don't approve the action,
24 and the minutes get stuck in
25 here, and we've got a board

1 meeting. I just --I have a

2 little thing in the back of my
3 head that bothers me about that
4 process on larger amounts of
5 money. You're doing less than
6 50, but when you go up you're
7 going to be doing a lot more than
8 50 percent of the loans are going
9 to be approved in-house without
10 the full Board having any
11 questioning review or approval of
12 the process?

13 MR. PENNINGTON:

14 We attempt to bring --

15 MR. REINE:

16 It's not about that. My
17 mind, in the process of being a
18 board member, is that the
19 majority of the activity, the
20 Board's never going to see or
21 vote on.

22 MR. ROY: Let's see if there
23 were any other questions or
24 comments regarding the current
25 in-house status of the in-house

1 process. I just want to make
2 sure we all understand everything
3 across the board about the way we
4 do things now, then I was going
5 to ask staff and whoever else

6 wants to speak to talk about the
7 need for the change, and then
8 we'll go into the proposals. I
9 think that might be the way.

10 MS. THAM:

11 I do have a question.
12 Whenever a loan is brought before
13 the Board, you have a very nice,
14 detailed list about the current
15 ratio, quick ratio, whatever debt
16 they have, the fact that if they
17 have signed off personally as
18 owners of the company as well as
19 the company signing off, you have
20 ensured that there is collateral
21 that would cover it at a concern
22 ratio. I'm assuming that all
23 those same types of things are
24 done on in-house approval. Is
25 there a list of sort of where

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1 your cutoff is on some of those
2 items? Is there -- is it just a
3 good sense review, or is there
4 anything, a hard list of what is
5 acceptable for some of those
6 different criteria?

7 MS. GUESS:

8 They're the same. We use the
9 same rules for these -- for those

10 dollar amounts as well as the
11 larger dollar amounts. The
12 packages that you see in the
13 board pack for any loans that are
14 above the 350 are the exact same
15 passages that are reviewed by the
16 internal committee. There's no
17 -- there's still the analysis, it
18 still has to meet the same
19 collateral requirements. There's
20 nothing different than on the
21 lower loan amount level than what
22 you see in the packages that are
23 loans that are above 350.

24 MR. ROY:

25 And so to summarize the

29

1 policies, procedures, guidelines
2 that are followed in-house
3 screening committee, and by
4 default by the board, dictate by
5 the board; is that correct?

6 MS. GUESS:

7 That's correct.

8 MR. ROY:

9 Okay. Any other questions
10 about the -- or comments right
11 now about the in-house current
12 in-house process? Then we'll ask
13 Brenda to move on --yes, ma'am.

14 MS. VILLA:: If I could just
15 make one comment. I don't know
16 that my microphone's working. Of
17 the 16 loans that we have brought
18 forth, whether it was in-house or
19 brought to the full board, I did
20 my math real quick here. There's
21 16 of total of what, seven?
22 Matches 350 criteria or below
23 that were approved by our
24 in-house committee and of the
25 remaining nine there really has

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1 only been two more that we could
2 have approved in-house and not
3 brought forth to the board,
4 because they were still
5 relatively within that threshold
6 up to 500 thousand. So it's not
7 that significant of a number that
8 wouldn't have gone to the board.
9 So I just wanted to clarify that.
10 Thank you.

11 MR. ROY:

12 Okay. Brenda, do you want do
13 summarize what we currently do
14 with the screening committee?

15 MS. GUESS:

16 On the screening committee
17 level, we -- the screening

18 committee has the ability to
19 review all loans and/or awards up
20 to \$1 million. The -- whether it
21 be a loan guarantee at EDAP or at
22 EDLOP, that is the maximum amount
23 that the screening committee can
24 hear. The -- in the proposed
25 by-law change, there's a change

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1 to request that the screening
2 committee, which is made up of
3 entirely LEDC board members, a
4 screening committee chair, and at
5 least a minimum of two additional
6 members, that their approval
7 level be raised to the maximums
8 for each of those two programs,
9 or, well, three programs. The
10 loan guarantee program has the
11 ability to go and approve loans
12 up to 1.5 million. They can
13 approve EDAPs over a million
14 dollars. There is no limit on
15 the EDAP -- maximum for the EDAP.
16 And the venture capital seed
17 program has a maximum of \$2
18 million. Now, the -- I don't
19 foresee any additional seed
20 capital estimates. We are
21 currently, we've expended the

22 amount of money for, for that
23 program. There's a request
24 in-house that we are able to,
25 that we were maybe considering.

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1 we have found that we were able
2 to move some money from the loan
3 acknowledging to Treasury that
4 we'd like to move that dollar
5 amount, but we don't foresee any
6 any very long list of loan -- of
7 venture capital companies to come
8 before us for that. So to give
9 the screening committee the
10 ability to review and approve of
11 those requests up to the maximums
12 for those programs. And this was
13 brought up basically because of
14 our inability, on occasion, to
15 not be able to reach a quorum
16 when we have projects that are
17 above the maximum --the current
18 dollar amount that the screening
19 committee is able to hear.

20 MR. ROY:

21 Can you elaborate now on the
22 need for changes in the farm
23 policy?

24 MS. GUESS::

25 The policy changes, we feel

1 that they're needed in order to
2 be able to act on and have a
3 quicker turnaround for the
4 businesses, to be more responsive
5 to the needs of the companies
6 that are coming to us. We feel
7 that the -- this change is
8 something that we, you know,
9 would like for you to embrace and
10 we'd like some feedback on. We'd
11 like to see it move in another
12 direction and come up with some
13 alternative solutions, we welcome
14 that.

15 MR. MESSER:

16 Mr. Chairman, two seconds of
17 that. The reality is that we are
18 running, "we" being Louisiana
19 Economic Development, are running
20 an incredible run rate in getting
21 successful expansions and
22 retentions of current Louisiana
23 companies. So our business
24 expansion retention group, which
25 is statistically the group that

1 leverages these programs more

2 than others, are now visiting
3 more and more Louisiana
4 businesses who are now becoming
5 aware of these opportunities, are
6 now doing very well, and are now
7 sort of saying, Hey, you know, we
8 are trying to sort of expand or
9 we're acquiring and consolidating
10 operations from states -- from,
11 that are elsewhere in the nation.
12 So this is really a function of
13 the fact that the state
14 accounting, the receptivity to
15 our business of our environment
16 is really being driven by our
17 colleagues in the business
18 development side. So I just
19 wanted to provide that comment
20 for why this is required.

21 MR. ROY:

22 Any other staff have anything
23 else to add, any other anecdotes
24 or comments regarding that? If
25 not, I'll ask that the board

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1 members, let's discuss it and see
2 what everyone starts on -- Mr.
3 Reine?

4 MR. REINE:

5 I understand the need and the

6 time sensitivity. Screen
7 committees are considered public
8 meetings and advertised and all
9 of that good stuff?

10 MS. GUESS:

11 Yes, they are.

12 MS. VILLA:

13 Are you referring to the
14 in-house meetings or the -- the
15 in-house meetings?

16 MR. REINE: Wherever you
17 approve this.

18 MS. VILLA: The screening
19 committee meeting is considered
20 public.

21 MR. REINE: And the screening
22 committee is the one doing the
23 approvals, right?

24 MS. VILLA:

25 Correct.

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1 MS. GUESS:

2 You're talking about the
3 in-house meeting?

4 MR. MESSER:

5 I think he's talking about
6 two different things. The
7 screening committee is indeed a
8 public committee -- public
9 meeting and subject to public

10 meeting notice. The in-house
11 staff is not.

12 MR. REINE:

13 The in-house staff is
14 approving actions that aren't in
15 the public meeting.

16 MR. MESSER:

17 That is up to the dollar
18 amount specified; but as we
19 stated before, the protocol and
20 the same guidelines that are in
21 place for the screening committee
22 are those same guidelines that
23 are used by the LED in-house
24 staff in order to reach their
25 same conclusions. So the same,

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1 basically, the same rules that
2 would happen at public meeting
3 for -- the same things that would
4 happen at the public screening
5 committee, those same guidelines
6 are those that are used by LED's
7 in-house staff in order to do
8 this approval up to the
9 prescribed amounts.

10 MS. VILLA:

11 And those meetings are all
12 recorded and documented, and the
13 minutes are provided to the

14 board, correct?

15 MS. GUESS:

16 Correct.

17 MR. REINE:

18 I guess my biggest problem is
19 that once they're done, they're
20 done. I don't know if the board
21 has the authority to review them
22 and take a different action, but
23 the lack of the process where we
24 at least get a packet of
25 information and review those

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1 approvals after in a public
2 forum, I just -- I completely
3 understand the need, and business
4 needs to happen, and it needs to
5 be timely manner, but to be a
6 board member and say that
7 somebody else is going to do all
8 the approvals of the board and we
9 don't at least sit down at the
10 next meeting with a packet of the
11 information like the ones that
12 we're approving now, I'm just a
13 little uncomfortable with that.

14 MR. ROY:

15 Mr. Reine, if your concern
16 primarily is to make sure that
17 the board at least reviews the

18 information that might have been
19 approved by the in-house group, I
20 think the minutes of the
21 screening committee normally are
22 submitted to the board. But, in
23 particularly the in-house --
24 having the in-house information
25 submitted to the board in a more

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1 robust manner than as it's being
2 done now, I guess about now we're
3 just getting the name of what
4 we're doing, now what's been
5 approved. But does that address
6 your concern?

7 MR. REINE:

8 Yes, I've never sat on a
9 board, nor have I wanted to. I've
10 never seen where a committee
11 takes an action and the board
12 doesn't approve the action of the
13 committee at a subsequent
14 meeting. And then we have
15 another group of people -- and
16 ain't my money. It's other
17 people's money. And to be
18 questioned at some point in time
19 and you're a board member and
20 they did such and such and did
21 you review it? No. Did you vote

22 on it? No. To not at least have
23 a package of information of what
24 got approved at some place that
25 wasn't even a public meeting --

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1 we're supposed to working on
2 sunshine and this is the public's
3 money. And to not have an open
4 public meeting where those people
5 appointed to the board at least
6 review that information, I'm just
7 uncomfortable with that. I'm not
8 trying to stop the process moving
9 timely manner, but when we
10 discussed this last time I
11 thought maybe we were talking
12 about about an initial approval
13 that would be finalized at a
14 board meeting, but it's my
15 understanding we're not even
16 going to review it in detail as
17 we do these -- as we currently do
18 for those loans between the
19 different amounts of money.
20 That's -- if y'all are
21 comfortable with doing that,
22 okay.

