



RESILIENT LOUISIANA COMMISSION

CO-CHAIR DON PIERSON

CO-CHAIR TERRIE STERLING

Retail and Small Business Task Force

May 18, 2020

Meeting called to order at: 4:00 p.m.

Task Force Members Present:

- Kelisha Garrett
- Mayra Pineda
- Jessica Elliott
- Christine Changho Bruneau
- Lisa Johnson
- Edward Harold
- Allison Rouse Royster
- Shawn Brayton
- Edwin Neill
- Chad Bordelon
- Anjelica Rivera
- Nicholas Felton
- Teresa Lawrence
- Blanca Robinson
- Sonya Jacobs
- Dorian Nunez
- Brittany Dunn
- Li Pham
- Belinda Zhao
- Maria Slater
- Van Lam

- Agenda and Roll Call
 - Kelisha Garrett called the meeting to order and took roll.
 - Guest speaker, Susheel Kumar, and Commissioner Jade Brown-Russell were also present.
 - Kelisha Garrett read the Certification of Inability to Operate Due to Lack of Quorum and confirmed that a quorum was present.
 - Minutes of the May 11, 2020, meeting, were approved by the Task Force members before today's meeting, prior to submission to the Commission.
- Mayra Pineda led the discussion of the Resilient Louisiana Preliminary Re-Opening Working Draft:
 - Tattoo parlors, estheticians, and tanning salons have sent the Task Force leaders many e-mails with complaints and concerns about not being able to open their doors. The Microbusiness Subcommittee had an intense discussion in our last meeting and wanted to bring it to the general Task Force for more discussion about making a formal recommendation from the entire Task Force and elevate it to the Commission and Governor, because they are not reacting as quickly as we would like and we can't wait until the complete guidelines are completed to react to the concerns. Every day closed is a day closer to not being able to reopen at all.
 - Ed Neill: agreed that we should make a motion and recommendation.
 - Estheticians upset and afraid that they will lose their businesses
 - They don't see why if a dental hygienist can clean teeth safely then they can't do a wax or facial safely
 - Mayra Pineda: tattoo parlors and estheticians have added certifications, and if hair salons can be open, why can't they?
 - Ed Neill: MS and GA allowed estheticians to be open at same time as hair salons
 - Mayra Pineda: Task force leaders discussed at length and don't understand where the decision came to make those determinations.
 - Brittney Dunn: received complaints from estheticians who spent significant amounts of money on their shops and sanitation in anticipation of reopening, then were notified on May 14th and 15th that they would not be permitted to reopen along with salons. Therefore, were set back even more, financially.
 - Chad Bordelon: example of his cross-fit gym – very clean, very serious about conditioning people to the “new way” of operating. Small business owners are taking it upon themselves because they don't want to get anyone sick.
 - Kelisha Garrett: a letter was sent to Governor's office and we reshared it to our lead Commissioner and Secretary Robinson to get some definition around the concern and the regulation, and how they are evaluating this request to move forward. As these issues are brought up in the community, that is what we are here for – to address what is impeding or precluding our community from returning to business.

- