

STATE OF LOUISIANA
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS

The above-entitled meeting was held at the LaSalle Building 617 North 3rd Street, Floor 1 - LaBelle Room, Baton Rouge, Louisiana, beginning at 9:39 a.m., on August 12, 2021.

BEFORE:

Lori B. Overland
Certified Court Reporter
In and For the State of
Louisiana

A P P E A R A N C E S

BOARD MEMBERS :

A. J. Roy, III, Chair
Stephen David, Jr.
Cal Simpson
Charles Jackson, III
Norisha Glover
John George, Jr.
Terry Moore
Andy Adler

STAFF :

Deborah Simmons
Anne Villa
Frank Favaloro
Marissa Doin
Molly Hendricks
Robin Porter
Shamelda Pete
Liz McCain
Kelly Raney
Laura Womack
Susan Bigner

* * * * *

I N D E X

EXHIBITS :

None

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2 MR. ROY:

3 Good morning. I call to order the
4 Board of Directors of the Louisiana
5 Economic Development Corporation. Roll
6 call, please.

7 MS. SIMMONS:

8 Good morning. A.J. Roy?

9 MR. ROY:

10 Here.

11 MS. SIMMONS:

12 Charles Jackson?

13 MR. JACKSON:

14 Here.

15 MS. SIMMONS:

16 Louis Reine?

17 (No response.)

18 MS. SIMMONS:

19 John George?

20 MR. GEORGE:

21 Here.

22 MS. SIMMONS:

23 Cal Simpson?

24 MR. SIMPSON:

25 Here.

1 MS. SIMMONS:
2 Andy Adler?
3 (No response.)
4 MS. SIMMONS:
5 Norisha Glover?
6 MS. GLOVER:
7 Here.
8 MS. SIMMONS:
9 Terry Moore?
10 MR. MOORE:
11 Here.
12 MS. SIMMONS:
13 Stephen David?
14 MR. DAVID:
15 Here.
16 MS. SIMMONS:
17 Secretary Don Pierson.
18 (No response.)
19 MS. SIMMONS:
20 We have a quorum.
21 MR. ROY:
22 Thank you. I ask everyone to please
23 silence your devices. I also ask the
24 board members or anyone speaking to
25 please lower your mask. Our Court

1 Reporters are having a difficult time
2 transcribing with our mufflers on. So I
3 appreciate everyone doing that.

4 That said, the first order of
5 business is the approval of the minutes
6 of July 8th. What is the pleasure of the
7 board?

8 MR. SIMPSON:

9 Motion to approve.

10 MR. ROY:

11 Motion for approval as presented.

12 MR. MOORE:

13 Second.

14 MR. ROY:

15 Second. Any discussion?

16 (No response.)

17 MR. ROY:

18 Hearing none, all in favor, aye.

19 (All responded, aye.)

20 MR. ROY:

21 All opposed, nay.

22 (No response.)

23 MR. ROY:

24 Any comments from the public?

25 (No response.)

1 MR. ROY:

2 It's approved.

3 Next order of business, the EDAP
4 program. Ms. Womack. Good morning.

5 MS. WOMACK:

6 Good morning. My name is Laura
7 Womack and I'm representing staff. I'm
8 presenting CSP DeRidder to you this
9 morning. Also in attendance, I have
10 Laurie Sullivan, who is the Director of
11 Finance for Canfor Southern Pine.
12 There's also Michael Best, who's the
13 Fiber Procurement Manager for CSP
14 Services and Thomas Buchanan, who's the
15 Regional Manager of Canfor Southern Pine.
16 Also in attendance, is Rhonda Boatner
17 with Didier Consultants.

18 CSP DeRidder is wholly owned by NSLC
19 Southern, Inc., which in turn, is a
20 wholly owned subsidiary of Canfor
21 Southern Pine, Inc. Canfor is one of the
22 world's largest producers of sustainable
23 lumber, pulp and paper.

24 The DeRidder site would be the first
25 Louisiana investment for Canfor. The

1 facility will be located at the
2 Beauregard Regional Airport on a shuttle
3 ready site to be leased by CSP DeRidder.
4 This mill will utilize new equipment for
5 both the sawmill and planer mill, which
6 will be located in a single building.
7 The facility will use state of the art
8 scanning, optimizing technology through
9 the log breakdown to the finished lumber.
10 The mill will employ an advanced system
11 to process data and assist in making
12 approved operational decisions. Safety
13 will be a key focus from construction
14 through start up and operation. This
15 location will process yellow pine from
16 Louisiana forests with the capacity and
17 flexibility to produce a wide variety of
18 wood products. The facility will source
19 logs through supply agreements with
20 timber investment management
21 organizations and with other large
22 landowners in the area. As a byproduct
23 of lumber manufacturing, chips and
24 shavings will be produced and CSP
25 DeRidder has sourced several local

1 markets within 100 mile radius for these
2 materials. This will allow CSP DeRidder
3 to maximize total utilization of all
4 available fibers.

5 The EDAP funds will be used for
6 infrastructure improvement such as
7 internal roads and paving, fire
8 protection tanks, engineering and
9 foundation, utility connections,
10 environmental review and possible wetland
11 litigation.

12 CSP DeRidder has agreed to create
13 117 new jobs and CSP Services, another
14 affiliate company within Canfor Southern
15 Pine, will create and additional ten jobs
16 for a total of 127 jobs with an
17 approximate annual payroll of \$7.6
18 million by 2023. All the jobs and
19 payroll must be maintained through
20 December 31st of 2032. Total capital
21 investment of at least \$160,900,000 is to
22 be invested by December 31st of 2023.
23 Beauregard Parish's unemployment rate was
24 4.6 as of May 2021, compared to the state
25 rate of 6.7 for the same period. The per

1 capita personal income for Beauregard
2 Parish for 2019 was \$43,473, compared to
3 the state per capita income of \$47,460.
4 The project is estimated to have state
5 revenues of approximately \$2.3 million
6 with the company receiving \$1.5 million
7 EDAP, as well as \$5.3 million from the
8 quality jobs program. This results in a
9 net revenue of about \$15.5 million for
10 the state.

11 Staff recommends approval of this
12 project as an un-sponsored EDAP with our
13 usual contingencies that are normally in
14 place, as well as the creation of 127
15 jobs in Louisiana by 2023, along with the
16 payroll to be maintained through December
17 31st of 2032.

18 Also, this EDAP will be funded in
19 two separate reimbursements. So the
20 first reimbursement will be \$750,000 and
21 that will be paid upon verification that
22 CSP DeRidder expended the required
23 capital expenditures, as well as meeting
24 the annual payroll of \$7.6 million for
25 project year 2023. And then the second

1 and final EDAP payment of \$750,000 will
2 be paid upon verification that the
3 company met the annual payroll of \$7.8
4 for project year 2024.

5 And that concludes my presentation.
6 At this time, I would like to introduce
7 Michael Best and Laurie Sullivan who can
8 speak a little bit more about the project
9 and the company.

10 MR. ROY:

11 Good morning.

12 MR. BEST:

13 Good morning.

14 MS. SULLIVAN:

15 Good morning. Okay. She actually
16 did a super job of explaining to you our
17 project. My name is Laurie Sullivan.
18 I'm Director of Finance for Canfor
19 Southern Pine and we're really excited to
20 be looking at this site in DeRidder and
21 finalizing the lease today probably and
22 our contractor bid tomorrow.

23 As she said, we're planning a state
24 of the art, wholly enclosed in one
25 building, sawmill and planer facility.

1 State of the art equipment.

2 I don't know what else I can really
3 say that you didn't cover. You covered
4 probably more than I would have in my
5 introduction.

6 MR. BEST:

7 Well, may I speak?

8 MR. ROY:

9 Sure. Absolutely.

10 MR. BEST:

11 Good morning.

12 MR. ROY:

13 Good morning.

14 MR. BEST:

15 Yeah. Again, I'm Michael Best. I
16 am the forestry part of this duo, and of
17 course, we have our HR. But, you know,
18 when you're -- when you're looking to
19 build a sawmill or any type of wood
20 consuming -- I don't sing anymore, so --
21 the first thing you look at is the -- is
22 the resource. And you can't feed or
23 sustain a facility without raw material,
24 obviously. And I'll -- we'll -- we'll
25 kind of bounce back and forth as to what

1 the project entails, but I wanted to
2 start there because, obviously, that is
3 where every decision is predicated on is
4 the resource.

5 And we looked in a lot of different
6 areas as -- as a company, not just
7 Louisiana. But in southwest Louisiana,
8 there is a rich history of forestry, both
9 industrial, private landowners, and even
10 with Hurricane Michael, there is an
11 abundance of fiber that's out there. A
12 lot of times when you're talking to folks
13 that aren't in -- that aren't in the
14 industry, we like to talk in tons and
15 board foot, but I'm going to -- I'm going
16 to try to simplify that a little bit.
17 We're going to use 1.1 million tons of
18 fiber a year, solubles. And to -- to
19 give you some perspective of what that
20 means, we've all seen a log truck, right,
21 with a load of wood? So if you convert
22 that into the number of log trucks that
23 that's going to be, that's over 40,000
24 log trucks a year that will -- will come
25 through that facility. And to put it in

1 even more of a layman's understanding, if
2 you line those trucks up back to back
3 from -- they would line them from here to
4 Atlanta, Georgia, is how many truckloads
5 of fiber that is. So you say to
6 yourself, well, that's all the -- that's
7 all the wood in the world, right? Well,
8 no. Southwest Louisiana is growing more
9 fiber than we're harvesting every year.
10 So we're going to use a million -- 1.1
11 million tons, but there's over 100
12 million tons out there. So each track
13 there are one million and it continues to
14 grow and sustain so that there's a -- a
15 continuous supply chain out there.

16 The problem that private landowners
17 have had in this part of the world, and
18 in -- in a lot of areas, is the markets
19 are not there to deliver your products.
20 So if you don't have a market for it, you
21 can't harvest it. So what has happened
22 is, you have a lot of plantations out
23 there that need to be thinned by having
24 the volume taken out every 12 to 15
25 years. Well, pulp wood is really

1 difficult to get rid of, the smaller
2 products, get that out and then the solid
3 timber grows. So the size of the log
4 we're going to be buying is smaller and
5 will provide another market for those
6 landowners.

7 So as a forester, those are the
8 things that excite me about being able to
9 bring that opportunity into southwest
10 Louisiana.

11 Now, that -- that 40,000 truckloads,
12 it won't just show up. There's a lot of
13 things that have to happen with our
14 logging force. Equate that back to how
15 many logging crews -- average logging
16 crew has about seven people out there
17 cutting and dragging and processing to
18 get it on the truck, and they all have
19 about three to four trucks. So to
20 sustain and move that amount of volume,
21 we're talking 15 to 20 new logging
22 operations and somewhere in the
23 neighborhood of around 50 to 60 log
24 trucks. So you can do the math there on
25 how many people and the infrastructure

1 and the severance tax that comes from
2 that timber.

3 So I look at it from -- from a
4 forester's standpoint as, all of those
5 things that they bring to the private
6 landowner in southwest Louisiana.

7 I'm -- I'm like Laurie, I mean, Ms.
8 Laura really covered the project in terms
9 of the -- the specifics of what it's
10 going to entail.

11 MS. SULLIVAN:

12 She didn't really mention what --
13 we're expecting 250 million more things
14 to be produced in this mill a year and
15 primarily two by four and two by six
16 narrow length, narrow width lumber, but
17 high grade also. So -- and there's just
18 many outlets. You're close -- you know,
19 you're close to the Texas market and
20 you're close to a port. There's a lot of
21 reasons that this is a great site for us
22 to look at in terms of transporting the
23 lumber and --

24 And Thomas -- this is Thomas
25 Buchanan. He's our Director of Town

1 Acquisitions and he's going be key in all
2 of the hiring and the jobs. So if you
3 have any questions there, we can answer
4 those too.

5 MR. ROY:

6 Any questions or comments?

7 MS. GLOVER:

8 Yes. Go ahead Terry.

9 MR. MOORE:

10 Okay. I'll start. And I want to
11 thank you for being one of the new mills
12 in Louisiana. I've had some contact with
13 people that are excited about it.

14 If you will, just briefly expand
15 upon the state of the art, you know,
16 processes that you'll be doing and how
17 that will enhance the workforce down in
18 southwest Louisiana.

19 MR. BEST:

20 Well, when we say, state of the art,
21 we're talking about optimization of the
22 raw material. That's really where it all
23 starts is when, I believe these super
24 duper computers, pardon my lingo, that's
25 about all I know how to explain it --

1 lasers and it -- it profiles the log and
2 it -- it maximizes how much lumber that -
3 - that you can get from any one
4 individual log. So your -- to your
5 point, when I say, state of the art, it's
6 going to be high speed. It's going to be
7 lots of technology that -- that will take
8 every individual tree and maximize the
9 amount of lumber that comes out of each
10 stem.

11 And then on the back end of the
12 mill, we will be producing, as Laura was
13 saying earlier, about the byproducts,
14 residuals and the chips, and shavings and
15 fuel and all of those things will go out
16 into the market to our local paper mills,
17 our MDF plants, our -- our other
18 facilities.

19 But not being a sawmill guy, I --
20 the way I looked at this, we have some
21 older technology out there. There is a
22 lot of older sawmills out there that have
23 antiquated equipment that, quite frankly,
24 with the new equipment that's out there,
25 being state of the art, high production,

1 obviously, it's all about production,
2 fixed costs and how much you push through
3 that facility, we -- we predict -- and
4 that's why you see a lot of new mills
5 being built, is the prediction is that, a
6 lot of these older sawmills that are out
7 there, are not going to be able to
8 compete with the higher production, more
9 efficient facilities that are -- that are
10 coming.

11 MR. MOORE:

12 Thank you for that.

13 MR. BEST:

14 Yes, sir.

15 MS. GLOVER:

16 My question comes from the
17 perspective that my husband works at a
18 paper mill. And so when he's -- shortly
19 after he started at the paper mill, a
20 local one that is here, they shut down
21 part of the paper mill because they said
22 with people using more technology these
23 days, there was less production of paper
24 that was taking place. And I know you
25 said that some of the byproducts of this

1 will be going to paper mills, so I'm
2 curious as to, I guess, what percentage
3 of this are you expecting to go to paper
4 mills when I know that people are using
5 paper less, especially now that COVID and
6 people are working from home and not in
7 their offices and they're not printing
8 out nearly as much as they would, you
9 know, from home than they would at their
10 office, so how do you feel like that's
11 going to impact your operations, and do
12 you feel like that's going to negatively
13 impact the potential profits that you
14 could have?

15 MR. BEST:

16 I don't --

17 MS. GLOVER:

18 And -- and I want to add, and they
19 had just recently invested in a lot of
20 new technology there.

21 MR. BEST:

22 Yes. Well, I -- I'm becoming more
23 comfortable because I came from the pulp
24 and paper background, so I can speak that
25 language a little bit more. I was

1 responsible at a paper mill in -- in East
2 Texas to purchase that raw material, so
3 now, I'm going to begin selling it. So -
4 - so I see both sides of it. And as a
5 buyer, I always wanted sawmill chips.
6 Several reasons why and I won't get into
7 the -- into all of the details, but one
8 is that, it was a consistent supply,
9 showed up every day, every week. It was
10 almost like offsite inventory that you
11 could call on. There was just a lot of
12 advantages to buying sawmill chips.

13 The thing that -- that you -- that
14 we're going to try to do is -- well,
15 we're not going to try, we're going to --
16 make the best chip that we can. You say
17 to yourself, well, what does it matter
18 about the quality of the chip? Well, it
19 matters a lot. So this new technology,
20 Mr. Terry, what -- what we're going to do
21 is be able to make what these paper mills
22 want so that they can become more
23 efficient and make more paper out of the
24 same raw material coming from us as they
25 could from say, a chip mill.

1 So I see a bright future. And we
2 visited with a lot of these entities
3 already. I can't get into a lot of our
4 strategy as to how we're going to go
5 about it, but -- but we are very
6 sensitive to how that's going to impact
7 the other businesses that sustain and
8 support paper mills, because there are
9 unintended consequences if you're not
10 careful. And that's one advantage that I
11 have, having come from both sides of the
12 business, to be able to market that in
13 the appropriate manner.

14 MS. GLOVER:

15 Knowing that companies are having a
16 difficult time hiring on individuals, it
17 is your intent to, in DeRidder -- again,
18 I'm -- so I'm from central Louisiana
19 area, so I'm familiar with here and I
20 have family that live in the Lake Charles
21 area. Knowing that individuals or
22 companies have had a difficult time
23 hiring on employees, I see that ya'll
24 intend to, between the two companies,
25 hire 127 individuals. What do you see as

1 the potential challenges in hiring,
2 particularly, since we know other
3 companies are having difficulty in
4 hiring? And then I also noticed that
5 those 127 you intend to get to it by
6 2032, and I'm curious as to why not
7 sooner?

8 MS. SULLIVAN:

9 2023.

10 MS. GLOVER:

11 I'm sorry.

12 MS. SULLIVAN:

13 Yeah. 127 jobs are required in
14 2023. And those same 127 are to be
15 maintained through the lifetime of the
16 contract.

17 MS. WOMACK:

18 Thomas, do you want to state to the
19 hiring?

20 MR. BUCHANAN:

21 Good morning. My name is Thomas.
22 I'm actually over town acquisitions for
23 Canfor Southern Pine. So yeah, this is a
24 challenging time when it comes to
25 staffing. And -- and, yes. Different

1 challenges, but it's time for us to be
2 creative.

3 The good thing about these positions
4 and what we're trying to hire for, it's
5 127 positions, but it -- it varies all
6 the way from general labor workers who
7 clean up utilities, where you can bring
8 someone and train them up in other
9 positions, all the way up to your private
10 manager position that we're trying to
11 source for right now. So we're looking
12 to work with local organizations,
13 colleges, those places as well, to bring
14 some talent into the sawmill industry.
15 There's not a lot of people that have a
16 ton of sawmill experience necessarily out
17 there, but we want to be on the forefront
18 of training individuals and show them
19 opportunities that are available in
20 saw milling. So if that means we have to
21 reach out to local community colleges,
22 four year institutions, career fair
23 opportunities, even with military and --
24 and veterans, we're even looking at as a
25 source, to show them the opportunities

1 that are available in saw milling, and
2 the opportunity for full-time careers and
3 -- and career growth and -- and
4 opportunities. So we're -- we're very
5 creative in -- in what we're looking to
6 do and how to source for these positions,
7 and we'll do everything it takes to fill
8 these positions.

9 I am a -- I manage three town
10 acquisition advisers that are very --
11 they're very intelligent and very skilled
12 in identifying talent and being creative
13 with identifying that talent. So it's
14 going to be all hands on deck when it
15 comes to my team in filling these
16 positions properly and we'll look beyond
17 necessarily just resumes and things, look
18 at skills sets and attendables and some of
19 those things to see if we can turn them
20 to assets for the company.

21 So it's one of those opportunities
22 that would create opportunities for
23 people that even haven't -- even haven't
24 thought about saw milling as an employee
25 -- employment opportunity, so --

1 MS. GLOVER:

2 What percentage of the individuals
3 that you intend to hire are out in the
4 field actually cutting down the trees
5 versus like in the plant processing the
6 product?

7 MR. BEST:

8 Well, the -- the logging -- they're
9 contractors. They will all not be
10 employed directly by Canfor. They will
11 be contracted to deliver that fiber. So
12 there won't be any of those that are
13 actually directly employed by Canfor.

14 But as I was saying -- stating
15 earlier, it's a -- it's a exponential
16 amount of -- of creating jobs indirectly
17 that will come from that.

18 MR. JACKSON:

19 I've got a couple of questions. One
20 is just to make sure I understand. The -
21 - the million and a half that we're
22 putting up is actually going to be
23 matched by CLECO; is that correct? So --
24 so we're basically leverage our -- our
25 monies and it's for a -- essentially, a

1 green field facility. So we're -- we're
2 basically getting the site prepped. Is
3 there anything in the monies that we're
4 putting up that will be done that is
5 specialized or not of a generic nature?
6 I -- I know there was a list of the usual
7 things that we're doing, but utility
8 prep, road prep, is -- is there anything
9 unique? It looks like you're paying for
10 most of the equipment and everything?

11 MS. SULLIVAN:

12 We are. I think it's typical site
13 preparation and foundations and any --
14 any industry would have those.

15 MR. JACKSON:

16 Okay. And -- and the second
17 question, I -- I noticed in the write up,
18 it -- it mentioned that you had sourced
19 users of the -- of the residual chips
20 within 100 miles. I was curious if that
21 included the -- if my memory serves
22 correct, there's a -- there's a new chip
23 plant in the Olla/Urania area that
24 probably just come on in the last year.
25 Do you recall if that's one of them you

1 had identified or --

2 MR. BEST:

3 Yes, sir. It -- no, sir. It --

4 MR. JACKSON:

5 The -- the reason that I'm
6 interested is, I always like to see where
7 -- where we've done something that's got
8 long term ramifications. Two years ago,
9 we approved funding to get that plant and
10 the one right beside it, and now, we roll
11 forward and -- and it's actually going to
12 be a beneficiary of some additional
13 economic development. So that's --
14 that's a winner for us, I think.

15 MR. BEST:

16 There is some direct linkage there
17 between sawmills and pellet mills that
18 you will continue to see develop in -- in
19 the south. And yes, we -- we sell -- we
20 have a sawmill in south Arkansas and
21 we're very well connected with Drax,
22 that's the name of the company.

23 MR. JACKSON:

24 Right.

25 MR. BEST:

1 They have a facility in Morehouse
2 Parish --

3 MR. JACKSON:

4 Correct.

5 MR. BEST:

6 -- over in Bastrop. We deal with
7 it. And we have a sawmill in west
8 Mississippi below Vicksburg and we --
9 they have a pellet mill in Gloster,
10 Mississippi. And we sell our residuals
11 there. So we're connected with Drax
12 and I think the -- the future is even
13 brighter for the pellet industry to be
14 able to use residuals and some of this
15 excess fiber, the pulp wood I was
16 speaking to earlier.

17 So that -- I'm glad you made that
18 point because we --

19 MR. JACKSON:

20 Well, I -- I just love the fact
21 that, you know, it -- it takes a long
22 time, as Secretary Pierson often says, in
23 economic development to -- to really get
24 all the pieces lined up. But when you're
25 able to actually look and see that

1 they're lined up like that and -- and
2 you're beginning to get that -- that
3 synergy, you know, it's a -- it's a
4 wonderful thing.

5 MR. ROY:

6 Mr. George?

7 MR. GEORGE:

8 You almost got all my questions
9 answered, so I don't have much left, but
10 -- smart people now that are at the
11 table.

12 I -- we -- we're seeing -- I'm --
13 I'm from north Louisiana and we're seeing
14 a lot of action up there about sawmills,
15 not pellet mills. We have a pellet mill
16 up, I think, in Springhill or something
17 like that.

18 MR. BEST:

19 Beekman. North of Bastrop.

20 MR. GEORGE:

21 Where is that?

22 MR. BEST:

23 It's in Beekman.

24 MR. GEORGE:

25 Okay.

1 MR. BEST:

2 North of Bastrop.

3 MR. GEORGE:

4 Yeah. So -- so sawmill -- I would
5 just like to hear -- first, I want to say
6 thank ya'll. Tell your bosses and bosses
7 bosses that we appreciate them locating
8 in Louisiana, spending this much money,
9 you know, supplying, you know, this 100
10 mile radius that ya'll have picked out.
11 Thank -- thank ya'll very much for doing
12 that. I was very impressed that, you
13 know, ya'll are, you know, 100 percent
14 guaranteeing the loans. They -- you
15 know, you've got a match. I mean, this
16 couldn't be any better. I just wish the
17 rest of United -- or Louisiana heard what
18 good work that these guys have been doing
19 down here for economic development.

20 But what I want to hear from you is
21 like, what -- what are you -- I don't
22 want to hear your strategy because I know
23 you -- but I would like to hear your
24 state of the union of the lumber
25 business. You know, how -- what are you

1 thinking overall and where these little
2 niches, like in north Louisiana, where
3 they might not have enough sawmills, is -
4 - is this something that's -- that you
5 see as a good thing or is it just --
6 especially with new equipment that you
7 were talking about earlier?

8 MS. SULLIVAN:

9 I'd say -- I -- I'll say some things
10 and I'm sure Michael can (inaudible).
11 But in general, the world lumber market,
12 if you project it out, it's -- it's a
13 situation where demand exceeds supply, so
14 absolutely. I kind of feel like that you
15 can hear me, I'm so loud.

16 Absolutely, we are looking to -- you
17 know, to grow the business and like
18 Michael mentioned earlier, this is a
19 perfect location to do that in and -- and
20 I don't think this will be the end of it.
21 I mean, it's -- it's a situation where
22 the fiber market in British Columbia has
23 been plagued by -- you know, there's an
24 insect that has hurt their forest and
25 their fiber supply and -- and the same

1 thing is happening in Sweden where we
2 have another business. So the southeast
3 is the place to be for this. So
4 absolutely, I think it'll grow and I
5 think there's great potential.

6 MR. BEST:

7 Yeah. And one -- and -- and I have
8 to explain that a lot of times to
9 landowners that are wondering about the
10 value of their timber, right? You walk
11 through Lowe's and how many of us have
12 seen these memes about the various prices
13 of -- of lumber, which has been
14 critically good for our company? It's
15 allowed us to do things like this and
16 reinvest in -- in our mills. But -- but
17 I had to explain that question quite
18 often to landowners.

19 And it's almost like, when you walk
20 through the aisle, the meat department,
21 at the grocery store, you see the pork
22 chop, but you can't take it back in your
23 head to the -- to the pig because there's
24 a -- there is a disconnect. And there's
25 a lot of different factors that -- that

1 play into that -- that dynamic between
2 the tree related to lumber, in particular
3 in Lowe's. And -- and I don't want to
4 take up a lot of ya'll's time trying to
5 explain that. But I'll -- I'll make some
6 of the -- the points that I generally
7 tell landowners, is -- is watch the news
8 and what you're seeing out west with the
9 forest fires that are burning down the
10 resource and sawmills and then you look
11 in -- in Canada and the mountain pine
12 beetle is what's destroying that forest
13 up there. It's a plague. It's like we
14 used to have the southern pine beetle
15 outbreaks. We had one in 1985 that just
16 decimated central Louisiana. Well,
17 multiply that by 100 and that's what's
18 going on up in Canada, British Columbia.
19 And then coupled with that, you have
20 things like the caribou migration that
21 set aside a tremendous amount of the
22 forest up there that we can't access. So
23 all of that interpolates into a, as -- as
24 Laura was stating a moment ago, a -- a
25 huge demand for lumber without the supply

1 actually being there or being there in
2 the future.

3 So that's why you've seen the
4 Canadians come south is, they're running
5 out of timber. It's not that they can't
6 build sawmills. It's not that they can't
7 hire the people. They just don't have
8 the timber to run it on. There --
9 there's enough to support a certain
10 number of sawmills, but -- but in the
11 future, not what's up there right now.

12 So with housing starts predicted
13 into 2025 as high as they are with the
14 growth of the population, millennials
15 want to be homeowners a lot quicker than
16 my generation did, and -- so you see on -
17 - and the shortage of houses that are out
18 there on the market right now, it's
19 driven housing starts through the roof
20 and will continue to do so. That all
21 goes back to -- to the dynamics and the
22 fundamentals of -- of supply and demand.

23 What's happened now with this --
24 it's -- it's somewhat re-balanced itself
25 because a lot of people pulled out of the

1 market, you know, there's a point of
2 diminishing returns where they say
3 uh-unh, it's time to back out. I'm not
4 building my house. I'm not -- the
5 traders are another fundamental -- I
6 mean, they played a huge role in driving
7 this market up. And the reason that is -
8 - that happened was when the stimulus
9 money came out and a lot of these extra
10 unemployment benefits, people were
11 staying home, it was the do-it-yourself
12 projects. It was add onto the deck. It
13 was build the fence. It was build
14 another dog kennel. Or whatever the case
15 might be. Folks were doing stuff at
16 home, and a lot of it needed treated
17 lumber. So that's what drove that market
18 up, and it was just huge. I mean, the --
19 the ride up was quick, but it has not
20 been as quick as the ride down in the
21 last six weeks. It is -- because what
22 happened this past summer, instead of
23 staying home, people have gone on
24 vacations. They put their money in other
25 places and said, no, I'm going to wait

1 until the lumber comes down to finish
2 that deck or build that house. So that
3 -- that -- there's so many things
4 happening in the market to drive that
5 price.

6 But we feel like, based on the
7 predictions of what housing starts are
8 going to be, the timber supply shortage
9 in Canada, what's happening in the west
10 with the forest fires, that the -- the
11 lumber created in the south is what's
12 going to support this -- this country as
13 far as building material.

14 And that's why you saw the -- and
15 I'm not sure exactly what degree of
16 participation there was with the Hunt-
17 Tolko new sawmill announcement in
18 Taylor, Louisiana. You were speaking
19 about a void up in that part of the
20 world. That is a really good spot too
21 that -- that they picked. Hunt-Tolko
22 is the sawmill and Urania that is
23 connected to the Drax sawmill
24 facility and they just announced they're
25 building a sawmill.

1 MR. JACKSON:

2 That's -- is that the Canadian
3 group?

4 MR. BEST:

5 Tolko is the Canadian group of the
6 Hunt. They're -- they're in Alexandria
7 and they have a joint venture.

8 MR. JACKSON:

9 Right.

10 MR. ROY:

11 Any other questions or comments?

12 MR. MOORE:

13 One last one --

14 MR. ROY:

15 Yes, sir.

16 MR. MOORE:

17 -- if you don't mind.

18 You spoke about the wildfires in
19 California. Do you -- do you think that
20 that will have a translation into
21 business relocating to Louisiana, and do
22 you have an estimate of percentage?
23 Could you expound on that?

24 MR. BEST:

25 I'm -- I'm -- this is anecdotal. I

1 -- I don't have the statistics, but I'll
2 tell you my experience. A company by the
3 name of Idaho Forest Products that are in
4 the Midwest and Idaho and Montana, and
5 they suffered a lot of those fires on the
6 western side of their operations, and
7 they are building a new sawmill in
8 Lumberton, Mississippi. They've got
9 seven in the central part that have
10 suffered from forest fires and they're --
11 they're building one in the southwest
12 Mississippi, not far from our other
13 sawmill in southwest Mississippi. And
14 then there's rumors, fairly credible,
15 that they're going to build one in
16 Arkansas. So that is the only migration
17 that I'm aware of that you've -- where
18 you've seen a displacement -- a -- a
19 relocation, if you will, to my knowledge.

20 MR. ROY:

21 Anyone else?

22 MR. JACKSON:

23 Move we approve.

24 MR. ROY:

25 Motion for approval as presented.

1 MR. SIMPSON:

2 Second.

3 MR. ROY:

4 Second. Any discussion?

5 (No response.)

6 MR. ROY:

7 I have one -- one -- one question as
8 it relates to some of the comments from
9 the board members, maybe on -- on behalf
10 of Ms. Glover, our resident contractor
11 that ably represents, I believe, the
12 contractors. But can you see to it that
13 Louisiana contractors get all the board
14 feet they need so they can build all the
15 stuff they need to? It's just something
16 to aspire to. We would really like that.

17 MS. SULLIVAN:

18 Speak to the sales group.

19 MR. ROY:

20 Anyway, any -- any comments from the
21 public?

22 (No response.)

23 MR. ROY:

24 Hearing none, all in favor, aye.

25 (All responded, aye.)

1 MR. ROY:

2 All opposed, nay. All opposed, nay.
3 (No response.)

4 MR. ROY:

5 Without objection. Thank you.
6 Congratulations. Good luck. Please keep
7 us posted.

8 MR. BEST:

9 Thank you very much.

10 MR. ROY:

11 The next order of business is under
12 the Small Business Loan Guarantee
13 Program. And I'll let someone clarify
14 that.

15 Good morning.

16 MS. PETE:

17 Good morning. My name is Shamelda
18 Pete and I'm representing the staff.
19 Today, we have a lender participation
20 request from an out of state CDFI.
21 CDFI's are eligible to participate in the
22 small business loan guarantee program,
23 however, in the instance of an out of
24 state CDFI, the LEDC Board will review
25 the request.

1 Today, we have BSD Capital doing
2 business as Lendistry. Lendistry is
3 requesting consideration to qualify as a
4 lender to participate in the program. A
5 CDFI is a community development financial
6 institution designation given by the CDFI
7 fund to specialized organizations that
8 provide financial services in low income
9 communities and to people who lack access
10 to financing. These mission driven
11 institutions serve and empower
12 economically distressed communities.

13 Lendistry is a minority led and
14 technology enabled small business and
15 commercial real estate lender with both
16 community development financial
17 institution and community development
18 entity certifications. Lendistry is
19 headquartered in Los Angeles, with an
20 additional location in Baltimore.
21 Founded in 2014, Lendistry is the largest
22 CDFI in the country and the only Fintech
23 company. A Fintech company is a
24 financial technology company utilizing
25 software and other modern technologies

1 that provide automated and improved
2 financial services. These features allow
3 for the fast and innovative processes in
4 delivering financial services to clients,
5 thereby changing the financial landscape
6 in how finances are managed.

7 Lendistry's executive team has a
8 collective 220 years of banking
9 experience, making them well equipped to
10 assist in processing and administrating
11 loans. Lendistry has the ability to
12 originate loan transactions nationwide at
13 both the state and federal level. With
14 80 percent of its loan portfolio
15 guaranteed, Lendistry leverages federal
16 and state guarantee programs to provide
17 responsible lending to small businesses.
18 Lendistry services the entire country by
19 creating outreach through their
20 enterprise software and creating
21 ecosystems.

22 Lendistry works with several
23 community organizations, local small
24 business development centers and other
25 CDFI's in creating banking relationships.

1 By leveraging the Community Reinvestment
2 Act, Lendistry is able to establish
3 relationships with banks such as Chase,
4 Wells Fargo and minority depository
5 institutions.

6 Lendistry works to quickly deploy
7 urgently needed capital to the front
8 lines of American small businesses,
9 implementing a multi-deployment strategy
10 that allows industry to participate in
11 multiple grant loan programs
12 simultaneously.

13 Lendistry currently services 15
14 mission driven small business recovery
15 grants, such as the California COVID-19
16 Relief Grant, Pennsylvania Small Business
17 Grant, New York State Small Business
18 Recovery Grant and the SBA's Payroll
19 Protection Program. As of May 21st,
20 Lendistry has administered \$6.6 billion
21 in small business grants and loans, which
22 has provided support to over 400,000
23 small businesses. Lendistry currently --
24 Lendistry's current geographic coverage
25 is 32 states throughout the U.S.

1 East West Bank and internal revenues
2 provide the funding to enable Lendistry
3 to carry out its strategic objectives in
4 providing capital accessibility via
5 loans. As of December 2020, Lendistry
6 has a \$226 million loan portfolio, with a
7 3.56 percent default rate.

8 Their request for consideration of
9 approval in using the small business loan
10 guarantee program will allow the CDFI to
11 expand their territory into the State of
12 Louisiana. Lendistry is committed to
13 helping aid small businesses in their
14 recovery from COVID-19 pandemic, as well
15 as recognizing that small business
16 communities will need resources beyond
17 lending. Lendistry has an educational
18 platform which can aid in LED's efforts
19 to provide technical assistance to
20 underserved and disadvantage communities.

21 LED staff recommends approval of
22 Lendistry allowing them to participate in
23 the small business loan guarantee
24 program. If approved to participate,
25 Lendistry intends to commit up to \$20

1 million loan portfolio in the State of
2 Louisiana. Lendistry has both CDFI and
3 CDE certification and has a proven record
4 of providing responsible financing to
5 small business owners and their
6 underserved communities. Lendistry has
7 the knowledge, expertise and means to
8 provide sound financing for the
9 development, expansion and retention of
10 small businesses in Louisiana, especially
11 in distressed markets. A relationship
12 with Lendistry will not only expand the
13 footprint of the small business loan
14 guarantee program, but also aid in LEDC's
15 outreach efforts in connecting to small
16 businesses in underserved communities.
17 LED and Lendistry share the common
18 priorities under the small business loan
19 guarantee program and they both aim to
20 ease access to capital to historically
21 underserved businesses that are minority
22 owned, women owned, veteran owned and
23 located in low income areas.

24 This concludes my presentation.

25 Today, we have Mr. Everett Sands, the CEO

1 and Founder of Lendistry, as well as Ms.
2 Janet Shensky, the VP of Strategic
3 Partnerships. They will also provide
4 some additional information.

5 MR. SANDS:

6 Good morning.

7 MS. SHENSKY:

8 Good morning. Thank you for having
9 us today. We're honored to be here to
10 present for the board and talk about
11 Lendistry's mission to help small
12 businesses and their underserved
13 communities.

14 My name is Janet Shensky. I'm the
15 Vice President of Strategic Partnerships
16 and Manager of Government Partnerships as
17 it relates to guarantee programs, small
18 business lending programs and small
19 business recovery grant programs. I'm
20 here today to talk about the billions of
21 dollars that we've deployed in small
22 business recovery funds. But I have here
23 our CEO, Everett Sands, who can talk
24 about why Lendistry exists today.

25 MR. SANDS:

1 Good morning. It's a pleasure to be
2 here and -- and also to represent
3 Lendistry and talk about the State of
4 Louisiana.

5 I will bring you back to when
6 Lendistry was founded. So my grandfather
7 was the first African American to have a
8 tailoring shop in Washington D.C. in
9 1939. And he's also the first African
10 American to have a contract with the U.S.
11 Army. He made -- he created the war hats
12 for the Korean War. His story is one of
13 tremendous success, but also one of loss,
14 and it was because he didn't have the
15 right access to capital. And so
16 Lendistry was created with that thought
17 process in mind. And many times what
18 happens is, when we look at the current
19 banking alignment and the way things are
20 structured today, we're missing a
21 considerable amount of financial
22 resources.

23 To give you an idea, I used to run a
24 unit for Wells Fargo. At Wells Fargo, we
25 had roughly 11,000 banks that were a

1 billion dollars or below that were our
2 customers. Today, that 11,000 is now
3 1,000. And this year is the first time
4 in the history of the United States in
5 which we went under 5,000 banking
6 institutions. Lendistry helps to fulfill
7 that void. We help our financial
8 partners, which are roughly about 50
9 different banks. We help states. We
10 help counties. We help EDC's. We help
11 small business development companies.
12 And we help other mission based
13 institutions and their goals to deploy
14 capital. We do leverage technology and
15 the technology helps us to analyze the
16 data to think about where those resources
17 need to supply or be provided, and then
18 we also leverage technology and data for
19 online education.

20 As you all know, we are now in, not
21 only a work from home society, but we're
22 also in somewhat of a YouTube university
23 society. And so what that means is, you
24 have a small business owner that can't
25 always get that access to information.

1 Our goal is to empower those mission
2 based organizations who typically provide
3 the one on one and face to face
4 counseling, but also to be there for the
5 small business owner who can't be there.
6 We tend to think of it as, the bank is
7 open from 9:00 to 5:00 and the business
8 owner is open from 5:00 to 9:00, which
9 means, they can't go during normal
10 servicing hours anymore, right? And so
11 that's where Lendistry helps.

12 We've already supplied roughly 100
13 million in financing in the State of
14 Louisiana, so we've already started to
15 lay the groundwork and the foundation for
16 helping out. We had to do that because
17 some of our bank partners needed us to
18 step in for programs like the paycheck
19 protection program. And we see that
20 there's a huge opportunity for us.

21 An example would just be the people
22 who presented to you. As the gentleman
23 eloquently presented the pork to the pork
24 chop, which -- or the pig to the pork
25 chop, which we won't go into that, but

1 there's a lot of steps that happen in
2 between that, and generally, there's a
3 small business or small businesses that
4 are involved in that. He also mentioned
5 to board member Glover's question about
6 the contractors. Those are all small
7 businesses, so let's be clear, no one
8 cuts down that lumber if they can't hire
9 those people. None of those trucks get
10 on that road if they can't afford the
11 gas, or more importantly, fix their
12 tires. That's what our data tells us.
13 You want to be a truck driver, do you
14 want -- do you want to carry lumber?
15 Your number one expense is the tires on
16 that truck. Those are the things that we
17 know and those are things that we
18 leverage data for, because we now need to
19 empower the repair shop of the truck
20 driver, as well as the truck dealership,
21 as well as the small business that's
22 going to drive the truck. That's the
23 information that we -- we typically
24 leverage.

25 Our goal is to build an ecosystem.

1 It's not for Lendistry to come in and be
2 the only provider. It's to build an
3 ecosystem. We've done that for other
4 states. For example, in California, we
5 have 60 co-partners. We have 500
6 sub-partners. In the State of New York,
7 we have roughly 50 different partners and
8 we are empowering these partners because
9 everyone can't go out and build their own
10 technology platform. Everyone can't go
11 out and have the resources. Most mission
12 based organizations have less than ten
13 people. And so it is our job to help
14 empower them, leverage our banking
15 skills, leverage our technology skills
16 and be that foundational resource to
17 hopefully build for a better economy and
18 to support the many different things that
19 you all are working on here.

20 Thanks for the opportunity again to
21 be here today.

22 MR. ROY:

23 Questions, comments? Mr. David?

24 MR. DAVID:

25 Everett, give me a little background

1 if I was, you know, say, ABC Company, and
2 I'm looking for a loan, how would they
3 find out about Lendistry? How would you
4 service them? Kind of walk me through
5 the whole step, or process.

6 MR. SANDS:

7 Sure. So the best way to think
8 about it is, there's a step to success in
9 small business. Let's say it was a
10 homeownership, which generally sometimes
11 is a little bit easier. If you're a
12 homeowner or you live in an apartment,
13 you go to a condo. If you're lucky
14 enough, you go to a house and maybe a
15 bigger house. And if you're super lucky,
16 you get to go back the other way when
17 you're an empty nester.

18 When you're a small business, you
19 use credit cards or equity in your home,
20 at least that's the way it used to be.
21 Then you typically use a micro-financial
22 organization, which commonly is called a
23 community loan at a financial
24 institution. And then you go into this
25 abyss. And the abyss, unfortunately

1 today, of those banks that I mentioned,
2 aren't there anymore and now they're full
3 of predatory lenders. And then if you're
4 lucky enough, you get to a bank.

5 So what Lendistry generally does is,
6 we come in and we figure out the -- the
7 capital staff for the ecosystem. And
8 let's say that the micro-lenders here go
9 up to \$50,000. We'll then fill the void
10 from \$50,000 to wherever the bank leave
11 off. And let's say we analyze the data -
12 - and generally what we do with the banks
13 is, we look at their average loan size,
14 minus their credit cards and -- and
15 overdraft loans, because sometimes that's
16 in the data. And let's say we figure out
17 the average loan size in Louisiana is \$2
18 million. Then Lendistry will come in and
19 we'll fill the void from 50,000 to two
20 million.

21 In terms of how you get to us, we
22 then start to use online marketing,
23 different partners in the ecosystem and
24 we start to go through -- we're that step
25 to success. We can be more advantageous

1 to you so that you can access us.
2 Sometimes you're going up the capital
3 stack, sometimes you're coming back down.
4 An example would be the pandemic. Maybe
5 you haven't had the necessary sales that
6 you had coming into the pandemic and so
7 you were bankable, but now you're not
8 bankable anymore. Then we're going to go
9 to the banks and we're going to say, tell
10 us the customers that you're declining or
11 that don't -- don't have an opportunity
12 to get capital from you. The third thing
13 we do is, we look at the banks and we
14 say, tell us which ones are not
15 operationally efficient for you. And
16 based on operational efficiency, we
17 either build a program with the bank or
18 build a side by side program. And that
19 side by side program just essentially
20 does the same thing. You walk into a
21 bank and they say, okay -- or credit
22 union -- and they say, okay, here's an
23 opportunity for you to get financing.
24 You have to go here first and then once
25 you grow to a certain size or you get to

1 a certain standardization, then you can
2 come back to us.

3 MR. DAVID:

4 So as far as collateralization, what
5 do you take as collateral? Also, what is
6 your average percentage for the loans?

7 MR. SANDS:

8 Yeah. Great question. So typically
9 what we're looking at is exposure. And
10 the reason why we look at exposure is
11 because, while collateral is a good term,
12 and we absolutely will take collateral,
13 and to directly answer your question,
14 it's the normal, commercial real
15 estate/residential real estate business
16 assets, which would be accounts
17 receivable or inventory, et cetera. We
18 do discounting because if there was a
19 fire sale, we do have to obviously
20 recognize the current value of it. But
21 let's just assume that you don't have
22 those things. Then exposure is where we
23 can look at different programs. And
24 those programs could be federal, state or
25 county level, which effectively

1 eliminates the amount of loss that we
2 will receive. The game plan is to help
3 you get to being bankable. And so we
4 have a couple of different ways that we
5 look at how we might utilize you --
6 utilize your loan or how we might deliver
7 that loan to you.

8 Exposure for us is also, who are
9 funders. So I'll give you an example.
10 One of our cities that we support is
11 Baltimore. Baltimore had an incidence of
12 human events. And so in that scenario,
13 it just led to kind of a deterioration of
14 collateral. We brought in a foundation
15 partner called Annie Casey, if you're
16 familiar with it. It's the -- the wife
17 of Bob Casey, you could guess. And so
18 the Casey Foundation came in and said,
19 we'll support 20 percent of every single
20 loan that you do. And therefore, that
21 obviously, was advantageous to the small
22 business owner, who were light on
23 collateral.

24 MR. DAVID:

25 And the -- and the average

1 percentage interest rate, just out of
2 curiosity?

3 MR. SANDS:

4 Sure. If you take out PPP loans,
5 we're typically around eight percent.

6 MR. DAVID:

7 One final question. You mentioned
8 100 million loans in Louisiana. What
9 percentage of that was PPP and what
10 percentage do you think is -- is CRA
11 eligible businesses?

12 MR. SANDS:

13 Yeah. So I would say, almost 100
14 percent is CRA eligible. Our average
15 loan size is roughly \$17,000 and it was
16 related to PPP. That was our first
17 entrée into Louisiana, as a result of our
18 main partners picking up the phone and
19 calling us and saying they were only
20 going to lend to their current lending
21 customers.

22 MR. ROY:

23 Mr. Jackson?

24 MR. JACKSON:

25 Just -- just a handful. You're

1 about seven years old at this point; is
2 that correct?

3 MR. SANDS:

4 Yeah. It -- it feels like 70, but
5 yes.

6 MR. JACKSON:

7 I understand. What's the average
8 duration on your loan? And -- and I
9 recognize and -- and am grateful that
10 we're -- we're talking to you about the -
11 - the business that you're in.

12 MR. SANDS:

13 Yeah.

14 MR. JACKSON:

15 How does your charge off rate
16 compare to your peers or -- or others
17 filling that niche and -- and how does
18 that relate to the lending that you've
19 done over the course of your seven years?
20 It feels like probably you're just
21 getting to a maturity point on a lot of
22 your lending; is that fair?

23 MR. SANDS:

24 Yeah. Yeah. Great question. So
25 board member, Jackson, we personally have

1 been in lending for 25 years; five years
2 in risk management, underwriting, et
3 cetera. The team has roughly 200 to 300
4 years of experience. The ladies don't
5 tell us the actual how long we've done
6 this, but -- you know.

7 So I say all that to say a couple
8 things. Number one, yeah, the -- the
9 company is somewhat recent in terms of
10 loan portfolio, but the team members
11 aren't. The second thing I would say to
12 you is, while the average term is around
13 seven years, the businesses typically
14 come back to us in 18 months. We believe
15 that that's related to the lack of other
16 opportunities for access to capital. And
17 so the frequency of which the businesses
18 are coming back to us, which also is part
19 of the reason why the portfolio doesn't
20 get to, you know, live its course, is
21 because, there -- it's actually working,
22 right? They're actually growing. They
23 actually need to expand. They need to
24 hire more people and different things
25 like that. And -- and again, using the

1 reference point to the companies that
2 were here before you, those businesses
3 that get started, day one, are going to
4 be completely different than they're
5 going to be 12 months from now, right, in
6 terms of their access to capital? And so
7 what we're seeing is, the businesses are
8 coming back to us more frequently.

9 In terms of the peer grouping,
10 there's two ways of looking at it. We're
11 somewhat of a hybrid of a bank and a
12 (inaudible). Banks default rates are
13 extremely low and that's typically
14 because they've now moved into another
15 market which are definitely more affluent
16 customers. And that's typically again
17 double digits. Our default rate is
18 roughly around 3.5 percent. Our loss
19 rate is .11. Now, a lot of that is
20 because we have different guarantee
21 programs and different things like that
22 associated with our loans. But we find
23 that we feel pretty, I guess, well
24 capitalized. We typically run our
25 performance at a five percent loss rate.

1 MR. JACKSON:

2 Okay. And you're at 226 million in
3 -- in loan portfolio now. You're --
4 you're looking at basically growing
5 another ten percent into the -- the
6 Louisiana market. Is -- is that strictly
7 the sort of lending that's -- that's
8 business lending or is there a portion of
9 PPP and -- and the emergency economic
10 loans that are -- that are built into
11 that? And -- and specifically, I'm sure
12 you're aware, there's some horror stories
13 in the Atlanta area of some Fintech's
14 that jumped in on PPP and -- and didn't
15 have the kind of risk management controls
16 --

17 MR. SANDS:

18 Yeah.

19 MR. JACKSON:

20 -- that -- that they needed. I'm
21 just trying to get some sense for, was
22 that opportunistic and truly filling a
23 need, because I -- I know people that had
24 issues with -- with banks because they
25 weren't a customer? I think you

1 understand.

2 MR. SANDS:

3 Yeah. I do. I would answer your
4 question two ways. The first way is, our
5 chief credit officer is a former OCC
6 (inaudible). So I tell everybody my work
7 wife is a regulator. But you can imagine
8 the credit discipline that we have as,
9 you know, once you're messing with
10 banking experience. If -- you don't
11 forget your foundation. That's number
12 one.

13 Number two, the whole process is how
14 the good guys show up in a high quality
15 way. And so we have to leverage
16 technology. All right. We can't run
17 away from it. I would argue that Fintech
18 kind of comes in two forms. There's tech
19 guys who are trying to figure out Fin,
20 which are probably the ones you just
21 described. And then there's Fin guys
22 who've got to learn a little bit more
23 tech, which is what we said.

24 What we have learned about
25 technology is it provides three things.

1 Number one, it is a better user
2 experience. Number two, it is skillable.
3 And number three, it's unbiased. So when
4 two people look at each other, there's a
5 certain prejudice that happens, good, bad
6 or in between. It doesn't work that way
7 with tech. And so when we're thinking
8 about serving the underserved or we're
9 thinking about serving minorities, or
10 we're thinking about just serving the
11 general population, there's some benefits
12 to having a system that's 24/7, a system
13 that's always available regardless of the
14 business owners schedule and then a
15 system that's not going to be biased
16 towards them.

17 As it relates to our portfolio, I
18 want to be clear that while Lendistry's
19 portfolio might be (inaudible),
20 Lendistry's output is in the billions.
21 But what typically happens on the back
22 end is the bank will say, look, I'm
23 interested in serving Louisiana, but I
24 can't build a loan production office. It
25 -- it doesn't meet the numbers. I don't

1 have the five years to wait to get my --
2 to get more efficient at processing. And
3 in today's environment, where we just
4 added \$7 trillion to the economy and
5 we're about to add another \$4 trillion
6 between the infrastructure bill and the
7 upcoming budget, what that means to a
8 bank is, you've got a serious liability
9 on your hands, right? Because while the
10 rest of us are happy, the banks are sad
11 because they have a liability and they
12 want to put their money out. And then
13 the question comes, if you sit in an
14 executive office of a bank though, are
15 you going to put out a \$10,000 loan for
16 you, or are you going to put out \$10
17 million loan? I think we all know the
18 answer.

19 And so Lendistry becomes a conduit
20 for them to be able to capture those
21 loans without necessarily going through
22 the operational work required. And so
23 they acquire new loans from us. And so
24 we keep our balance sheets somewhat
25 light, but not necessarily our

1 originations.

2 MR. JACKSON:

3 Okay. Thank you.

4 MR. SANDS:

5 Sure.

6 MR. ROY:

7 Questions?

8 MS. GLOVER:

9 Yes. Do you intend to have staff
10 physically in Louisiana?

11 MR. SANDS:

12 Yeah. Great question. Lendistry
13 has roughly 300 team members and 700
14 contractors, 1,000. In our core staff,
15 we do have team members in Louisiana and
16 we do expect our contractors to be as
17 well. We leverage not only regional, but
18 we also leverage based on time zones.

19 As you can imagine, part of the
20 secret to our success is being available
21 a consistent amount of time for the small
22 business owners. So the answer is yes.

23 MS. GLOVER:

24 How many staff do you intend to have
25 in Louisiana and where do you intend to

1 locate them?

2 MR. SANDS:

3 Yeah. Great question. So whatever
4 is opportunistic for the company is what
5 I would say. I -- I think it's no secret
6 that where you have your urban areas,
7 will it be a little bit easier for us.
8 So if we were talking about Baton Rouge,
9 it's probably somewhere close to the
10 university. If you're talking about the
11 general population of Louisiana, it's
12 probably closer to New Orleans.

13 One of our partners is Liberty Bank,
14 and so we're in conversations with them
15 about where they think structurally would
16 be a good place for us.

17 In terms of how many and in terms of
18 where, truthfully, we build what's called
19 a heat map. So you look at the 100
20 million, we can show on a map where those
21 business owners are. As we see more and
22 more applications come in, we'll start to
23 see where we need to provide the
24 services. And so as that heat map gets -
25 - you know, the circles get bigger, for

1 lack of a better term, that's where we're
2 going to supply our team members.

3 MS. GLOVER:

4 As a small business
5 owner/contractor, I will tell you my
6 general frustration with everyone wanting
7 to do everything in New Orleans -- I love
8 New Orleans -- is that the rest of the
9 state does not exist. And I strongly
10 encourage you to have some staff in Baton
11 Rouge. And I think that you would be
12 surprised about what type of support that
13 you get. That's not dismissing any other
14 part of the state, that's just --

15 MR. GEORGE:

16 Shreveport is not bad either.

17 MS. GLOVER:

18 And then because I am loving the
19 amount of data that you have in your head
20 right now, I'm sure you've done your
21 research on Louisiana to decide you want
22 to move here, what do you believe is the
23 funding gap range that you're going to be
24 fulfilling here in Louisiana?

25 MR. SANDS:

1 Yeah. Louisiana, to us, from a data
2 perspective, appears to be a place where
3 there's not enough banks. Let's just
4 keep it very simple. And so it looks
5 like it could be a range of 50,000 to
6 five million, which is somewhat
7 surprising right now to us as the data
8 appears to be coming in. But it does
9 seem like there's a deep need, is the
10 best way that I can put it.

11 MS. GLOVER:

12 I would agree with that. Thank you.

13 MR. ROY:

14 Any other questions? Comments?

15 MR. GEORGE:

16 I just have one observation.
17 There's only one tiger in your group and
18 that's a Clemson Tiger and so we'd like
19 to see some LSU Tigers or Louisiana Tech
20 Bulldogs or Monroe -- I guess what's the
21 mascot of Monroe now? It used to be an
22 Indian, but it can't be --

23 MR. JACKSON

24 Warhawk.

25 MR. GEORGE:

Warhawk.

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MR. SANDS:

Appreciate it.

MR. GEORGE:

But we do have a need in Shreveport and so to reiterate the -- the -- you know, around the state. We have some great opportunities in Shreveport, especially, you know, I'd like to talk to you afterwards because I'm directly working with a large contractor with the military and their problem is -- is small businesses and -- minority owned small businesses, in house zones, especially, to win their contracts. So they're looking for partners and we're looking on -- at bidding on 190 contracts and so we're going to have to have companies fill those 190 contracts with this large contractor. And if they win the contract, you -- I mean, there can't be a better guarantee. But they're going to have trouble with cash flow in the front end. They're going to need some help and so your -- I mean, you couldn't be in a

1 better spot, at least in Shreveport.

2 MR. SANDS:

3 Thank you for that, sir.

4 MR. GEORGE:

5 Sure.

6 MR. ROY:

7 Any other questions, comments?

8 (No response.)

9 MR. ROY:

10 I have one. You mentioned Liberty
11 Bank and I assume that's sort of a
12 typical bank that you might interact with
13 in Louisiana. How does that relationship
14 work? I was trying to read between the
15 lines. Do they -- you originate, for
16 example, a PPP loan, I think you
17 mentioned 100 million, and they perhaps
18 buy them or perhaps place them on their
19 balance sheet?

20 MR. SANDS:

21 Sure. So the -- the best way to
22 think about it is, you have from a
23 Liberty Bank to a Goldman Sachs. And so
24 a Liberty Bank, in their situation, it
25 would be more about operational

1 efficiency. How fast can we move the
2 loans? How many loans can we move, and
3 what products do we have that you might
4 not have? Vice versa. So for example,
5 we have a line of credit. So to board
6 member George's point, if you win a
7 contract, you don't need a term loan.
8 You need a line of credit, because you
9 need -- what you effectively need is
10 what's called mobilization capital,
11 right? And so in that case, we have
12 products that they don't have.

13 When you take someone like a Goldman
14 Sachs, Goldman Sachs doesn't even have a
15 small business lending unit, but they
16 want to provide capital into a specific
17 area. And sometimes it's regulatory,
18 sometimes it's just a desire to
19 understand what's going on in an
20 individual state.

21 So again, sometimes it's a product.
22 Sometimes it's a capital grant, and
23 capital work grant is inclusive of
24 purchasing loans.

25 MR. ROY:

1 So in terms of the -- I think you
2 said 100 million basically in PPP loans
3 in Louisiana, how -- how did that
4 materialize with the likes of Liberty
5 Bank, et cetera?

6 MR. SANDS:

7 Yeah. So that was not specifically
8 with Liberty Bank. That one actually was
9 with Goldman. So Goldman Sachs loaned us
10 \$1.3 billion and we have a carve out.

11 MR. ROY:

12 So Goldman Sachs -- perhaps you
13 originated the loans and Goldman buys
14 them perhaps with CRE credits, is that
15 being --

16 MR. SANDS:

17 So in that particular case, Goldman
18 lent us the \$1.3 billion. We covered the
19 loans from A to Z and then we turn around
20 and use our federal facility to pay
21 Goldman back. But in that situation,
22 we're actually servicing the loans and
23 we're watching the data and the details
24 on those loans. That would be a
25 situation where banks are not interested

1 in the state, I need to know more about
2 what's going on, on the ground -- on the
3 ground level. You go and you -- you
4 handle it for -- for us first.

5 MR. ROY:

6 I wouldn't have thought Goldman
7 Sachs was in the PPP business.

8 MR. SANDS:

9 You'd be surprised.

10 MR. ROY:

11 Interesting. Do you intend to work
12 with banks domiciled -- well, you
13 mentioned Liberty, but other banks that
14 domicile in Louisiana? Actually, two
15 other colleagues here on the board with
16 me, we're all bankers, but -- and I will
17 mention that there are a number of CDFI
18 banks in the State of Louisiana. But we
19 would encourage you to work with all of
20 them to try to make sure that any funding
21 that you might extend, whatever it might
22 be, would be plugged, you know, directly
23 into the communities that we all serve.

24 MR. SANDS:

25 Absolutely. So Janet is accountable

1 for our strategic partnerships. All her
2 job is to do is to call the banks. So
3 once we get the green light, that will
4 literally be what she will be doing.

5 MR. ROY:

6 A good source is the Louisiana
7 Bankers Association. Of course, you can
8 -- I think you can go do a Google search
9 now days and you can pull up every CDFI
10 bank in the State of Louisiana.

11 MR. JACKSON:

12 Just -- just to make sure in my
13 mind, you -- you see the relationship
14 with us really as -- as number one,
15 putting you on equal footing with the --
16 the banks that are -- that are in the
17 state, and number two, another tool as
18 you assess the risk of a potential loan.
19 You -- you don't necessarily intend to
20 come to us for a guarantee on all the
21 loans that you originate or even a -- a
22 significant portion, just some of them;
23 is that a fair assessment?

24 MR. SANDS:

25 Yeah. That's a fair assessment.

1 And then also, watching naturally, the
2 different actions that you take to
3 empower the state. So for example, I
4 took a lot of notes. I want to buy a
5 couple hundred acres here now, based on
6 what's happening. But besides that, you
7 know, we actively -- you know, were
8 paying attention and we're going to now
9 go back and we're going to be looking at
10 the lumber and -- and the different
11 things that were just talked about in
12 that last conversation for sure.

13 So there's a variety of different
14 data, both just, you know, hearing
15 conversations, but also watching actual
16 data. So there's a -- a variety of
17 different things that we're going to
18 learn from you in terms of economic
19 development in this state.

20 MR. ROY:

21 So your source of funds that you
22 lend out, is it primarily the likes of a
23 Goldman Sachs and others who fund you and
24 you're going to have capital or
25 liability?

1 MR. SANDS:

2 Let's sort of think of it as, we
3 have about 50 different bank partners.
4 And for a variety of different reasons,
5 some regulatory, some just good business,
6 come to us to either purchase loans, to
7 lend us capital or create loan funds.

8 MR. ROY:

9 They give CRE credit, et cetera?

10 MR. SANDS:

11 That's right.

12 MR. ROY:

13 Got you.

14 Any other questions, comments?

15 (No response.)

16 MR. ROY:

17 Hearing none, what's the pleasure of
18 the board?

19 MR. GEORGE:

20 Motion for approval.

21 MR. ROY:

22 As presented.

23 MR. ADLER:

24 Second.

25 MR. ROY:

1 Second. Any other discussion?

2 (No response.)

3 MR. ROY:

4 Any comments from the public?

5 (No response.)

6 MR. ROY:

7 Hearing none, all in favor, aye.

8 (All responded, aye.)

9 MR. ROY:

10 All opposed, nay.

11 (No response.)

12 MR. ROY:

13 Without objection, congratulations.

14 We look forward to seeing you for some

15 land bills, those things, but we

16 appreciate all your efforts and look

17 forward to hearing from you.

18 MR. SANDS:

19 Thank you so much.

20 MS. SHENSKY:

21 Thank you.

22 MS. GLOVER:

23 If you don't mind stepping up before

24 you leave, because I also want to speak

25 to you.

1 MR. ROY:

2 While the -- while the topic is --
3 is fresh, at least in my head, and I
4 would welcome any comments from our two
5 bankers on -- two other bankers on -- on
6 the board, but there are a number of CDFI
7 banks in the State of Louisiana that --
8 that are doing some here. I would
9 encourage them to talk with the LBA, to
10 reach directly to them, you know. Their
11 source of funds is the deposits in the
12 community. They're domiciled here.
13 There's -- there's a -- a great need. I
14 think to get guys like that before us as
15 well, who could be approved and, you
16 know, they -- that many of them, the --
17 you know, the origin of which, in fact,
18 Ms. Glover just told me that she sits on
19 -- on the board of a CDFI as well. My
20 bank happens to be a CDFI and we do no
21 business with LEDC, but -- just -- just
22 by way of all that information, the claim
23 of the CDFI's that are partners and we
24 all work together to try to do the things
25 that this gentleman is trying to do. So

1 I would encourage staff to fully explore
2 and vet those opportunities. I don't
3 know if my two banker friends have
4 anything to add to that, but please feel
5 free to do so.

6 MR. ADLER:

7 Absolutely. We're a CDFI bank also.
8 We're the largest, but we're about \$5
9 billion in assets and we're always
10 looking for a good partners because we
11 can't do every loan. So we're always
12 looking for somebody to satisfy our
13 customers. If we can't do it, the best
14 thing we can do it find an alternative
15 form or somebody, give them a name and
16 number that we trust and -- so I
17 appreciate ya'll coming into -- coming
18 into our territory and -- and helping us
19 as a -- as a group. And that's the --
20 with somebody that we can all share
21 commonalities with. So thank ya'll.

22 MR. SANDS:

23 Mr. Adler, PPP was an eye opening
24 experience for us all. We -- we were not
25 in the Fintech part at all. We had to

1 get a part -- we -- we enumerated and did
2 over \$2 billion in money, but if we
3 didn't have that technology, we couldn't
4 have kept up either. So it was very eye
5 opening. But like A.J. said, Ginger
6 Laurent is our contact over at the LBA.
7 She's the incoming president so she'd be
8 a good one to get in touch with.

9 MR. ADLER:

10 What's her name?

11 MR. SANDS:

12 Ginger Laurent. Laurent,
13 L-A-U-R-E-N-T. A Louisiana name there.

14 MS. RANEY:

15 Mr. Roy, I just wanted to comment
16 also that we are actually headed well
17 down that path already. There's roughly
18 74 CDFI's within this state. We have a
19 map, a geographical dispersion in my
20 office so we can reach out to each one of
21 those and form relationships to eliminate
22 those pockets we saw last year with LPGP.
23 And Liberty Bank is also very
24 instrumental to our state being the only
25 MDI, Minority Depository Institution in

1 the entire state.

2 MR. ROY:

3 Very good. Thanks again.

4 All right. Next -- next order of
5 business, Treasurer's report. Ms. Villa?

6 MS. VILLA:

7 Good morning. Anne Villa,
8 Undersecretary for LED. And I have in
9 front of you, the Secretary/Treasurer's
10 Report for -- as of August 2nd, 2021.

11 Our FY '22 budget is \$16,386,671.
12 We had the project that was just approved
13 and in our capital outlay appropriation
14 for EDAP of \$2,100,000, which leaves us a
15 balance of \$14,286,671. It -- Sorry. I
16 misstated. The \$2.1 million was
17 previously approved. The -- what the
18 board just approved was the \$1.5 million
19 for the project, which leaves us a
20 balance of \$12,786,671.

21 We currently have -- the team has
22 projects which total \$875,000 that's
23 under their review. And we have a
24 projected year end balance of \$11,911 --
25 I'm sorry, \$11,911,671.

1 And the next page gives you the
2 breakout of our financial assistance
3 program and our state's small business
4 credit initiative program, which as a
5 budget of \$190,000 with a balance
6 expected of \$190,000.

7 And then the next page has the
8 details of our capital outlay
9 appropriation for FY '22. And the two
10 projects that were previously approved by
11 the board in July that compose of -- of
12 the \$2,100,000 were those two projects.
13 And then the board approved the CPS
14 DeRidder project. And so of our
15 appropriation, we have capital outlay for
16 EDAP expected balance of \$10,160,709.
17 And the three projects that we have under
18 review by the team total -- the Bagwell,
19 Medline, and Richards Cajun Foods, which
20 totaled the \$875,000, which gives us a
21 balance of \$9,285,709.

22 Our EDRED, we have our balance for
23 FY '22 budget is \$2,435,962. We don't
24 have any current projects that we have
25 that needed additional funding, so we're

1 expecting, currently, a balance of
2 \$2,435,962.

3 The next board meeting, we'll be
4 able to give you a -- a review of that
5 program and where we stand. Secretary
6 and Mandy weren't here and our team
7 members should be -- he's had some
8 surgery and so he should be back next
9 month to present to the board when the
10 Secretary or Mandy are here as well in
11 attendance.

12 If you go to the next page, we still
13 are closing out the books for FY '21, so
14 this hasn't changed since last month's
15 report. We go to JLCB tomorrow for our
16 carry forwards and we expect to have this
17 updated for FY '22 at our next board
18 meeting in -- in September.

19 And that's all I have, unless you
20 have any questions.

21 MR. ROY:

22 Questions? Questions, comments?

23 (No response.)

24 MR. ROY:

25 Hearing none, I'll entertain a

1 motion to accept the Treasurer's report.

2 MR. DAVID:

3 Accepted. First motion.

4 MR. ROY:

5 Second?

6 MR. JACKSON:

7 Second.

8 MR. ROY:

9 Second. Any discussion?

10 (No response.)

11 MR. ROY:

12 Hearing none, all in favor, aye.

13 (All responded, aye.)

14 MR. ROY:

15 All opposed, nay.

16 (No response.)

17 MR. ROY:

18 Without objection. Any comments
19 from the public?

20 (No response.)

21 MR. ROY:

22 The accountant's report.

23 MS. HENDRICKS:

24 Good morning. I'm Molly Hendricks
25 and I'll be presenting the EDAP

1 accountant status report.

2 As of June 30th, there were 22 SSBCI
3 1.0 guaranteed loans, totaling
4 \$3,887,230. As you can see, Krazy for
5 Keto, is listed as high risk 100 percent.
6 We've been informed by the bank that they
7 have filed for bankruptcy.

8 So the allowance as of June 30th, is
9 \$718,456, which is reflected at a blended
10 rate of 18.48 percent, which is the 18
11 percent for the current loans and the
12 higher percent for Krazy for Keto.

13 On the next page, as of June 30th,
14 the EDAP loan portfolio consists of three
15 loans; Town of Colfax, City of Bastrop
16 and Town of Vivian, for a total of
17 \$485,884. The allowance is set at 15
18 percent, which is \$72,883.

19 The third page just shows that the
20 SSBCI dollars have been exhausted and the
21 program continues on the fourth page. So
22 the LEDC funds guaranteed loan -- loan
23 portfolio has one loan, NOLA Detox. The
24 current amount is \$173,278 and the
25 allowance for that is also set at 18

1 percent for a total of \$31,190.

2 And that concludes my report.

3 MS. GLOVER:

4 Can we go back to Krazy for Keto?
5 Can you just give us some context? I'm
6 asking as I'm quickly looking at their
7 Facebook page, which is still -- I mean,
8 I -- I know that's probably (inaudible)
9 restaurant, but I don't want to make any
10 assumptions.

11 MS. RANEY:

12 So the banker informed us that --
13 that they were a victim of COVID with
14 sales. They had to close their door.
15 And while they were able temporarily to
16 float the note, the problem was further
17 exacerbated by the business owners'
18 husband being laid off in the oil and gas
19 industry. And so those are the updates
20 and details that we've received most
21 recently from the bank.

22 MR. ROY:

23 Any other questions, comments?

24 (No response.)

25 MR. ROY:

1 Hearing none, I'll entertain a
2 motion to accept the accountant's report.

3 MR. DAVID:

4 Motion.

5 MR. ROY:

6 Motion.

7 MR. SIMPSON:

8 Second.

9 MR. ROY:

10 Second. Discussion?

11 (No response.)

12 MR. ROY:

13 Comments from the public?

14 (No response.)

15 MR. ROY:

16 Hearing none, all in favor, aye.

17 (All responded, aye.)

18 MR. ROY:

19 All opposed, nay.

20 (No response.)

21 MR. ROY:

22 Thank you.

23 MS. HENDRICKS:

24 I just wanted to take a minute to
25 also give an update from last board

1 meeting, the resolutions that were
2 adopted. It was requested to make sure
3 that there was dual signatures on -- on
4 those two accounts. The Iberia Bank CDs
5 were able to verify those signatures has
6 been updated. And the Whitney Bank, it's
7 -- we've been informed that the process
8 is no longer requiring dual signatures,
9 but our internal process is remaining at
10 dual signatures. It seems to be a
11 banking -- the larger banks are going
12 towards not being able to verify the
13 signatures.

14 MR. DAVID:

15 Yeah. I can clarify it for you. We
16 -- we don't double check and make sure
17 there's two. We only require one, but if
18 any, you know, group or anything requires
19 two, of course, they'll make sure it's
20 acquired, but we're just looking for one
21 signature. That's it.

22 MR. ROY:

23 Work with staff on that. And thank
24 you ladies for helping me.

25 Okay. The -- today the -- both the

1 Secretary and the Assistant Secretary
2 could -- could not make it, but we --
3 staff will give us an update. And I -- I
4 will say by the way of preface, that we
5 have some money coming. We're excited
6 about it. And we've been such good
7 stewards of the federal money, they have
8 showered us with a bunch. We're waiting
9 on -- on the -- on the rules and I'll let
10 Ms. Kelly or someone else fill you in.

11 MS. RANEY:

12 Thank you. Let me back up a little
13 bit and remind everybody about the --
14 guarantee program, which was created very
15 fast last year in response, direct
16 response, to COVID and rolled out prior
17 to PPP. We just wanted to provide an
18 update as the portfolio performance.

19 The balance of all of those
20 portfolios, while it was originally
21 roughly \$4.3 million, we've had some
22 early payoffs and pay downs. The current
23 portfolio balance is a smidge under \$3.4
24 million.

25 In that portfolio, there are

1 currently 41 still outstanding,
2 originally 61 booked. Of those on the
3 books, currently, there are four past due
4 with an average age of delinquency being
5 31 days.

6 And so I just wanted to provide that
7 update as to where we've been, which I
8 think would be a perfect segue into Mr.
9 Roy's point with SSBCI 2.0.

10 For those that may not remember or
11 were not involved in SSBCI 1.0, such as
12 myself, I reviewed the timeline from 2011
13 and interestingly enough, ten years ago
14 next week, LED was able to submit their
15 application to the U.S. Treasury for the
16 funds that were -- over in 1.0.

17 Just to remind you, that dollar
18 amount in 2011 was 13 million. There was
19 five million put into a equity
20 investments and eight million which went
21 to the SSBCI loan guarantee program,
22 which has every dollar recycled as of
23 today when we sit here and speak.

24 And so you're right, I think the
25 U.S. Treasury Office did recognize the

1 great work that the State of Louisiana
2 did with those funds. And as the
3 preliminary allocations have been
4 released for the entire country, it does
5 show that Louisiana is targeted to
6 receive approximately \$74 million. So it
7 is significantly more than we received
8 last time, which highlights a significant
9 opportunity that we have, not only to
10 revise our existing loan guarantee
11 program, but also to create new programs
12 and make additional equity investments.

13 And so I'd like to go ahead and just
14 put the bug in each of the policy
15 committee members ears that is Mr.
16 George, Mr. Moore, Mr. Simpson, Ms.
17 Glover and Mr. Wren, I will be reaching
18 out to you in the next two days to get on
19 your calendar so we can convene a policy
20 committee meeting and start these
21 conversations.

22 Specifically, as it relates to the
23 loan guarantee program, while I do not
24 expect you to write this down or remember
25 this, I wanted to share some internal

1 conversations that we are having here at
2 LED to prepare. Unlike 2011, we have not
3 received the guidelines yet to make
4 application, therefore, we are trying to
5 work as -- as we can so that when the
6 guidelines come out, we can adjust as
7 necessary, based on some of the
8 requirements that we are anticipating.
9 For example, socially, economically
10 disadvantaged is a new parameter of SSBCI
11 funding. How will that relate to funds
12 being disbursed and program usage, we're
13 not exactly sure, but we're trying to
14 fold that in and consider it of that
15 particular subset.

16 So the other areas where we would
17 like to try and provide enhanced benefits
18 for minority owned business owners,
19 veteran owned businesses, women owned
20 businesses. Not just socially
21 economically disadvantaged businesses,
22 but those businesses in rural
23 geographies. And so your feedback will
24 be instrumental in customizing a strategy
25 to help ease access, from a lending

1 perspective, around our loan program.

2 We are also in deep discussions to
3 brainstorm the creation of another
4 program for business owners, called the
5 collateral support program. The concept
6 is very simple. The business owner walks
7 into the bank and if they may meet all of
8 the internal credit underwriting
9 requirements, but they may not have
10 exactly the full amount of collateral
11 that the bank or CDFI is requiring, the
12 collateral support program will then
13 provide cash to help supplement that
14 collateral shortfall. The bank holds the
15 cash. They replenish that cash towards
16 the loan. And so that essentially is as
17 simple as I can explain it. And in
18 consulting with other states who used
19 that particular program strategy during
20 1.0, they have been very successful and
21 have shared their best practices with us
22 so we can take all that into account as
23 well.

24 So please stay tuned and we'll be
25 reaching out to all of you on the policy

1 committee members. We may need to have
2 multiple discussions.

3 But I'd like to end by sharing a
4 timeline with each of you to kind of set
5 the expectation. Because we are a
6 government agency, we do follow the rules
7 promulgation process. And in 2011, we
8 were able to invoke the emergency rules
9 promulgation process. However, that is
10 still, start to finish, roughly four
11 months. So we do know that we will have
12 additional four months to undergo that
13 process, but can work simultaneously on
14 all of the other applications
15 requirements while we undergo that.

16 So we will have our discussions very
17 soon. I just also wanted to note ten
18 years ago, September 16, the formal rules
19 were presented to the LEDC board for
20 approval and that came two weeks after
21 the application had been fully approved
22 by the U.S. Treasury Office. So our
23 timeline is not terribly far off. We're
24 working a little backwards, like I stated
25 earlier, simply because the U.S. Treasury

1 has not put out the guidelines just yet.

2 MR. JACKSON:

3 Question -- question. The 74
4 million, do you have any sense for
5 proportion, like how that compares to
6 last round? We had what, 40 million out
7 of I don't know how much last time. Is -
8 - is it just a bigger pot of money over
9 all and we're about the same portion of
10 that, or did we actually gain some
11 ground?

12 MS. RANEY:

13 The State of Louisiana -- let me
14 answer your question this way, the State
15 of Louisiana, while we received 13
16 million in 2011, and we was -- are
17 targeted to receive from the preliminary
18 allocations, 74 million, they have
19 identified a subset of that 74 million,
20 roughly 5.4, to be earmarked for the very
21 small businesses. So that's another new
22 preliminary definition we are waiting to
23 see how that needs to be implemented,
24 because 5.4 of the preliminary
25 allocation, is specific to be designed

1 and given to various small business
2 types.

3 To give you a range of the size of
4 funding for all of the states, the least
5 amount any state received or in the
6 preliminary allocations, is just over 56
7 million. The most any one state is
8 looking to receive, based on this
9 preliminary allocation, is actually the
10 State of California, just under 900
11 million.

12 MS. VILLA:

13 But -- but to answer further your
14 question is, the allocation that the --
15 that the state received in the first
16 round, was the minimum that any state
17 received, the 13.1 million.

18 MR. JACKSON:

19 That -- that -- so we might --

20 MS. VILLA:

21 So we have gained ground. If you
22 recall, the basis for it was unemployment
23 and back in 2010, the state did not
24 suffer as greatly as other states did
25 with the housing market. So decline in -

1 - in the housing -- in the -- in the
2 market area. So our unemployment was not
3 as high as other states, so that's why we
4 received the minimum. Now, this time,
5 you know, as in all states were greatly
6 affected by the pandemic, so we did gain
7 ground, meaning that, you know, our
8 unemployment rate was high and so that's
9 what was the basis for this allocation as
10 well. And so we did get additional
11 funding outside of the minimum that was
12 given to states.

13 MR. JACKSON:

14 So -- so apples to apples, we would
15 have been looking at maybe 56 --

16 MS. VILLA:

17 That's exactly right, versus the 74
18 million.

19 MR. JACKSON:

20 Yeah. And that's really what I'm --

21 MS. VILLA:

22 That's correct. Yes.

23 MR. ROY:

24 Very good -- good discussion. Thank
25 you, Ms. Kelly. And the undersecretary

1 and the assistant secretary could not be
2 here, as well as Mr. Wren. So there are
3 a number of things that we defer today,
4 on today's meeting, that we hope to bring
5 up next time, not the least of which is,
6 to get the discussion going on the policy
7 side. And are we still under the
8 emergency rules?

9 MS. RANEY:

10 No. We are not.

11 MR. ROY:

12 So we're -- so we're looking at four
13 months plus, at least in terms of -- I
14 mean, what -- what would be the average,
15 you think, in terms of if we really were
16 efficient in terms of approval of new
17 rules under the normal process?

18 MS. RANEY:

19 It's a four -- it's a four month --
20 it's a four month --

21 MR. ROY:

22 It's -- it's four months? Okay. I
23 was thinking that was just emergency.

24 MS. VILLA:

25 No. It's going to -- it would take

1 us a good four months to go through the
2 process. So it's -- you know, it is
3 important for us to start meeting with
4 the policy committee and getting our
5 rules updated to support programs that we
6 would like to put into the application so
7 that we can be, you know, ready to go.

8 MR. ROY:

9 Absolutely. And I was just talking
10 with a couple of my colleagues this
11 morning before about challenges in
12 putting some of this money out there, and
13 I think, you know, the sooner we begin --
14 begin those discussions -- and my banker
15 friends will -- will agree -- the -- the
16 better, because it's -- there's a lot of
17 money out there. The needs are certainly
18 still there, but -- but there -- there
19 are a lot of holes that have been
20 plugged, but we -- we -- and what we need
21 to get creative and -- and work on the
22 most efficient way to -- to meet -- meet
23 the perceived guidelines. And I think
24 the sooner we start those discussion, the
25 better.

1 Any -- any other comments or
2 questions to add to what I've said?
3 (No response.)

4 MR. ROY:

5 Thank you. Any other business?
6 (No response.)

7 MR. ROY:

8 Hearing none, I'll entertain a
9 motion to adjourn.

10 MR. GEORGE:

11 Motion.

12 MR. ROY:

13 Motion. Second?

14 MR. JACKSON:

15 Second.

16 MR. ROY:

17 All in favor, aye.

18 (All responded, aye.)

19 MR. ROY:

20 All opposed, nay.

21 (No response.)

22 MR. ROY:

23 Without objection. Thank you for
24 coming.

25 **THE MEETING CONCLUDED AT 10:58 A.M.**

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C E R T I F I C A T I O N

I, Lori B. Overland, Certified Court Reporter in and for the State of Louisiana, as the officer before whom this testimony was taken, do hereby certify that the above referenced individual to whom oath was administered, after having been duly sworn by me upon authority of R.S. 37:2554, did testify as hereinbefore set forth in the foregoing pages, that this testimony was reported by me in the stenomask reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding; that the transcript has been prepared in compliance with transcript format guidelines required by statute or by rules of the board, that I have acted in compliance with the prohibition on contractual relationships, as defined by Louisiana Code of Civil Procedure Article 1434 and in rules and advisory opinions of the board; that I am not related to counsel or to the parties herein, nor am I otherwise interested in the outcome of this matter.

Lori Overland C.C.R.

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