

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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\* \* \* \* \*

1 \* \* \* \* \*

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.**



