

STATE OF LOUISIANA  
 LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
 BOARD OF DIRECTORS MEETING  
 BEING HELD ON THURSDAY, JULY 14, 2022  
 AT THE LASALLE BUILDING  
 617 North Third Street, FLOOR 1, LABELLE ROOM  
 Baton Rouge, Louisiana

REPORTED BY: KELLY S. PERRIN, C.C.R.

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1 APPEARANCES :

2 BOARD MEMBERS PRESENT :

3 CHAIRMAN A.J. ROY, III

4 CHARLES E. JACKSON, III

5 ANDY L. ADLER

6 CAL SIMPSON

7 LOUIS REINE

8 SECRETARY DON PIERSON

9 OLUWASUYI E. GEORGEWILL

10 STAFF MEMBERS PRESENT :

11 LAURA WOMACK

12 SUSAN BIGNER

13 ROBIN PORTER

14 MARISSA DOIN

15 SHAMELDA PETE

16 CRYSTAL DALGO

17 MOLLY HENDRICKS

18 KELLY A. RANEY

19 BRENDA GUESS

20 DEBORAH SIMMONS

21 TEDRA CHEATHAM

22 OLEVIA SHARBAUGH

23 GRIFFIN LANDRY

24 MAKESHA JUDSON

25

1 APPEARANCES CONTINUED:

2 SPEAKERS FROM THE AUDIENCE:

3 ROBERT OWENS, CIO, FOCUS FOODS

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18 REPORTED BY: KELLY S. PERRIN, CCR

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1 P R O C E E D I N G S

2 CHAIRMAN ROY: (BEGINNING AT 9:30 A.M.)

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

6 MS. SIMMONS:

7 Good morning, everyone.

8 A.J. Roy?

9 CHAIRMAN ROY:

10 Here.

11 MS. SIMMONS:

12 Louis Reine?

13 MR. REINE:

14 Here.

15 MS. SIMMONS:

16 Cal Simpson?

17 MR. SIMPSON:

18 Here.

19 MS. SIMMONS:

20 Charles Jackson?

21 MR. JACKSON:

22 Here.

23 MS. SIMMONS:

24 Andy Adler?

25 MR. ADLER:

1                   Here.

2           MS. SIMMONS:

3                   Norisha Glover?

4                   (Absent.)

5                   Secretary Don Pierson?

6           SECRETARY PIERSON:

7                   Present.

8           MS. SIMMONS:

9                   Stephen David?

10                  (Absent.)

11          MS. SIMMONS:

12                  Suyi Georgewill?

13          MR. GEORGEWILL:

14                  Here.

15          MS. SIMMONS:

16                  We have a quorum.

17          CHAIRMAN ROY:

18                  Very good. I'll ask everyone to please  
19                  silence their devices. The first order of  
20                  business is the approval of the various  
21                  minutes, first being the Policy Committee  
22                  Meeting Minutes of March the 9th.

23          MR. JACKSON:

24                  Move to approve.

25          MR. SIMPSON:

1                   Second.

2           CHAIRMAN ROY:

3                   Motion for approval as presented.

4           Second. Any discussion?

5                   Hearing none, all in favor, aye.

6                   (AYES BY ALL.)

7           CHAIRMAN ROY:

8                   All opposed, nay?

9                   Without objection.

10                   Next order of business will be the  
11 minutes of the Finance Committee from April  
12 the 14th.

13           MR. SIMPSON:

14                   Move to approve.

15           CHAIRMAN ROY:

16                   Motion for approval is presented.

17           MR. JACKSON:

18                   Second.

19           CHAIRMAN ROY:

20                   Second. Any discussion? Any comments  
21 from the public?

22                   All in favor, aye?

23                   (AYES BY ALL.)

24           CHAIRMAN ROY:

25                   All opposed, nay?

1 Without objection.

2 Screening Committee Meeting Minutes of  
3 the April the 14th.

4 MR. JACKSON:

5 Move to approve.

6 CHAIRMAN ROY:

7 Motion for approval is presented.

8 MR. SIMPSON:

9 Second.

10 CHAIRMAN ROY:

11 Second. Discussion? Any comments from  
12 the public?

13 Hearing none, all in favor, aye?

14 (AYES BY ALL.)

15 CHAIRMAN ROY:

16 All opposed, nay? Without objection.

17 Finally, the Board Meeting Minutes of May  
18 the 12th?

19 MR. SIMPSON:

20 Move to approve.

21 CHAIRMAN ROY:

22 Motion for approval is presented.

23 MR. ADLER:

24 Second.

25 CHAIRMAN ROY:



1           Seconded. Any discussion? Any comments  
2           from the public?

3           Hearing none, all in favor, aye?

4           (AYES BY ALL.)

5           CHAIRMAN ROY:

6           All opposed, nay?

7           Without objection. Thank you very much.

8           MR. REINE:

9           Mr. Chairman, I don't necessarily have  
10          the copy of the minutes, but I think it was  
11          the May meeting when we talked about the Small  
12          Business Loan Program with the \$50,000 and  
13          such. What did we call that with the  
14          revolving? We were willing to give the banks  
15          the 50,000, they were going to loan it to  
16          Small Business --

17          MS. GUESS:

18          Oh, micro loaning?

19          MR. REINE:

20          -- and when they got paid back, they keep  
21          the money, whatever?

22          MS. GUESS:

23          Our micro loaning Program.

24          MR. REINE:

25          Okay. Today, or at a future meeting,

1           because it's really kind of stuck with me,  
2           have some conversation about, is there some  
3           kinds of limits on the fees the bank can  
4           charge the business or the interest rate based  
5           on the risk of a guaranteed loan? At some  
6           point, I'd like to talk about that. So  
7           whenever you think it is appropriate; and if  
8           not, put it on the next agenda?

9           CHAIRMAN ROY:

10                   We will make a point of --

11           MS. RANEY:

12                   We will have an SSBCI update in the Other  
13           Business section and I can address that at  
14           that time, if that's okay?

15           CHAIRMAN ROY:

16                   Very good. And if we need to bring it up  
17           at the Policy Committee or else, we certainly  
18           will, Mr. Reine.

19                   All right. My pleasure today to  
20           introduce Mr. Suyi Georgewill to my left. He  
21           hails from the Shreveport/Bossier area.  
22           Welcome to the Board. He represents the  
23           service industry, I believe.

24           MR. GEORGEWILL:

25                   Yes, that's correct. Thank you.

1 CHAIRMAN ROY:

2 And perhaps you would like to say a few  
3 words about yourself?

4 MR. GEORGEWILL:

5 Yeah, absolutely. My name is Suyi  
6 Georgewill. I work with Cintas Corporation in  
7 Bossier City. I get to run from northwest  
8 Louisiana, east Texas, on to south Arkansas  
9 markets.

10 Sorry. Is that better?

11 Yeah, Suyi Georgewill. I work with the  
12 Cintas Corporation. I get to facilitate  
13 business transactions throughout northwest  
14 Louisiana, south Arkansas, and east Texas. We  
15 work with a lot of industries and it's great  
16 to be a part of an organization that supports  
17 the health and incoming progress with  
18 businesses throughout our state. So I look  
19 forward to dialogues creating progressive  
20 impacts for our businesses.

21 CHAIRMAN ROY:

22 Thank you. Glad you've joined us.

23 MR. GEORGEWILL:

24 Thank you.

25 CHAIRMAN ROY:

1 All right. Next order of business is the  
2 EDAP -- under the EDAP program, TDP Group  
3 doing business as Focus Foods. Ms. Womack,  
4 good morning.

5 MS. WOMACK:

6 Good morning. My name is Laura Womack.  
7 I'm here representing staff. I also have  
8 Mr. Robert Owens, who is a part of Focus Foods  
9 as the Chief Innovation Officer. The TDP  
10 Group doing business as Focus Foods is a  
11 manufacturer and leading provider of  
12 innovative meal solutions. What initially  
13 began as a network of formerly skilled and  
14 talented food truck owners has emerged into a  
15 manufacturing operation that produces easy to  
16 prepare frozen meals. The meals they produce  
17 meet the USDA and State Health Department  
18 nutrition guidelines utilizing in-house chefs  
19 to craft delicious and well-balanced meals.

20 Since the creation of the company, they  
21 have provided over 25 million meals to  
22 schools, households, care facilities, and  
23 disaster areas across the Gulf South region.  
24 To further meet the needs of our senior  
25 population, Focus provides meal solution needs

1 for partners engaged in Meals on Wheels,  
2 senior citizen operators, nursing home  
3 operators, assistant living facilities, as  
4 well as retirement communities. At the onset  
5 of the pandemic, Focus prioritized providing  
6 meals to elementary and high school students  
7 that had switched to virtual learning in an  
8 at-home setting. Focus provides over 40,000  
9 meals weekly and it provides 30,000 meals to K  
10 through 12 students across seven parish school  
11 districts each week through the USDA's Child  
12 and Adult Care Feeding Program.

13 Since the start, Focus has also been at  
14 the forefront of emergency relief providing  
15 meal solutions for all major-named storms as  
16 well as the flood of 2020. They are able to  
17 stage and execute feeding anywhere from 100 to  
18 10,000 in a matter of days offering hot meal,  
19 family-style food truck, frozen or  
20 shelf-stable options to help suit all needs.  
21 They are able to accomplish all this through  
22 their unmatched production and logistic  
23 systems by using their own fleet of delivery  
24 vehicles, and their experienced team of  
25 dedicated supervisors and managers.

1           Additionally, they operate eight  
2           distribution sites and 50 partners sites  
3           across 11 parishes, and they also have five  
4           pickup sites that are available for  
5           drive-through service. Focus is poised to be  
6           the market leader for frozen and shelf-stable  
7           meal solutions in Louisiana. Focus will be  
8           expanding and relocating their corporate  
9           headquarters and manufacturing operations from  
10          their existing facility that's currently  
11          located in Celtic Studios in Baton Rouge to a  
12          larger site that was formerly the  
13          Valuzzo-McDonald's Distribution Plant, which  
14          was recently purchased. This site is roughly  
15          three and a half acres with four buildings  
16          totaling 75,000 square feet.

17                 And Focus will be adding an additional  
18                 15,000 square feet. This will be used as an  
19                 industrial culinary kitchen and shelf-stable  
20                 food manufacturing facility. The expansion  
21                 will allow Focus to broaden the impacts the  
22                 company has on food and security needs in our  
23                 area for children and the elderly. They'll  
24                 also be able to expand their current employee  
25                 base, triple their food production output, and

1 allow them to obtain commercial co-packing  
2 opportunities. The total costs of the  
3 expansion is estimated to be \$8,500,000. This  
4 entails the building acquisition, renovations,  
5 and improvements, purchase of capital  
6 equipment, as well as site improvements. The  
7 EDAP funds will be used to specifically  
8 reimburse a portion of the site improvements  
9 as it relates to an upgraded and new fire  
10 sprinkler system.

11 The company will be retaining 300  
12 existing jobs with an associated annual  
13 payroll of \$9,000,000 to be increased two  
14 percent annually as well as the creation of  
15 100 new jobs with an associated payroll of  
16 \$5,000,000 by 2027. And all jobs and payroll  
17 are to be maintained through December 31st,  
18 2027. There's also a total investment  
19 requirement of a million dollars to be  
20 expended by December 31st, 2023.

21 East Baton Rouge Parish's unemployment  
22 rate was 3.6 as of March 2022 compared to the  
23 State rate of 3.8 for the same period. The  
24 per capita personal income for East Baton  
25 Rouge Parish for 2020 was \$56,484 compared to

1 a per capita income for the State of \$50,874.  
2 Project is estimated to have State revenues of  
3 roughly eight and a half million with the  
4 company receiving \$100,000 EDAP as well as  
5 \$2.6 million from Quality Jobs. So this  
6 results in a net revenue of about \$5.8 million  
7 for the State.

8 Staff recommends approval of this project  
9 as an unsponsored EDAP with our normal  
10 contingencies that are usually in place as  
11 well as the retention of the 300 jobs with  
12 associated payroll of \$9 million increased at  
13 two percent annually, creation of 100 new jobs  
14 with an associated payroll of \$5 million by  
15 December 31st, 2027, total capital investment  
16 of Focus of \$1 million expended by  
17 December 31st, 2023. And also, we will be  
18 requiring collateral in an amount no less than  
19 the EDAP award of \$100,000.

20 And with that, I'd like to introduce  
21 Mr. Owens and he can give you more information  
22 about the company and this specific project.

23 MR. OWENS:

24 Now this isn't my thing. My microphone  
25 works. So, essentially, what we're working



1           towards is working with child nutrition  
2           providers across the State, and now we've also  
3           began working with child nutrition providers  
4           across Arkansas and Mississippi and Texas, and  
5           all of which will be the main headquarters and  
6           the cooking, everything will be done in-house  
7           here in Baton Rouge. And with that, we also  
8           are looking for other kitchens around the  
9           State to be able to distribute to schools for  
10          at-risk communities and working within those  
11          communities to not only have -- make an impact  
12          for food and security but also financial  
13          impact in each community we go to; Baton Rouge  
14          being the primary one where we will house the  
15          majority of our employees through the facility  
16          on Choctaw.

17          CHAIRMAN ROY:

18                    Any questions or comments? Mr. Reine?

19          MR. REINE:

20                    Yeah. Does the -- what we're looking at  
21                    is the \$100,000 for a sprinkler system; right?

22          MR. OWENS:

23                    Yes, sir.

24          MR. REINE:

25                    Okay. So I'm good with that. The staff

1 might have to explain this, on Page Number 2  
2 where it says, new payroll, I guess in 2027,  
3 that's \$5,000,000?

4 MS. GUESS:

5 That's correct.

6 MS. WOMACK:

7 Correct.

8 MR. REINE:

9 All right. So in 2023, it's \$11,800,000  
10 and it gets to 14. All right. So I guess  
11 that's the \$9 million and the \$5 million to  
12 get to the 14; I got that.

13 All right. Quality Jobs, the 2.6, that's  
14 the rebate that's based on the new payroll of  
15 new employees?

16 MS. GUESS:

17 That's correct.

18 MR. REINE:

19 And so --

20 MS. GUESS:

21 It is estimated.

22 MR. REINE:

23 Okay. So that means that the new  
24 employees are going to fall in line into the  
25 wage requirements and the benefit package of

1 the Quality Jobs?

2 MS. GUESS:

3 That's correct. If employee benefits are  
4 approved, they have to make the submission to  
5 our staff for review which --

6 MR. REINE:

7 What's the wage on Quality Jobs these  
8 days? They keep changing it, but...

9 MS. GUESS:

10 I'm not certain.

11 MR. REINE:

12 I think \$17 an hour or something like  
13 that?

14 SECRETARY PIERSON:

15 Nineteen, I believe.

16 MR. REINE:

17 Nineteen dollars an hour?

18 MR. JACKSON:

19 Looks like the average by 2027 is going  
20 to be close to 50,000 a job.

21 MR. REINE:

22 Okay. Mr. Chairman, at the appropriate  
23 time, I move for the approval.

24 CHAIRMAN ROY:

25 Motion for approval as presented.

1 MR. ADLER:

2 I'll second that.

3 CHAIRMAN ROY:

4 Second.

5 Any other questions or any comments?

6 MR. JACKSON:

7 What kind of foods do you make? They're  
8 all frozen. They're not really MREs or  
9 anything like that?

10 MR. OWENS:

11 So we do a lot of emergency feeding where  
12 we'll do shelf-stable. So shelf-stable meals  
13 will be anywhere from yogurts to cheeses to  
14 various proteins that don't spoil at room  
15 temperature. And then we also are providing  
16 food service management for Baton Rouge  
17 Community College and soon to be several other  
18 community colleges across the State where  
19 we'll be preparing the food in Choctaw,  
20 packing it, and then delivering it to be  
21 heated up inside of the school system for  
22 breakfast, lunch. And then we're also working  
23 on snack and suppers as well, which will  
24 typically be shelf-stable. Breakfast and  
25 lunch will be hot, ready-to-eat meals. Some

1 of them will be preheat depending on the  
2 situation of the school and their kitchen.  
3 Some of them will be prepared or finished  
4 preparing in the kitchens themselves.

5 MR. JACKSON:

6 So are you shifting from frozen meals or  
7 are you --

8 MR. OWENS:

9 No, not at all.

10 MR. JACKSON:

11 You're doing both?

12 MR. OWENS:

13 We're doing both, correct. Frozen meals  
14 is a portion of the overall scope where we  
15 can -- over the last several weeks, we've  
16 looked at the schools that we've been awarded  
17 the operation with them. And in a lot of  
18 those cases, we can keep the meals fresh  
19 rather than having to freeze them first. So  
20 we're still preparing the same meal, but  
21 rather than freezing and then thawing them out  
22 and then reheating them for the kids, we're  
23 actually able to keep them fresh the whole way  
24 through our own logistics channel that we own.  
25 So it's kind of make sure that the flavor

1 profile that they get is at the best that we  
2 can possibly provide it for their system.

3 MR. REINE:

4 Weren't y'all providing the boxes of food  
5 for students out of school during COVID?

6 MR. OWENS:

7 We have been, yes, and we still provide  
8 those.

9 MR. REINE:

10 That's fine stuff. They've got milk that  
11 last for, like, a year.

12 MR. OWENS:

13 Yeah, shelf-stable milk.

14 MR. REINE:

15 You don't have to refrigerate it.

16 MR. OWENS:

17 I can make sure everybody here gets a  
18 carton of shelf-stable milk.

19 MR. JACKSON:

20 And this is your only commissary right  
21 now? Are you looking at expanding in the  
22 future or just having, I guess, warehouses in  
23 the north?

24 MR. OWENS:

25 No. We've been looking at property in

1 East Carroll and Lake Providence as secondary  
2 kitchen. Based on the shape of the building  
3 that it's in, we really won't start looking at  
4 that until around March of next year. That's  
5 the soonest the government portion of their  
6 and us could come to an agreement to begin the  
7 process of repairing the building because it's  
8 very close to being condemned. And so it's in  
9 that state and we want to repair it. We want  
10 to make -- we made commitments to make a  
11 financial impact up there. And so in order to  
12 keep the commitment, we're working with the  
13 City and the State system up there to have a  
14 meeting of the minds for how much each of us  
15 are going to put into the building and go from  
16 there.

17 MR. JACKSON:

18 And this piece of the business, I guess,  
19 is very strongly dependent on the federal  
20 feeding subsidies or programs?

21 MR. OWENS:

22 So we operate under the CACFP, which is  
23 the Child Affordable Food Program -- Child and  
24 Adult Food Program. And what -- what --  
25 that's been in existence since the early

1 1980s, so we don't see that as going away. As  
2 a matter of fact, we just received 40 cents  
3 more for per meal from the Government based on  
4 their last program incentive release that they  
5 released, I think it was two weeks ago.

6 So, yes, we are relying on that; but at  
7 the same time, it's a very long running  
8 program that I don't see going away because  
9 food insecurities aren't going away.

10 MR. JACKSON:

11 Right.

12 CHAIRMAN ROY:

13 I would imagine there's a huge need  
14 perhaps beyond what you can supply in the  
15 State. Is there anyone else that's in the  
16 business that produces to the level you do?

17 MR. OWENS:

18 In the State, no. We're the largest in  
19 the State, one of the largest in the south.  
20 And there were two other vendors, Revolution  
21 Foods and Preferred Vendors have both closed  
22 up shop due to breaking rules with the USDA  
23 and various other accounting principles. So  
24 we make sure we monitor our books and our  
25 regulations with the USDA and the FDA pretty



1           closely.

2           So we had other competitors. Those have  
3           since created a vacuum. And for now, I mean,  
4           we are literally fielding RFPs that aren't  
5           going to get awarded for a week and a half  
6           that have to start two weeks after we're  
7           awarded. So we're looking at between now and  
8           the middle of August being awarded another 10  
9           to \$15 million worth of business that we have  
10          to start up within a week and a half. So  
11          we're working hard right now to make sure that  
12          we can eliminate the void that exist so that  
13          all of our kids can get food.

14         CHAIRMAN ROY:

15                 Do you anticipate that this new facility  
16                 will allow you to supply the demand --

17         MR. OWENS:

18                 Yes.

19         CHAIRMAN ROY:

20                 -- in the next few years?

21         MR. OWENS:

22                 Yes. So we're putting in, just in  
23                 kitchen equipment is going to be about  
24                 \$1.4 million in kitchen equipment. We're  
25                 anticipating somewhere in the neighborhood of

1 being able to produce just in there around  
2 40,000 meals a day out of that kitchen. It's  
3 going to be one of the most cutting edge  
4 largest kitchens that we have in the State.  
5 And it's simply right now 80 percent of our  
6 business is food and security and meeting  
7 child nutrition and FDA guidelines.

8 And then we do envision -- we have, as a  
9 matter of fact right now, we have a  
10 relationship with the major grocery store  
11 chain where we will be co-packing, which means  
12 we'll be cooking their alfredo sauce, their  
13 pastalayas, their various other things that  
14 are served as from their deli. We'll be doing  
15 that as well to help balance out our  
16 Government reliance with private income as  
17 well.

18 MR. REINE:

19 Mr. Chairman, just for the record,  
20 because that was an interesting conversation,  
21 but this money will provide a safer workplace  
22 for their employees --

23 MR. OWENS:

24 Correct.

25 MR. REINE:

1           -- by the fire protection that it will  
2 provide. So I just wanted to note, this is --  
3 we're helping make sure that those employes  
4 have a safer work environment.

5 MR. OWENS:

6           Absolutely.

7 MR. JACKSON:

8           I -- it's -- by the way, I move approval,  
9 but this is pretty cut and dry and high. I'd  
10 love to know a good bit more about your story  
11 --

12 MR. OWENS:

13           Okay.

14 MR. JACKSON:

15           -- than just a word because it's  
16 interesting to move from a group of food  
17 trucks to what you've accomplished. How long  
18 has that taken and kind of how did that roll  
19 out?

20 MR. OWENS:

21           It's been two and a half years of,  
22 basically, oh, my God, this just happened.  
23 We -- it was started by Jeff Landry and John  
24 Hanks; both were food truck owners. Jeff  
25 Landry, being the principal owner now. John

1 has since been bought out. But Jeff started  
2 out as a food truck owner and he happened to  
3 have an opportunity to serve a couple of  
4 thousand of meals out of his food truck for  
5 emergency feeding for the hurricane that came  
6 through. And then COVID happened right around  
7 the same time that he was wrapping up the  
8 emergency feeding. So it just kind of  
9 snowballed from there to where, within 30  
10 days, they wound up hiring like 500 people  
11 just to hurry up and produce shelf-stable  
12 meals and cooked meals, and nothing short of  
13 miraculous.

14 MR. JACKSON:

15 Right place at the right time.

16 MR. OWENS:

17 The right place, right time, and the  
18 right skill set. And then Jeff has brought on  
19 guys like myself who have an extensive  
20 business background with, you know, multi 40-,  
21 50-, 60-million-dollar a year business entity  
22 so that we could help him get the operations  
23 in line with the rapid growth. And so we've  
24 really worked on that through the summer and  
25 have a great qualified team now that's

1 well-balanced from the entrepreneurial side to  
2 the guys that know how to run a business and  
3 make sure it's effective and has a long future  
4 to where the money doesn't go away rapidly.

5 But I'm on the latter side of coming in,  
6 but what they've done is really an amazing  
7 feat. And it all really boiled down to the  
8 right place, the right time, and the right  
9 reaction. And it's been crazy.

10 MR. JACKSON:

11 Any time we can foster an  
12 entrepreneurship and help a real problem,  
13 which food and security in Louisiana is half  
14 of the time.

15 CHAIRMAN ROY:

16 I guess Jeff Landry on his off time  
17 happens to be the Attorney General?

18 MR. OWENS:

19 Not that Jeff Landry.

20 MS. WOMACK:

21 No, it's a different Jeff Landry.

22 MR. OWENS:

23 Not that Jeff Landry.

24 CHAIRMAN ROY:

25 Call to question. And so, all in favor,

1 aye?

2 (AYES BY ALL.)

3 CHAIRMAN ROY:

4 All opposed, nay?

5 Without objection. Congratulations.

6 MR. OWENS:

7 Thank you.

8 CHAIRMAN ROY:

9 And please keep us posted. We're most  
10 interested in your success.

11 MR. OWENS:

12 Thank you.

13 CHAIRMAN ROY:

14 You're welcome.

15 All right. Our next order of business is  
16 the Treasurer's Report.

17 MS. GUESS:

18 I'll be doing that this morning.

19 CHAIRMAN ROY:

20 Okay. Ms. Brenda?

21 MS. GUESS:

22 Yes. Good morning. The Secretary  
23 Treasurer's Report, as of June 29th for Fiscal  
24 Year '22, as you see on Page 1, we have our  
25 outline for our budget for the financial

1 assistance program, our Capital Outlay for  
2 EDAP and for EDRED, which gives us a total of  
3 \$19,037,302. The expended -- the approved  
4 expended expenditures, the only item listed is  
5 one for our EDAP, and then I will do a  
6 breakdown on the other subsequent pages, which  
7 gives us a balance of those items of  
8 \$12,607,102, this morning's EDAP of \$100,000,  
9 and we anticipate a balance for right now as  
10 of \$12,507,102. There's a total of \$3,125,000  
11 in EDAP projects that are under review, which  
12 totaled with the remaining other balances  
13 pulled over of a projected year-end balance of  
14 \$9,382,102.

15 On Page 2, you'll see --

16 MR. REINE:

17 Let me ask you a question. So that's  
18 through June 29th, so that's like the end of  
19 the accounting year for June 30th?

20 MS. GUESS:

21 No, that's through June 29th. I think --

22 MR. REINE:

23 Okay.

24 MS. GUESS:

25 I'm sorry?

1 MR. REINE:

2 But we go July 1st through June 30th?

3 MS. GUESS:

4 That's correct.

5 MR. REINE:

6 So the balance rolls over?

7 MS. GUESS:

8 The balances --

9 MR. REINE:

10 Roll over to the new year --

11 MS. GUESS:

12 -- in the new year.

13 MR. REINE:

14 -- and the budget year?

15 MS. GUESS:

16 That's correct. And you'll see on the  
17 next report that we'll have for next month's  
18 meeting, the report you'll see from will be  
19 reflecting June 1st. Molly, you want to ask  
20 the thing? We are having year-end analysis  
21 will be reflected at that time.

22 MS. HENDRICKS:

23 The next meeting won't be until August --

24 MS. GUESS:

25 That's correct.



1 MS. HENDRICKS:

2 -- 14th?

3 MS. GUESS:

4 Yes.

5 MS. HENDRICKS:

6 We'll probably just be getting our final  
7 numbers, because it will be around the 13th  
8 period right now, and that doesn't close until  
9 after August 14th.

10 MS. GUESS:

11 Right, so we may not see that then.

12 MS. HENDRICKS:

13 It might not be --

14 MS. GUESS:

15 Okay. Right.

16 MS. HENDRICKS:

17 -- the exact figures.

18 MR. REINE:

19 So but we're somewhere in that  
20 neighborhood of puts it at \$9.3 million?

21 MS. HENDRICKS:

22 Correct.

23 MR. REINE:

24 And then been barring some great  
25 expenditures, it appears that between 29th and

1 the 30th. And then how much money is  
2 appropriated for the '22/'23 year? Come on,  
3 y'all read the budget.

4 MS. GUESS:

5 I'm not -- yeah, I'm not the budget  
6 person. However --

7 MR. REINE:

8 Okay. So whatever is appropriated will  
9 be added to this and available?

10 MS. GUESS:

11 It's a breakdown on Page 4 under General  
12 Appropriation is what we have actually  
13 appropriated for our programs. Overall, we  
14 weren't anticipated what we -- what's  
15 projected for the end of the calendar year,  
16 the Fiscal Year of 2022.

17 MR. REINE:

18 My Page 4 is blank.

19 MS. GUESS:

20 On the back side of it? I think that  
21 what we have here is that everything is  
22 projected through the end for the Fiscal Year  
23 '21/'22. And I think because of the  
24 closeouts, it still has been projected for  
25 what the items will be for '22/'23. That's

1 still -- that will be a closeout that will  
2 take place, as Molly said, at the end of  
3 the -- the closing out of the fiscal year that  
4 will actually show what we will have for the  
5 upcoming fiscal year.

6 MR. REINE:

7 So that Line 48 is the fund balance, but  
8 it's projected '21/'22, so which projected  
9 into June the 30th, the balance will be  
10 \$17.9 million?

11 MS. GUESS:

12 It should remain the same provided there  
13 are no other expenses that --

14 MR. REINE:

15 But we're in July and effective July the  
16 1st, we will have appropriated more money;  
17 correct?

18 MS. HENDRICKS:

19 Correct, but the budget for the '21/'22,  
20 we're still getting invoices and processing  
21 those through the 13th period. I think  
22 they're factored in there though with the  
23 projected balances.

24 MS. GUESS:

25 They probably are.

1 MR. REINE:

2 So the appropriated money from the  
3 Legislature is figured into this number for  
4 '22/'23?

5 MR. JACKSON:

6 No, I don't think these are reflected in  
7 this reporting at all because this is prior to  
8 this meeting.

9 MR. REINE:

10 So the balance, the 17.9?

11 MS. GUESS:

12 The 17.9 is a projected yearend balance.

13 MR. REINE:

14 At June 30th?

15 MS. GUESS:

16 By June --

17 MR. REINE:

18 Since we're in July and we should know  
19 what we're looking at that's available for the  
20 coming year that we're in, which is July 1st,  
21 2022 through June 30th, '23; correct?

22 MS. GUESS:

23 It would be --

24 MR. REINE:

25 I'm just looking to see how much money

1 we've got.

2 MS. GUESS:

3 It's --

4 SECRETARY PIERSON:

5 It's a little bit of a floating figure as  
6 you've crossed the line of on July, the  
7 invoices that they're in the process of  
8 paying, make sure that they were an applicable  
9 invoice to close it out. So that's why you  
10 get a projected number. Over the next 30, 60  
11 days, it will become final in this analysis.  
12 And then, I think you're talking about what  
13 the potential allocation of additional funding  
14 that was put into the FY '23 budget.

15 MR. REINE:

16 FY '22/'23.

17 MR. JACKSON:

18 We don't have that presented. We don't  
19 have --

20 MS. GUESS:

21 It's --

22 MR. JACKSON:

23 -- that year budget presented?

24 MS. GUESS:

25 Not at this time.

1 MR. REINE:

2 So y'all don't have any idea what that  
3 number is?

4 MS. GUESS:

5 No, sir, I do not.

6 MR. REINE:

7 Okay.

8 MS. GUESS:

9 The Secretary Treasurer of LEDC will have  
10 that information at the next meeting. She is  
11 the budget lady.

12 So with that, on Page -- back to Page 3,  
13 we have our Capital Outlay for our Economic  
14 Developmental Award Program. You'll see the  
15 budget for this year was \$16,411,340. With  
16 projects that have already been approved and  
17 projected expenditures provided they are  
18 closed is \$6,430,200. The item that we  
19 approved -- that was approved today by the  
20 Board leaves us a balance of 9.8 in that  
21 balance. Currently, there's 3,125,000 in EDAP  
22 projects that are currently under review which  
23 were not at the application stage as of yet.  
24 And that balance will give us a projected  
25 yearend balance provided none of those come to

1           fruition, it will be \$6,756,140.

2           The EDRED budget for '21/'22 was  
3           projected at -- I'm sorry. The balance  
4           remaining in that is \$2,435,962. That  
5           anticipated any closures for that part. So  
6           that gives us our total Capital Outlay of 9.1  
7           -- \$9,192,102 based on those items listed  
8           above.

9           And I'm not going to even attempt to go  
10          through Page 4 because that is more in the  
11          weeds of what the Secretary Treasurer handles  
12          on a day-to-day basis. I'm just giving the  
13          report today. So if there are any questions,  
14          I will attempt to answer them, but I'm going  
15          to defer those to next -- to Ms. Villa upon  
16          her return.

17          CHAIRMAN ROY:

18                 Very good. Any other questions, comment?

19          MR. REINE:

20                 I will move to accept the report.

21          CHAIRMAN ROY:

22                 Motion for approval is presented.

23          MR. SIMPSON:

24                 Second.

25          CHAIRMAN ROY:

1           Second. Any other questions, comments?

2           Comments from the public?

3           Hearing none, all in favor, aye?

4           (AYES BY ALL.)

5           CHAIRMAN ROY:

6           All opposed, nay?

7           It is approved. I was just noticing the  
8           EDRED. Periodically, we have given a report  
9           from the EDRED guy or lady.

10          MR. JACKSON:

11           Michael Tepper.

12          MS. GUESS:

13           Yes, that is Mr. Michael Tepper.

14          CHAIRMAN ROY:

15           I can't remember the last time he's come  
16           to see us, but it's always interesting to  
17           hear.

18          MR. JACKSON:

19           That was a couple of months ago.

20          MS. GUESS:

21           I think Michael came back in either  
22           February or March, I believe.

23          MR. JACKSON:

24           Maybe we can put that on --

25          MS. GUESS:



1 Yes.

2 CHAIRMAN ROY:

3 If it's appropriate, you know then --

4 MS. GUESS:

5 We keep it in rotation because we know  
6 that the EDRED is an item that we like to make  
7 sure that stays in front of the Board. We've  
8 got some Legislation that recently passed that  
9 would be similar to what we currently offer  
10 within that EDRED program. So there will be  
11 two opportunities for site development, site  
12 selection. So Michael will be -- he always  
13 looks forward to coming to talk about this  
14 program.

15 CHAIRMAN ROY:

16 Okay. Good. Next order of business is  
17 the balance report. Ms. Dalgo? Good morning.

18 MS. DALGO:

19 Hello. Good morning. I am Crystal Dalgo  
20 and I'll be presenting to you the LEDC  
21 Accountant Status Report. First, we have the  
22 SSBCI 1.0 Guarantee Loan Portfolio. And as of  
23 May 31st, 2022, it consists of 15 loans. The  
24 Portfolio totals \$2,917,941. And all loans  
25 are current. The allowance for the SSBCI 1.0

1           Guaranteed Loan Losses is \$525,229 and is  
2           reflected at the current rate of 18 percent.

3           On the next page, we have the EDAP Loan  
4           Portfolio. It consists of three loans which  
5           are the Town of Colfax, City of Bastrop, and  
6           Town of Vivian. As of June 29th, 2022, this  
7           Portfolio totals \$339,800. And all loans are  
8           current. The allowance for the EDAP Loan  
9           Losses is \$50,970. And it is reflected at  
10          15 percent.

11          And on the last page of my report, we  
12          have the LEDC Funds Guaranteed Loan Portfolio.  
13          It consists of two loans. And as of May 31st,  
14          2022, it totaled \$1,097,944. And those loans  
15          are current. The allowance for this Portfolio  
16          is \$197,630. And it is reflected at the  
17          current rate of 18 percent.

18          And that concludes my reports. Are there  
19          any questions?

20          MR. JACKSON:

21                 Move to accept.

22          CHAIRMAN ROY:

23                 Second? Motion to accept.

24                 Second by anyone? Any other questions or  
25          comments?

1           Hearing none, all in favor, aye?

2           (AYES BY ALL.)

3           CHAIRMAN ROY:

4           All opposed, nay?

5           Any comments from the public?

6           It's approved. Thank you.

7           MS. DALGO:

8           Thank you.

9           CHAIRMAN ROY:

10           All right. The President's Report,  
11           Secretary Pierson?

12           SECRETARY PIERSON:

13           I'll be brief. We've had an excellent  
14           year as we've touched on previously and great  
15           announcements here most recently in northwest  
16           Louisiana, Teal-Jones a joint venture with a  
17           Canadian company and midwest company to  
18           establish a \$110 million computerized sawmill  
19           there; great shot in the arm for northwest  
20           Louisiana. There was the groundbreaking  
21           ceremony on Monday with the Governor in  
22           attendance and, particularly, adding value to  
23           the natural resources in our State as we  
24           harvest the timber in that region and turn it  
25           into dimensional lumber; and in these new

1 processes, also capture all the waste material  
2 which goes to dry pulp paper operations and  
3 also to take the pelletized wood waste for  
4 burning. It's a renewal energy resource. So  
5 we've seen them, a lot of up-forward progress  
6 with that.

7 I'm thanking Brenda Guess for standing in  
8 for our CFO, Undersecretary Anne Villa and  
9 working through the complexities of the report  
10 today. We want to hear from Kelly as well on  
11 her SSBCI update. You heard the SSBCI  
12 information from our previous program, but we  
13 still are poised to execute a very significant  
14 program that Kelly will walk you through here  
15 shortly.

16 Also, Brenda mentioned House Bill 724,  
17 which was sponsored by Representative Bagley  
18 out of northwest Louisiana that seeks to put  
19 funding against continued site improvement  
20 opportunities around the State.

21 This Board has been very forward-looking  
22 and supportive of our -- and we use shorthand  
23 a lot and we said EDRED, the Economic  
24 Development Readiness Program that Michael  
25 Tepper manages for us that executes a Site

1 Certification Program so that consultants or  
2 corporations or realtors that are trying to  
3 identify a location for us act very quickly  
4 that the environmental and the surveys and the  
5 right of ways and all the important details of  
6 a proposed site are readily available. And  
7 Michael will speak to how we've had some great  
8 success in positioning industry onto those  
9 sites. But House Bill 724 brings a million  
10 dollars per region, \$8 billion pool of funding  
11 that will be made available to regionally  
12 economic development organizations to advocate  
13 for certain improvements within their areas.  
14 So even if we have some certified sites that  
15 are really good, but advancing a waterline or  
16 some other type of improvement might help,  
17 they'll be able to advocate for those. We  
18 have not yet established the rules for this  
19 program. This is a brand new program that's  
20 come forward. We will be in that rule-making  
21 process over the next 90 days.

22 We certainly also have the cooperative  
23 endeavor agreements that will authorize each  
24 of these eight regional economic development  
25 organizations to be the fiscal agent for these

1 monies to provide the pathway that they need  
2 to make application for an approval process  
3 that will run through LED. So a lot of great  
4 activities that was a primary impact for the  
5 department out of this most recent Legislative  
6 session, a very busy fall and I'm looking  
7 forward to that.

8 And I'll yield the balance of my time  
9 over to SSBCI. And they've also provided a  
10 great marketing tool. We've had engagements,  
11 what we call road shows, moving around the  
12 State trying to really position those small  
13 business development centers and a lot of the  
14 stake holders that are out there with the  
15 knowledge that this program is pending and  
16 will soon be executed and really does some; A,  
17 increase capacity of our Loan Guaranty Program  
18 that's managed by this Board, but also opens  
19 up some new lanes such as the Venture Capital  
20 investments that we've made in the past.

21 And, occasionally, you get those reports  
22 and we did a good job, I think, with having  
23 those organizations come in and giving you the  
24 status of those loan portfolios in those  
25 Venture Capital organizations, their position

1 to maybe get the first bite of the apple when  
2 they come before you and this new money  
3 becomes available, but will also expand the  
4 footprint to other new VC advocates that give  
5 a straight path to the program.

6 So with that, I'll give it over to Kelly.

7 MS. RANEY:

8 Thank you.

9 MR. REINE:

10 Can I ask you one question before you get  
11 started?

12 MS. RANEY:

13 Yes, sir.

14 MR. REINE:

15 We're looking at all this infrastructure  
16 money coming in. So is there some  
17 coordination and you have some opinion about  
18 how it will affect economic development and be  
19 an advantage to businesses with the increased  
20 expenditures and infrastructure?

21 SECRETARY PIERSON:

22 That's a great point, Mr. Reine. Thank  
23 you for making it. And in the way that we're  
24 executing against that is the Governor has  
25 formed an entire task force that meets once a

1 month, and he personally attends these  
2 meetings to review that all the agencies are  
3 making applications for available Federal  
4 resources. That includes the infrastructure  
5 dollars that you're talking about.

6 We also have the Department of Energy  
7 that we're petitioning for funding, the  
8 Department of Defense that we've petitioned  
9 for funding, and the Economic Development  
10 Administration where we have a number of  
11 active award applications. We do have some  
12 break in activities between the various  
13 cabinet officials and the sectors of  
14 government where we do have a lot of  
15 interaction particularly from an economic  
16 development standpoint within the Department  
17 of Environmental Quality, the Department of  
18 Natural Resources with a lot of the carbon  
19 capture and hydrogen economy elements that are  
20 being development and then, of course, roads,  
21 bridges, a lot of things that have impacts for  
22 our sites with the Department of  
23 Transportation. So we're very actively  
24 engaged on that front and coordinated with our  
25 sister sector of several state government.



1 MR. REINE:

2 Thank you, sir.

3 CHAIRMAN ROY:

4 Kelly from SSBCI?

5 MS. RANEY:

6 Yes, sir. Good morning. SSBCI, the  
7 State Small Business Credit Initiative, just  
8 to jog everybody's memory was reauthorized in  
9 March of 2021 as a means to help small  
10 businesses in their recovery from COVID and  
11 the impacts thereafter. However, COVID began  
12 for many in 2020. So prior to SSBCI being  
13 reauthorized in March of 2021, the LED team  
14 put together, very expeditiously, a program  
15 called the Loan Portfolio Guaranty Program or  
16 LPGP. It rolled out on April the 1st and was  
17 allowed to take application through the end of  
18 the year. I'd like to provide an update to  
19 that program before we get into the SSBCI  
20 updates.

21 MR. REINE:

22 What's the name of it?

23 MS. RANEY:

24 The Loan Portfolio Guaranty Program or  
25 LPGP, another acronym.

1 MR. REINE:

2 Thank you.

3 MS. RANEY:

4 So that program, like I mentioned, rolled  
5 out in April of 2020. And, Mr. Georgewill, I  
6 know you probably are not familiar with that  
7 program. That program booked roughly -- not  
8 roughly, 61 loans. The balance of the overall  
9 portfolio was just over 4 million, and the  
10 program term was not to exceed five years.  
11 Most of the loan applicants did elect for the  
12 longer term to have a lower monthly payment.  
13 And each quarter, I do provide an update to  
14 the Loan Portfolio Guaranty Program and wanted  
15 to share where we are with that portfolio  
16 performance today as well.

17 So as of today from all of the  
18 participating banks, which there are five  
19 active banks sending monthly reports to us,  
20 the balance of that program is just under  
21 \$2 million. Right now, we have 17 of those  
22 original 61 loans that have completely paid  
23 off. We have 44 currently active and  
24 performing. Of those 44 loans, we do have  
25 eight that are currently past due.

1           Of those eight, there is one where I  
2           believe we may see our first default,  
3           unfortunately, because the business owner has  
4           passed away unexpectedly. The loan balance  
5           associated with that is just over \$36,000. We  
6           were just notified by the banker about that.  
7           So I do expect some additional communication  
8           in the coming days for that particular loan  
9           that is outstanding.

10           Yes, sir?

11           MR. JACKSON:

12           Do those show up in any of the financial  
13           reports that we review at each meeting?

14           MS. RANEY:

15           No, sir.

16           MR. JACKSON:

17           Okay. And I assume we've got some  
18           reserves against them or have we --

19           MS. RANEY:

20           We -- there is non-SSBCI related funding  
21           that supports the 26 percent guaranty to the  
22           overall portfolio, which was our commitment.  
23           So for even in math, you know, the balance is  
24           \$2 million. Right now, our 20 percent  
25           guaranty would be around 400,000 for the

1 overall portfolio. But the 20 percent  
2 guarantee is lender-specific to their book of  
3 loans under the program at their institution.

4 MR. JACKSON:

5 Okay. So we don't have any reserves  
6 internally against our guarantees like we --  
7 I'm thinking of the schedules --

8 MS. RANEY:

9 Right.

10 MR. JACKSON:

11 -- that we just looked at, the SSBCI with  
12 the EDAP's. We don't have a schedule for this  
13 program; is that correct?

14 MS. GUESS:

15 The clarification, our original  
16 information is not -- or it wasn't funded with  
17 LEDC dollars.

18 MR. JACKSON:

19 Okay.

20 MS. GUESS:

21 That's the difference.

22 MR. JACKSON:

23 Okay. So we really don't even need the  
24 update on that, okay, other than information  
25 only as I appreciate.

1 MS. RANEY:

2 There are a lot people who have asked for  
3 that update in the past, so I give that on a  
4 quarterly basis. If it's not needed, we don't  
5 have to entertain that.

6 MR. JACKSON:

7 No. No, I appreciate the information. I  
8 want to make sure I don't meddle where we're  
9 not supposed to meddle.

10 MS. RANEY:

11 Okay. I understand. But I thought it  
12 would be a good introduction for  
13 Mr. Georgewill since he was not here last  
14 year, or in 2020 rather, on the Board when we  
15 did launch that program because I think it  
16 really highlights how quickly LED took action  
17 to help small businesses in our State at the  
18 time they needed that help, which was right  
19 then and there. So what we have today is the  
20 Federal Program under the U.S. Department of  
21 Treasury, the SSBCI 2.0 program, which does  
22 offer the potential for an enormous amount of  
23 money to each state. Each state has a  
24 preliminary allocation. The Louisiana  
25 preliminary allocation is just over

1           \$74 million, but the potential for the State  
2           of Louisiana could be north of \$113 million  
3           depending upon how effective we are in  
4           achieving the performance metrics outline for  
5           our state. Each state has them and our state  
6           has been given their goals.

7           So with the Federal dollars, you'll see  
8           here the nice marketing piece that we have  
9           been circulating since mid-April originally, I  
10          think, launching at our business summit. It  
11          provides an overview of all five programs that  
12          we will roll out as soon as we get approval  
13          from the U.S. Treasury Office. And we have  
14          the Micro lending Program, the Collateral  
15          Support Program, the Loan Guaranty Program  
16          revised because that's currently an existing  
17          program. And then we also have some  
18          enhancements to our Venture Capital Program  
19          and had a dedicated Seed Program as well.

20          So where we are today, every state had  
21          submitted their application February the 11th  
22          this year. We now know that five states as of  
23          June have been approved. So there are still a  
24          number of applications for them to review.  
25          However, just last month towards the end of

1 June, we were contacted for the first time by  
2 the Department of Treasury and we have an  
3 outreach manager assigned to our state and our  
4 team here at LED. We have a dedicated subject  
5 matter expert for our equity programs within  
6 the U.S. Treasury Office and then one for the  
7 debt programs as well. We meet periodically.  
8 We have begun discussions to review and answer  
9 questions about our program because it's our  
10 understanding based on what we have been told  
11 by our outreach manager that the process for  
12 approval within the Department of Treasury  
13 will consist of these two representatives, one  
14 from debt, one from equity for our  
15 application, will present our programs to the  
16 SSBCI committee for formal approval.

17 So right now, we're having the  
18 preliminary conversations with these  
19 representatives so they have a full  
20 understanding of our intent with all of our  
21 programs. And while that is working behind  
22 the scenes, our program rules have still been  
23 underway for promulgation. The equity rules  
24 have been finalized as of last month and we  
25 are expecting, in the next week, for our debt

1 program rules to be finalized as well. So  
2 while we have not received final approval for  
3 our programs, there has been progress since  
4 our May meeting in the sense that the Treasury  
5 Office has made contact with us to discuss the  
6 application.

7 Any questions?

8 MR. REINE:

9 Okay. If my memory serves, at the last  
10 meeting, we talked about a small business  
11 program, maybe I misunderstood, but we were  
12 going to give the bank \$50,000. They were  
13 going to loan it to a small business. When  
14 they got paid back, they got to keep the  
15 \$50,000. And then it was supposed to be a  
16 revolving program that allowed them to  
17 continue. And at the end of 10 years, they  
18 were going to keep all the payments. Is that  
19 fairly accurate?

20 MS. RANEY:

21 I think there are some elements that are  
22 true to the program that you've stated.

23 MR. REINE:

24 Well, what program is that?

25 MS. RANEY:



1           The micro loan Program.

2           MR. REINE:

3           That's the micro loan Program?

4           MS. RANEY:

5           The micro loan Program, yes, sir --

6           MR. REINE:

7           Okay.

8           MS. RANEY:

9           -- is structured to be a revolving loan  
10          fund. That's how it will operate. And the  
11          source of funds to make up that pool of money  
12          is a participation arrangement between LED and  
13          the participating lender. I should also note  
14          that the micro loan Program and those equity  
15          programs, those program participants that are  
16          able to utilize that program and help to  
17          provide that capital to small businesses, they  
18          are being selected by undergoing a request for  
19          qualification process, which is currently  
20          underway. So they are currently reviewing  
21          those applications, requesting additional  
22          information where there needs to be additional  
23          information, maybe because there was not  
24          enough detail in a marketing plan towards  
25          setting of very small businesses for example,

1 but that has been our approach.