23 MR. ROY:
24 would there be any problem
25 with staff being able to provide

1 us with more information, at
2 least a synopsis, perhaps, that
3 would be okay with Mr. Reine and
4 other board members? A synopsis
5 of the deals that are done at
6 in-house at the next regularly
7 scheduled board meeting.

8 MS. GUESS:

9 we can include the action
10 term sheets, the -- and the
11 entire financial packet without
12 making, you know, we'll just give
13 this the, I think the term sheet
14 and the that we have in here and
15 the financial analysis that's
16 performed on all of the loans
17 that we review in-house would
18 basically be sufficient; or we
19 find out, you know, we can start
20 doing that starting with next
21 month's meeting. And then if you
22 want more than what we -- than
23 those documents then we can
24 include more.

25 MR. ROY:

1 Let me see what other board

2 members are thinking.
3 MS. THAM:
4 well, are we proposing that
5 any release of monies be delayed
6 at the board meeting, or is this
7 going to be a regular review to
8 make sure the process is followed
9 the way we think it's been
10 followed, that the same care is
11 being taken? You know, I don't
12 know, it's no point in having it
13 at the in-house level if they
14 can't release funds, because then
15 they may wait two weeks -- two
16 months for a board meeting. So I
17 don't know whether -- I still, I
18 think it's wonderful idea that at
19 least should get reviewed. We
20 know that the same process has
21 gone through, but are we thinking
22 we need to start delaying the
23 release of money? Or just make
24 sure the process is going
25 correctly?

43

1 MR. REINE:
2 My question is once in-house
3 approves the loan, or steering
4 committee approves the loan,
5 that's a done deal? Does the

6 board even have the authority to
7 undo the deal?

8 MR. ROY:

9 Not under the current -- my
10 appreciation is under the current
11 rules established by the board
12 that the in-house and the
13 screening committee has authority
14 to do to the deal without further
15 review by the board; am I
16 correct?

17 MR. CANGELOSI:

18 You are correct; yes, sir.

19 MR. REINE:

20 Under that scenario, if we
21 gave them authority to do this we
22 wouldn't have any delays. We'd
23 simply have the ability to review
24 the deals and if -- I mean, often
25 I look through here and I have a

1 question. The other day somebody
2 had an arrangement and they
3 didn't have a signature saying
4 they had the lease. And at least
5 I got to ask the people and they
6 got to explain, and I felt more
7 comfortable with at afterwards
8 than, I guess, this strange rule.
9 I don't want to do nothing that I

10 got to walk out this door and
11 look at a newspaper reporter and
12 have to explain, particularly if
13 I didn't get presented any
14 information. So I don't know,
15 maybe y maybe the simplest
16 solution is that we do review
17 them at the next meeting. If a
18 question comes up, we can pursue
19 the question. But the way I
20 perceive what we're doing is
21 under this proposal, without any
22 review -- look, it's nothing
23 against staff. I'm sure y'all
24 are much more thorough with this
25 information than I am, but to say

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1 that I set on the board and
2 they're making loan guarantees or
3 doing grants and at the end of
4 the day I didn't see them, I
5 didn't vote on them, and I didn't
6 review them, I'm not comfortable
7 with that position. So maybe the
8 answer is we just review them and
9 at the next meeting after they're
10 done and we'll see how that goes.

11 MR. ROY:

12 we'll see if the board
13 members accept.

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MR. SIMPSON:

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when they're approved

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in-house, is there any kind of

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disclaimer that the board was not

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involved or, by effect, that

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we've given them that ability

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that puts the board as having to

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get authority? Does that make

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sense?

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MR. CANGELOSI:

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Do the bylaws give the group

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screening committee the authority

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and the resolution of the board

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would give the in-house committee

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the authority to make the loan.

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That is the board action. The

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board is giving them the

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authority to do that.

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MR. ROY:

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I think, if I'm right, I

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think the current framework has

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been in existence for years. And

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just to maybe add some comfort to

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the board members, for the board

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members. One of the -- one check

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and balance is certainly we

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approve, the board approves rules

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by which the in-house committee,

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as well as the screening

18 committee, operates. So that's
19 one check and balance we have on
20 the deal. Where Mr. Reine's
21 great concern that and it's an
22 important point that it would be
23 nice to know more, but I think
24 staff said we can get that, but
25 the other check and balance would

47

1 be if the committee starts doing
2 bad deals, if the in-house and
3 screening committee starts doing
4 bad deals, those deals ought to
5 show up in the past due records
6 or the charge off records that
7 are for the presented board. And
8 we, and I'm drawing on my banking
9 knowledge. But, you know, that's
10 the way it happens in the banking
11 world. We look at those things
12 and the committees do a bad job,
13 well, then, you pick up on it.
14 Because if not you're not
15 approving good deals -- but that
16 is another check and balance, I
17 guess, on the current system.
18 But the way that it's been
19 happening now has been in
20 existence, I don't know how long.
21 Counsel, do you know?

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MR. CANGELOSI:

At least for 20 years.

That's how long LEDC has been in
existence.

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MR. ROY:

Okay. Other questions or
comments about this.

MS. THAM:

well, you know in any
not-for-profit or governmental
unit or corporation that has a
board of directors, I mean, the
board of directors is not going
to make every little decision,
every day-to-day decision. So I
think what we're looking at here
is not level we're comfortable
with delegated. And I think you
have a point. I think that
delegating that makes things
work. And if you don't delegate
and we have to approve every
little decision, nothing's going
to go forward, but are we making
sure that we're doing due
diligence to review it and that
the process is working the way we
think it's working? And I think
you're right. We're going to see

1 problems with the loans -- of
2 loans that were, quote, bad
3 loans, but you know there other
4 issues involved, too. There are
5 lot of issues here and we're
6 investing public money, not just
7 whether we're going to get paid
8 back. And so probably it would
9 be a nice idea that we'd review
10 this, just to make sure it's
11 going along as we think. whether
12 it's 350 or whether it's 500
13 thousand. And perhaps the answer
14 to that is to have this
15 information put in our packet in
16 the next board meeting after each
17 one of these decisions is made,
18 and let us review it. We don't
19 necessarily have to do a
20 prolonged discussion, but if
21 there's something that faults,
22 then at least we have the chance
23 to question and see if there's
24 some problem with what was done
25 and if we need to rework the

1 rules a little. And then we go

2 back to the question how much do
3 you want to delegate and at what
4 level you want to cut it off.

5 MR. ROY:

6 So you're suggesting along
7 the lines of Mr. Reine that
8 there's a real review of things,
9 but not necessarily, I think if I
10 heard you correctly, that we do
11 away with the authority of
12 in-house to do the deed.

13 MS. THAM:

14 You know, I don't think
15 you're going to if you don't give
16 them some authority. The
17 question is we have to decide
18 what level we're comfortable
19 with, and we also need we make it
20 their duty you give some
21 authority you need to be
22 double-checking that. It's
23 working out like we think it is.
24 I mean, we trust a lot. They do
25 a great job. That doesn't mean

1 we'll always have a group that we
2 can trust and that does a great
3 job. So we ought to be taking a
4 responsibility for checking that.
5 I don't think that requires a

6 detailed review of every loan in
7 public meetings discussion, but
8 just acknowledge that we've read
9 it. If we have questions, we get
10 a chance to have them answered
11 and if we don't, then it's a
12 review, not that we have to
13 approve that loan, but it's just
14 a review of the process and how
15 well it's going.

16 MR. ROY:

17 Maybe staff, to that point,
18 to both of the points, can
19 include just a statement about
20 what the term sheet, I think you
21 said, and then the statement
22 about all of the staff, all of
23 the requirements set forth by the
24 board in the program is being
25 approved under, have been met and

1 maybe a quick synopsis of what
2 those all are. But and I think
3 that then we can review that and
4 then if we get objection later,
5 we can deal with it. But that
6 would, I think, would address at
7 least in part, I think. Mr.
8 Reine about. Am I correct? With
9 what you bring up and also what

10 Ms. Tham is bringing up
11 MS. GUESS: That can
12 certainly be done.
13 MR. ROY:
14 Okay. Let's discuss if y'all
15 have any comments or questions.
16 Maybe let's discuss the bigger
17 and mean ye I think we are
18 digesting where we are in that
19 there is some need for someone to
20 act as, I think, where Mr. Reine
21 more about that but the -- assume
22 that's correct. That the
23 question then, is as Ms. Tham
24 said, is what level, what's the
25 threshold, who has the authority

53

1 to do what at what dollar amount.
2 So let's say staff is
3 recommending 500,000 for in-house
4 let's bring that up first what is
5 the discussion on that. Currently
6 350 would be going at 500
7 thousand.

8 MR. SIMPSON:
9 I don't really, I guess,
10 appreciate the timeliness. We're
11 meeting once a month. Does it
12 really delay things to be purely
13 coincidental the first day after

14 we met and somebody saw that
15 then, yeah, it'd be a month but
16 most instances I wouldn't think
17 more than a week or two before we
18 are meeting.

19 MR. ROY:

20 Let me just say one thing to
21 just kind of paint a picture for
22 Mr. Simpson and others and I'll
23 just, you know, you'll all have
24 to bear with me because I come
25 out of the banking world and so

1 I'm telling you, you know, how
2 it's working and particularly on
3 the LEDC guarantees. The bankers
4 are working -- most banks are
5 doing, you know, a deal of any --
6 and it varies from bank to bank,
7 but probably in a week, you know,
8 you're going to get some kind of
9 approval on a deal of any size,
10 let's say up to a million, and
11 staff y'all can chime in. But
12 the banks, which I'm talking
13 about the loan experience, but
14 the banks are looking for, what
15 they're making their own
16 determination on a deal up to,
17 let's say, a million within a

18 week probably. Once they have
19 all the information, is that?

20 MS. GUESS:

21 Yeah, that's --

22 MR. ROY:

23 Obviously it's not a
24 scientific study, but the bank
25 the banking deals and in

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1 particular the guaranteed deals
2 are about speed. They really
3 are. Because everybody's
4 competing against each other so
5 it's usually the one that gets
6 the worm is the one that gets it
7 done quick. So I'm just painting
8 the picture in general about
9 about the need for speed, not to
10 address specifically where we
11 would draw the threshold but just
12 paint a general picture about
13 just wanting to say that,.

14 MS. GUESS:

15 And this is the timing on
16 that we see, just that you know,
17 we'll see a bank that has for
18 example, a request for that was
19 proved last week or maybe earlier
20 this week, Tuesday or Wednesday.
21 They submit it to us to provide a

22 guarantee to them. You're looking
23 at somewhere -- and it's really,
24 it's discussed that somewhere
25 within the next couple of weeks

56

1 that we do have a response back
2 to them. Now, typing is always
3 the issue or the correction when
4 a package comes to us. We
5 typically mail out the packages
6 in the week prior to the board
7 meeting to the board members.
8 There's sometimes we might not
9 send it out till that Monday
10 because we've received something
11 earlier that we need and we are
12 able to vet it internally first
13 before we send it on to the
14 board. That particular package
15 is just the luck of the draw. It
16 came in through the house, the
17 office, just at that time we were
18 doing a mailout. But they want
19 to come in Monday and we are not
20 able to convene a -- it's above
21 the current limit. Say it's,
22 say, above the loan, the
23 screening committee's approval
24 limit. Then we certainly-- and
25 time is of the essence to the

1 banker and to the borrower. Then
2 we're looking at a least a 4-week
3 period of time before we would be
4 able to bring it to the board for
5 the board to take action.

6 MR. ROY:

7 Let me ask you this. Again,
8 try to look at them directly as
9 competition but a lot of that --
10 what's the turnaround in a deal?
11 Do y'all know?

12 MR. PENNINGTON:

13 About three to six months,
14 depending on the size of the
15 loan. And it depends on the
16 experience of the bank, as well.
17 Not all banks, you know, are
18 actually involved in the deals.
19 Usually the small --

20 MR. ROY:

21 what I'm talking about is
22 important to understand the
23 question for all of us. Once you
24 submit something to SBA or once
25 you submit to us the completed

1 package, that turnaround to get a

2 decision, any idea?

3 MS. GUESS:

4 From what we're hearing from
5 the bankers regarding SBA, it's
6 been that through the six month
7 period of time that Steve just
8 mentioned, and we're getting
9 phone calls more from those
10 bankers who are experiencing
11 those long delays with SBA and
12 giving them a decision.

13 So those that are involved in
14 the guaranty lending are looking
15 for another alternative, and that
16 alternative, basically, is us.

17 MR. REINE:

18 Let me ask you a banking
19 question. If I go down to my
20 local bank and I sit down at the
21 desk and say, I'd like to make a
22 \$500,000 loan, I'm going fill out
23 some paperwork, and I would
24 suspect that person is going to
25 say, This looks pretty good. Let

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1 me go get my bank manager to sign
2 off on it.

3 Is that the way it works?

4 That person sitting at that desk
5 is going to approve my \$500,000

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loan?
MR. ROY:
It depends on the bank, but most banks, if you go see a loan office, the loan officer is going to have a secured lending line of credit, which is going to be a little higher if you take a collateral. Each officer is probably going to have an unsecured line, which would be lower. And then from there, they may have to take -- if they can't do the deal themselves, they would have to take it to a committee, usually. Some banks, it's a committee of officers; some banks, it's a combination of officers and board members; some, it's just board members. It

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really varies. Some of the really big guys probably have a senior VP that will do the deal individually, but there's a pecking order up to the Board. And the biggest banks' boards don't even approve those things. They have a lending committee that usually approves them.

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MR. REINE:

But the deal is there's a checking balance of somebody looks at it, we have a conversation and there's usually more than one entity on a large loan that says grace over. That not just the initial person is going to say yes or no, tell you it looks good or looks bad, but they're going to go to a committee or to a person, and there's going to be a second look at it before it gets approved?

MR. ROY:

A lot of times it depends on

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the bank, but some -- most banks are going to have individuals that can make loans, groups that can make loans, and maybe the Board makes loans or they don't.

MS. VILLA:

And, Mr. Reine, just to elaborate a little bit, that's similar to what happens at LEDC is the package will come in to one of our program administrators, one of our loan officers, and it will be reviewed

14 by them, and then it will be
15 reviewed with the small group
16 within business services through
17 Steven's involvement with that
18 with the individual person, and
19 then if it passes those two
20 parties, then it goes to the
21 in-house committee.

22 So there's a lot of vetting
23 take places within the offices of
24 LEDC at LED prior to even going
25 to the in-house committee.

62

1 There's loans that come through
2 the door that, as a member of the
3 in-house committee, I never see
4 because it doesn't pass the
5 initial review by either the loan
6 officer or by Steve and Brenda.

7 So we do have that same
8 similar pecking order, so to
9 speak, within the arrangement
10 that is set up. Currently, we
11 just, as an in-house committee,
12 can only approve up to 350. So
13 the only the request that we're
14 asking is that it gets increased
15 to 500,000. One thing that
16 Brenda and I have experienced in
17 our time with working with the

18 Treasury, with SSBCI, with this
19 program is what other states are
20 doing, is what other states have
21 complete authority to extend
22 these dollars out. They don't
23 have a board that they have to go
24 to. Am I correct, Brenda?

25 MS. GUESS:

63

1 Yes, ma'am.

2 MS. VILLA:

3 There's in-house, there's
4 individuals, and in-house
5 committees that can expend these
6 dollars. So we're, you know,
7 we're not asking for that. We're
8 just asking for the threshold to
9 be increased from 350 to 500.

10 MS. THAM:

11 Can I ask who's on -- who
12 comprises the committee and how
13 many people are on it?

14 MS. VILLA:

15 Daria, do have the list? I
16 know, off the top of my head, I'm
17 on it as the undersecretary.
18 Quentin is on it as assistant
19 secretary. Brenda and Steven are
20 on it as well, as well as Mr.
21 Cangelosi as our attorney. We

22 also have a member of our other
23 departments within LED. Someone
24 from our small business services
25 group is in there as well as

64

1 someone from our business
2 expansion and retention group.
3 Did I miss anyone?

4 MS. GUESS:

5 No. That includes them.

6 MR. CANGELOSI:

7 And the staff mentioned.

8 MR. ROY:

9 The people that you just
10 named, are all of those
11 individuals -- well, who can be
12 on the in-house committee is set
13 forth by a prior policy of the
14 Board. We haven't read that in a
15 while, so I assume that
16 everything you just said is
17 reduced to policy, and it says
18 you have to have -- just like you
19 have to have a certain number on
20 the screening committee, you have
21 to have a certain number of
22 in-house individuals that are
23 present.

24 MR. CANGELOSI:

25 I don't know that it's

1 written down in policy, but it's
2 been the practice for 20 years.
3 That group of people, different
4 people but the same positions,
5 have been in place for over 20
6 years.

7 MS. GUESS:

8 You're correct, Bob. Bob's
9 correct. It's not written down
10 anywhere. This has been the
11 practice.

12 MR. ROY:

13 Okay. All right. So any --
14 what other questions or comments
15 with regards to potentially
16 raising the in-house from 300 to
17 500? Mr. Simpson, do you have
18 anything else?

19 MR. SIMPSON:

20 It keeps coming back to my
21 mind of what makes only the
22 larger ones important enough to
23 come to the Board where 50
24 percent of the loans are just
25 being approved without the Board?

1 And still just the time, it

2 sounds like we are about as
3 timely an organization as there
4 is in the field of getting the
5 loans. I guess I don't
6 completely understand or
7 appreciate that, but I'm not from
8 the banking world.

9 MR. PENNINGTON:

10 A lot of the 500,000-ish
11 loans, typically, if a bank's
12 calling us and they need that
13 type of loan in today's world,
14 it's a line of credit for all
15 intents and purposes. They need
16 cash. The business needs it
17 because they have equipment
18 that's coming in from overseas or
19 they need to buy additional
20 inventory, things along those
21 lines, and Mr. Ward probably can
22 attest to that, too. The
23 borrowers don't go to the bank
24 until the day before the money's
25 due to the party that they have

1 to pay.

2 So we're kind of at the mercy
3 of responding to the necessity
4 and speed and timing of the
5 borrower and the banker's

6 request. Loans over 500,000 in
7 today's world typically are going
8 to have large pieces of
9 collateral attached to it. Back
10 20 years ago when our lending
11 limit was 350,000 in-house, that
12 basically would equate to around
13 500 to 600,000 in today's
14 dollars. We're just trying to
15 keep up with the economy as it's
16 going with the inflation and the
17 way things have grown and
18 progressed over the last 20 to 25
19 years.

20 Most of the loan officers
21 that we deal with today, they do
22 have limiting authority up to
23 500. In some cases, a more
24 experienced loan officer at a
25 bank would have around approval

68

1 of 750 to a million, depending on
2 the bank, as Mr. Roy said. It's
3 a speed and timing thing.

4 It's also part of our
5 marketing pitch when we go out to
6 speak to these bankers and these
7 loan officers. They love the
8 idea of being able to call us
9 whenever one of their current

10 borrowers or current clients get
11 in a bind or have an opportunity
12 to get a large government
13 contract in some instances. They
14 just need the credit to get the
15 inventory and to get the
16 equipment and get what they need
17 to win that award and fulfill
18 that contract.

19 That's a lot of what we see,
20 and usually anything -- coming
21 from the small business world as
22 well, most of these smaller
23 companies, they're not going to
24 be asking for anything
25 outrageous, and it's usually when

1 we underwrite these and we review
2 them, we're requiring, at
3 minimum, the state -- the same
4 1.1 collateral requirements.
5 Sometimes we have banks that come
6 in and require a lot greater
7 amount of collateral than what
8 we're asking for. We love doing
9 those.

10 The processes are all the
11 same. It's just a response to
12 the changing times and the
13 demands of today's environment.

14 Dealing with the SBA can be
15 cumbersome. I don't know if
16 you've ever seen an SBA 7(a)
17 guaranty packet. It's about 3
18 feet thick and tall, and it can
19 take a while. They also like the
20 idea that coming to us, it's just
21 a handful of pages. With the
22 SSBCI funds, we do have a couple
23 of more signatory deals that are
24 required by the U.S. Treasury.

25 But being able to respond in

70

1 a timely manner and give them
2 some type of ease or limited
3 approval of some sort, it bodes
4 well for us.

5 MS. THAM:

6 Let me ask you. You've
7 recently done a lot of marketing to
8 bankers and tried to make them
9 more aware of the program. Do
10 you have any feel for what level
11 of loans has the most interest?
12 I mean, I can see this changing
13 because your marketing has just
14 changed so much. Is that likely
15 to change the level of loan you
16 think you're making, or what are
17 you hearing from bankers?

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MR. PENNINGTON:

Yes. The level with regard to dollar amount is definitely increasing. We just got notice from the U.S. Treasury, was it last month or just two or three weeks ago, that out of our region that we're part of, our average

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loan size is greater than any other state in that region. Overall, as far as the country is compared to the rest of the states, we're very -- we're high on the totem pole as far as average loan size.

Now, some other states have done different things with their -- and they've done more loans, but as far as the average dollar amount of a loan that we're seeing, the 650 and higher, we're at the top of the pecking order compared to the other 50 states. So it's just a natural increase in demand. Most -- even startup businesses today, they're -- you couldn't open a restaurant for less than \$750,000.

MS. THAM:

22 So you don't envision this
23 being skewed more to less than
24 \$500,000 loans because of the
25 different marketing you've done.

72

1 MR. PENNINGTON:

2 No. It's just the natural
3 progress. It's just the natural
4 growth.

5 MR. ROY:

6 Let me -- Mr. Reine, I think,
7 may have to leave before long, so
8 Mr. Kamath has offered a motion
9 to raise it to 500,000. We're
10 just talking about in-house right
11 now. So going from 350 to 500,
12 we have a motion on the table.

13 MS. THAM:

14 Can we add the provision that
15 we just get a summary of the next
16 board meeting?

17 MR. ROY:

18 Subject to a summary that all
19 the deals done at the last
20 meeting, in-house meeting, and
21 presented at the next board
22 meeting show that all of the
23 requirements that the Board has
24 in place for a particular program
25 have been met as well as the

1 terms sheet, I think, which we
2 discussed previously.

3 So any other discussion on
4 that matter?

5 MS. THAM:

6 I second the motion.

7 MR. ROY:

8 Okay. We have a second and
9 no other discussion. All in
10 favor, say "aye."

11 (Several members say "aye.")

12 MR. ROY:

13 All opposed, "nay."

14 (No response.)

15 MR. ROY:

16 Good. Okay. All right. I
17 think we lose our quorum now, but
18 the next order of business would
19 be just on the screening
20 committee issue.

21 MR. CANGELOSI:

22 We don't lost the quorum.

23 Once you have a quorum, you
24 maintain it throughout.

25 MR. ROY:

1 Okay. I stand corrected.

2 The screening committee issue --
3 and let me throw something out
4 that perhaps one, I guess,
5 solution -- I think we'll have a
6 similar discussion and perhaps a
7 more robust discussion about the
8 screening committee. Could we
9 say that -- the screening
10 committee is at a million. The
11 request is still 1.5 million on
12 the guaranty program.

13 Is there a need right away to
14 go to 2 million the max on the
15 Seed Capital Program. Is that a
16 -- is that pressing? The Seed
17 Capital thing is not nearly as
18 pressing as guaranty programs, it
19 seems to me.

20 MS. VILLA:

21 We were just trying to make
22 an alignment with what they could
23 get up to, so for the loan
24 guaranty, it's up to 1.5 million
25 that the company is going to

1 apply for, and the Seed Venture
2 Capital Fund, it was up to \$2
3 million. So we were just trying
4 to keep that consistent with what
5 the applicant's up-to number was

6 for the screening committee to
7 approve it.

8 MS. GUESS:

9 Right.

10 MR. ROY:

11 what about this. I think the
12 board has some indigestion about
13 giving up authority --
14 substantial authority, even if
15 it's just to the committee and
16 the Board. Could we say and let
17 the board be amenable to raising
18 the limit of in the event that
19 you can't get a quorum? I mean,
20 could we do that and say -- like
21 today would have been a good
22 example. We sat here. We
23 couldn't get a quorum. So if we
24 called the screening committee
25 and we couldn't get a quorum then

76

1 we could raise the limit to 1.5.

2 Is that something that can
3 work? Is that something that the
4 Board might -- what?

5 MR. CANGELOSI:

6 what's being proposed right
7 now is that the limit always at
8 1.5 million, but in the event of
9 an absence of a quorum at a board

10 meeting or we know a quorum is
11 going to be a problem at a board
12 meeting, that the screen
13 committee has authority to act
14 with regard to any amount. Now,
15 if you want to limit that
16 authority, we can limit that to
17 the 500,000, if you want to do
18 that, or 2.5 million, however you
19 want to go.

20 MR. ROY:

21 I'm just trying to put my
22 finger on the pulse of the Board.
23 It seems like the Board would --
24 might be more amenable to a lower
25 amount and an amount that would

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1 kick in if we can't get a quorum.
2 So maybe what you just said,
3 Counsel, 1.5 million. Seed
4 Capital, it seems like those
5 deals aren't as pressing.
6 Guaranty deals are the most
7 pressing; am I correct?

8 MS. GUESS:

9 Correct.

10 MS. VILLA:

11 I think those and the EDAPs
12 appear to be the most pressing.

13 MR. ROY:

14 And the EDAP. Right. But
15 let me hear from the Board. I'm
16 just throwing out a general
17 direction that it could take.
18 What are the thoughts of the
19 board?

20 MR. SIMPSON:
21 I'm not opposed to the no
22 limit myself. Time is of essence
23 and we've got enough to have a
24 screening committee.

25 MS. THAM:

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1 A screening committee
2 requires three members; is that
3 correct?

4 MR. CANGELOSI:
5 That's correct.

6 MR. ROY:
7 Now, do is it the sentiment
8 of the Board that we increase the
9 carte blanche, or do we want a
10 trigger in there that says in the
11 event you can't get a Board --

12 MS. THAM:
13 In practice, that's about the
14 only time a screening committee
15 is convened in any case, right?
16 But this would make sure that
17 that was followed.