2 But Mr. Reine, you did ask a question  
3 early on before we got started about the fees.  
4 So specific to the micro loan Program, it's  
5 actually in the Treasury guidance where all of  
6 the loan programs, they do have a fee cap. So  
7 on the dollar amount, \$25,000 or less, loans  
8 that are \$25,000 or less, the maximum fee that  
9 can be charged is \$500. For those loans that  
10 are greater than \$25,000, the Treasury has  
11 allowed up to two percent. I believe the  
12 wording is "not to exceed" is how it is  
13 printed.

14 MR. REINE:

15 Okay. So, you know, I'm -- the way I  
16 understand this, there's minimal or no risk to  
17 the bank because we're guarantying that we're  
18 going to put up the money, they're going to  
19 loan it, and they're going to get it back, and  
20 then they get to keep it. So, you know, my  
21 concern at the last meeting was, what are we  
22 doing for the small business? So I would hope  
23 that these are a reduced rate that they  
24 wouldn't be charged otherwise and there would  
25 be some consideration in the rules for an

1 interest rate which would be based on  
2 economics plus risks.

3 And if we're going to help the small  
4 businesses and banks are not at risk for the  
5 money, we ought to make sure they are minimum  
6 fees and as lowest interest rate as possible  
7 so that we're doing as much as we can to help  
8 these small businesses.

9 MS. RANEY:

10 So the guidance from the Treasury Office  
11 also does provide for rate caps and ceilings.  
12 And what we have done in all of our program  
13 rules was expand upon that to include not only  
14 the National Credit Union ceiling but the  
15 Federal Credit Union and any future state  
16 Legislation that may be enacted. The lesser  
17 of those three would be the overriding rate  
18 cap.

19 MR. REINE:

20 I guess my question at the end of the  
21 day, is this rate cap lower, is this fee cap  
22 lower than you would see on any other kind of  
23 loan where there is some risk to the bank  
24 involved?

25 MS. GUESS:

1 I think the answer to that question is  
2 basically what we have been looking at is the  
3 institutions, the financial institutions that  
4 will be qualified or have submitted  
5 applications are not all banks. It's targeted  
6 for our CDFI partners, the Certified  
7 Development Financial Institutions, those  
8 entities where they exist to help the small  
9 businesses and the dollars that they utilize  
10 come from various sources. So we're looking  
11 at each one of those individually. And each  
12 one of them have their own interest rate  
13 structure. And I think, right now with us  
14 having the environment that we are in right  
15 now with the fluctuations of interest rates, I  
16 know we are looking deep into the  
17 qualifications and the policies of each of  
18 these separate CDFIs.

19 So we're -- I think there is language in  
20 our Micro lending rules of having -- knowing  
21 where the assistance would be coming from on  
22 the loan of the money. With from the CDFI's,  
23 is that there was some consideration language  
24 to make sure that the rates are not absorbent,  
25 that they would not exceed a certain dollar

1 amount.

2 MR. REINE:

3 So I'll go from using the bank to the  
4 lender, and it just, if this is a small  
5 business program, how are we going to most  
6 help small business? So we are making capital  
7 available to the program, but this is unique  
8 and this is not a percentage of a loan  
9 guaranty or anything. We're giving the lender  
10 the money. They're going to lend it. They  
11 get paid back. They keep it; pretty sweet  
12 deal for the lender. What are we going to do  
13 for small business?

14 So are we going to say, because of this  
15 unique situation, we're going to make sure the  
16 fees are minimum and the interest payment back  
17 is minimum because there is absolutely no risk  
18 to the lender? They're not loaning their  
19 money. They're loaning the money they got --  
20 they get to keep.

21 MS. RANEY:

22 They are loaning 50 percent of their  
23 money, sir --

24 MR. REINE:

25 That's not what I understood in the last

1 one.

2 MS. RANEY:

3 -- on each transaction. No, sir. There  
4 is a dollar per dollar leverage expectation on  
5 each and every individual transaction, whether  
6 it's on the debt side or it's on the equity  
7 side. And there's an overall requirement for  
8 all programs to yield a ten to one leverage  
9 ratio.

10 MR. REINE:

11 Okay. I misunderstood that part. That's  
12 why I started with, "this is what I understood  
13 it to say." So we're not giving them  
14 100 percent of the loan; we're giving them  
15 50 percent?

16 MS. GUESS:

17 That's correct, yes, sir.

18 MR. REINE:

19 Okay. But even at 50 percent, I would  
20 hope that we had some kind of rules or  
21 something in place that says, you know, we've  
22 reduced your risk by half, pass some of that  
23 along to the lender -- to the small business  
24 in as low as possible fees, and as low as  
25 possible interest rates, because as the

1 lender, I've got half the risk. And supposed  
2 to be helping small business, I mean, they're  
3 going to get 50,000, they're going to pay back  
4 50,000; right? So where are we going to  
5 really help them?

6 Let's tell the lender, look, we're  
7 lowering your risk, you lower the interest  
8 rate and you lower the fees so that we can  
9 give a little extra help to the small  
10 business. That's all I'm trying to feel  
11 comfortable with.

12 SECRETARY PIERSON:

13 We can outline a lot more of the details  
14 to the program, you know, just from the  
15 strategic perspective. This is a new  
16 initiative micro lending, and it is  
17 established by Treasury. We're getting  
18 Federal funds that come to us with a lot of  
19 strings on them that we have to make  
20 application, basically, to say we're going to  
21 play by your rules. And so they're going to  
22 give us a tight shot here to operate within.

23 They want to see -- the eligibility  
24 requirements are going to be around companies  
25 that have not had the opportunity to get into

1 mainstream financing. So it's going to be  
2 very small companies. It's going to be  
3 companies that may not have great credit  
4 scores. It's going to be a high risk  
5 portfolio intentionally to meet the needs of  
6 companies that have traditionally not had  
7 access to capital. And, again, we've -- this  
8 is only a portion of the SSBCI. When we get  
9 this SSBCI money, it's going to fall out into,  
10 for lack of a better term, I'll say six  
11 buckets, but one of those buckets is for my  
12 micro lending and there will be very important  
13 qualifications to reach to these segments that  
14 have traditionally been underserved.

15 MR. REINE:

16 And, look, I appreciate the access to the  
17 capital for some that might not have gotten  
18 it. But unlike a loan guaranty that says, if  
19 you don't pay, we'll step up, my understanding  
20 was if you loan -- if the lender loans 50,000,  
21 we're going to give them 25 of it. When it  
22 gets paid back, they get to keep the 25. And  
23 then they're going to put it in a revolving  
24 program. But at the end of the program, they  
25 keep the proceeds of the loan. That's a



1 little different than I've ever heard it.

2 SECRETARY PIERSON:

3 You're not going to get your money back  
4 because it's the money that the Federal  
5 Government gave to you, so it's going to go  
6 away, but there's never --

7 MR. REINE:

8 Okay.

9 SECRETARY PIERSON:

10 -- going to be a loss at the state level.

11 MR. REINE:

12 And I'm not objecting to that. But I  
13 think there's a windfall to the lender that's  
14 unique to that program and I think we ought to  
15 make sure that we do whatever we can to pass  
16 some of that along to the small businesses  
17 that we're trying to help. That's, like I  
18 said last time, I'm the weird one over here  
19 doing this because I ain't the business guy.  
20 But like I said, if I'm going to loan out  
21 \$50,000, you're going to give me 25 of it.  
22 The other 50 that I do, when I get it back, I  
23 get to keep the 25 that you put up, plus the  
24 25 I put up; and at the end of the day, they  
25 keep the 25.

1 MR. JACKSON:

2 You may have bragging rights about that  
3 by the time it's all said and done. I don't  
4 think, until the program is done, that we'll  
5 know for sure. The reality is depending on if  
6 one of those loans goes bad, the half we put  
7 up goes away too.

8 MR. REINE:

9 And I'm not objecting to all of that.  
10 I'm just saying since this is a unique  
11 program, it would greatly reduce risk to the  
12 lenders. Let's try and make sure we do as  
13 much as we can for the small business in the  
14 program, and that's all I'm trying to do. If  
15 it's a small business program, I want to see  
16 the small business get the greatest advantage  
17 we can offer them in the rules.

18 MR. JACKSON:

19 I'm not a banker, so I can't speak  
20 specifically to the risk. But quite honestly,  
21 this is the program where I'm trying to set my  
22 mind around the idea, we're probably going to  
23 see a whole lot more guaranteed payoffs  
24 because, as you've said, they're new to  
25 credit, they're credit risk, I think, is going

1 to be higher. The fact that they're having  
2 access to it is what we can bring to the table  
3 for it. I think it's probably going to be the  
4 sort of thing that, by the time all is said  
5 and done, there's going to be losses on it.

6 CHAIRMAN ROY:

7 But to Mr. Reine's --

8 MR. REINE:

9 Well, we'll have a loss anyway because we  
10 don't get the money back. The bank gets the  
11 money.

12 MR. JACKSON:

13 Well, the state -- the loss is to the  
14 State Treasury.

15 MR. REINE:

16 If the loan gets paid, they get the  
17 money. If the loan doesn't get paid, we don't  
18 get the money anyway.

19 SECRETARY PIERSON:

20 We put zero dollars in and we get zero  
21 dollars back.

22 MR. REINE:

23 Absolutely. We're not going to lose  
24 none. We're not going to gain nothing, but  
25 the banks are the loan lenders and in position

1 to reap a very good return on this kind of  
2 deal, and I just want a little bit of that  
3 goodness to spread to the small business that  
4 we're trying to help. That's it.

5 CHAIRMAN ROY:

6 To Mr. Reine's point, and a very good  
7 one, and I am a banker, the -- we -- are there  
8 strings attached to that money or can they  
9 just -- can the bank, the lender put it in  
10 earnings if they want to?

11 MS. RANEY:

12 There are strings attached through the  
13 term of the SSBCI Administration to include  
14 use of funds, eligibility, and reporting. And  
15 if I might also inform you that some of the  
16 applicants that have expressed interest in  
17 this program, they are larger economic  
18 development offices who have experience in  
19 lending to small businesses, specifically,  
20 disadvantaged business and they had built-in  
21 loan policies. So we are evaluating them as a  
22 potential lender as well. And in looking at  
23 some of these organizations, and some CDFIs as  
24 well, not just the EDO's that have applied,  
25 they are funded from State and Federal

1 sources. So if there were not for those State  
2 and Federal program funds, they may not have a  
3 loan product or loan fund to use to help the  
4 small businesses within their communities.

5 So I just wanted to share the additional  
6 types of lenders that we are seeing under the  
7 micro program as well. They're not all  
8 categorized under the CDFI bank or financial  
9 institution category.

10 CHAIRMAN ROY:

11 So did I hear correctly, and perhaps  
12 someone alluded that one of the strings might  
13 be that that money has to be used for future  
14 guarantees? Was there any such requirements?

15 MS. RANEY:

16 So through the term of SSBCI, in order  
17 for them to continue utilizing those funds, it  
18 has to be made to other SSBCI eligible loans.  
19 So when the loan is repaid and it goes back  
20 into that revolving loan fund, they are able  
21 to utilize those funds again to make another  
22 SSBCI eligible loan to a different small  
23 business owner. Once that loan is paid back,  
24 it will go back into the fund for that lender  
25 to make other SSBCI eligible loans and

1 continue throughout that 10-year term of the  
2 SSBCI Administration.

3 CHAIRMAN ROY:

4 Does that, in essence, change the amount  
5 of the guaranty as, let's say, there is no  
6 default on the first loan, does that mean that  
7 the next loan has a larger guaranty because by  
8 virtue of them going back in the pool?

9 MS. RANEY:

10 This particular program will function  
11 more like a participation. It will operate as  
12 a revolving loan fund, but it's actually a  
13 participation arrangement. So under the micro  
14 program, we're not going to provide any  
15 guarantees on those loan transactions. We're  
16 going to provide a participation amount to  
17 create a pool of funds to be used as loan  
18 proceeds to small businesses that qualify  
19 under the SSBCI criteria.

20 CHAIRMAN ROY:

21 And there's a cap on the amount of the  
22 micro program. What is that cap?

23 MS. RANEY:

24 Yes, sir, 100,000.

25 CHAIRMAN ROY:

1           One hundred thousand.

2           MR. REINE:

3           Per loan?

4           MS. RANEY:

5           That's correct, sir.

6           MR. REINE:

7           And at the end of the 10 years or the  
8           period, whatever the money given to the  
9           lender, will then revert to their assets?

10          MS. RANEY:

11          Those details --

12          MR. REINE:

13          They don't have to --

14          MS. RANEY:

15          -- will be finalized in the loan  
16          participation agreement.

17          MR. REINE:

18          Okay. Well, when we discussed it last  
19          time, I had understood that if I had \$250,000,  
20          50,000 on 10, and I rotated it through, and at  
21          the end of the 10-year period, they didn't  
22          give the money back to anybody, it became  
23          assets of the lender. Is that inaccurate?

24          MS. RANEY:

25          That is the exact idea that we are

1 discussing internally, that's correct. The  
2 loan participation agreement is in draft form.  
3 It's not finalized. And so that's one of the  
4 provisions that we are fine-tuning.

5 MR. REINE:

6 My experience in life tells me I'd rather  
7 have the conversation before they finalize it  
8 than after they finalize it. So that's why I  
9 bring it up, but I'm just trying to help the  
10 small business folks.

11 CHAIRMAN ROY:

12 And I'm not sure exactly what the  
13 Treasury parameters are in the whole thing,  
14 but perhaps a thought to caption Mr. Reine's  
15 thought would be to see that those funds  
16 are -- can only be used for a future guarantee  
17 if that's not clear. So, you know, if you  
18 made a good loan, for example, good, everyone  
19 benefits. The amount that you can receive a  
20 guaranty for in the future, or participation  
21 for, I guess, would be larger because it  
22 would -- that would be put into that lender's  
23 pool and they could make more loans. I don't  
24 know. I'm just -- this is a very general  
25 framework of concept I'm throwing out. I'm



1 not sure how that measures with the Treasury's  
2 rules, but so they would be rewarded for good  
3 lending and that amount that was previously  
4 lent would be -- would roll over into new  
5 larger participation type loans, if that makes  
6 sense?

7 MS. RANEY:

8 It does and it falls in line with one of  
9 the concepts we have been discussing behind  
10 the scenes in term of the disbursement of  
11 those funds. So the Treasury is going to  
12 provide three tranches of funding to the state  
13 jurisdictions. So we intend to uphold those  
14 same requirements to the program participants  
15 when it comes to compliance certifications  
16 reporting as well as disbursements of funding.  
17 So we are trying to put the structure in  
18 place, which is something that will be also  
19 included in that participation agreement to  
20 where these program participants under the  
21 micro program, and quite frankly, all of our  
22 programs, would be an incentive and measured  
23 on their penetration to very small businesses  
24 and same business owner types just as the  
25 state jurisdictions will be because that's

1           what will determine if we get the extra \$40  
2           million.

3           CHAIRMAN ROY:

4                   I agree with Mr. Reine, it would just be  
5           nice. I mean, you just don't want to -- it  
6           shouldn't go to the bottom line, put it into a  
7           tank and do what we are going to do. So if  
8           they can roll it back and put some strings on  
9           them, I think that is what Mr. Reine is  
10          saying, I agree.

11          MS. RANEY:

12                   Yes, sir.

13          MS. GUESS:

14                   Those are good thoughts. I appreciate  
15          the input. And as Kelly said, we're in the  
16          process of negotiating our discussions  
17          internally to develop that participation  
18          agreement. And we'll see, we'll take that  
19          under advisement as we prepare the documents.

20          CHAIRMAN ROY:

21                   Very good. Ms. Kelly, were you finished?

22          MS. RANEY:

23                   Yes, sir. Thank you.

24          CHAIRMAN ROY:

25                   You were? Okay. Very good. Any -- at

1 the risk of beating up Ms. Kelly any more, any  
2 other questions or comments?

3 Thank you so much. Any comments from the  
4 public?

5 Hearing none, do we have any other  
6 business?

7 We'll entertain a motion to adjourn.

8 MR. JACKSON:

9 Motion to adjourn.

10 MR. SIMPSON:

11 Second.

12 CHAIRMAN ROY:

13 It looks like we're adjourned. Thank you  
14 for coming.

15 (ENDING AT 10:42 A.M.)

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## 1 R E P O R T E R ' S C E R T I F I C A T E

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