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MR. ROY:

A lot of times, that's the case, but we have had -- there have been times when the screening committee has been assembled just to do a deal because it was below the threshold amount, and we knew

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that the screening committee could do it under the rules.

MR. CANGELOSI:

Not only that, but there may be a problem with the delay of the month.

MR. ROY:

Yes. Right.

MR. CANGELOSI:

A screening committee could act quicker than the entire board.

MS. GUESS:

Currently, there are five members on the screening committee, and I think three would be the minimum. But they are currently five numbers. The vice chair of the Board is the chair of the screening committee, and then there are four other

22 members.

23 MR. ROY:

24 Okay. So will someone make a
25 motion?

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1 MR. SIMPSON:

2 I move that we stop to where
3 it's carte blanche for the
4 screening committee.

5 MR. ROY:

6 with the trigger or not with
7 the trigger of quorum, no quorum,
8 quorum at a board meeting being
9 met or without?

10 MR. SIMPSON:

11 Quorum.

12 MR. ROY:

13 That you require that in
14 order for that to happen that we
15 cannot have a quorum at the board
16 meeting.

17 MR. SIMPSON:

18 Correct.

19 MR. CANGELOSI:

20 That's the bylaw amendment is
21 written right now.

22 MR. ROY:

23 Okay.

24 MS. THAM:

25 And that you're talking about

1 both programs, the loan guaranty
2 program and the seed capital
3 dollar amount?

4 MR. CANGELOSI:
5 And EDAP is mentioned.

6 MS. THAM:
7 And the EDAP.

8 MR. ROY:
9 So all three is in your
10 motion?

11 MR. SIMPSON:

12 Yes.

13 MR. MESSER:

14 Second.

15 MR. ROY:

16 Second. Any more discussion?

17 MR. CANGELOSI:

18 Yes. I think Brenda
19 misinterpreted something here
20 that the screening committee is
21 composed of three board members.
22 It would be the vice chairperson
23 of the Board and two additional
24 board members.

25 If you can't get the two

1 additional board members

2 together, you can use any two
3 board members. So it's not five.
4 It's three. So what we're seeing
5 is the motion has been made to
6 adopt the bylaw amendments as
7 they are written.

8 MR. ROY:
9 Okay. So we have a motion.
10 Second?

11 MR. KAMATH:
12 Second.

13 MR. ROY:
14 Any other discussion? Do you
15 have any other motions?

16 MS. THAM:
17 No.

18 MR. ROY:
19 Okay. All in favor, say
20 "aye."
21 (Several members say "aye.")

22 MR. ROY:
23 All opposed, "nay."
24 (No response.)

25 MR. ROY:

1 without objection. Okay.
2 All right. I thank everyone for
3 coming. I don't think we have
4 any other business.
5 well, yes, we do.

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MS. VILLA:
We're going to defer the Secretary of Treasury's report. It really has changed from last month except for, obviously, the projects that were brought to the Board today. We're still working on our financials as we closed our year June 30th. So we're still working on those financials.

We've got the budget for FY 1415 in here that's stated, but there's no detailed financials that we typically have that shows where we end up and where we offer the current period. So none of the information is in here. There's been no change in the accountant's report, either,

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as well, so I think that's correct. So we were just going to hold those until next month when we met.

MR. ROY:
So do you want that to be the official presentation, or do you want to actually -- are you deferring it?

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MS. VILLA:
Recommend deferring it.

MR. ROY:
well, we probably need a
motion for that.

MR. KAMATH:
Motion to defer it.

MR. ROY:
Motion to defer the reports
to the next meeting.

MR. MESSER:
Second.

MR. ROY:
Second. All in favor, say
"aye."
(Several members say "aye.")

MR ROY:
All opposed.
(No response.)

MR. ROY:
without objection.

MR. MESSER:
I want to thank for everyone
for their endurance and their
leadership and thank you very
much. Have a great weekend.

MR. ROY:
Motion to adjourn?

MR. MESSER:

14 So moved.
15 MS. THAM:
16 Second.
17 MR. ROY:
18 Meeting adjourned.

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20 (Meeting adjourned at 12:10 p.m.)

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REPORTER'S CERTIFICATE

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I, DESIREE DELATTE, Certified

5 Court Reporter in and for the State of Louisiana,
6 as the officer before whom this meeting for the
7 Board of Commerce of the Louisiana Economic
8 Development Corporation was taken, do hereby
9 certify that this meeting was reported by me in
10 the stenotype reporting method, was prepared and
11 transcribed by me or under my personal direction
12 and supervision, and is a true and correct
13 transcript to the best of my ability and
14 understanding;

15

That the transcript has been

16

prepared in compliance with transcript format

17

guidelines required by statute or by rules of the

18 board, that I have acted in compliance with the
19 prohibition on contractual relationships, as
20 defined by Louisiana Code of Civil Procedure
21 Article 1434 and in rules and advisory opinions
22 of the board;

23 That I am not related to counsel
24 or to the parties herein, nor am I otherwise
25 interested in the outcome of this matter.

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2 Dated this 6th day of August, 2014.

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DESIREE DELATTE, CCR, RPR

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CERTIFIED COURT REPORTER

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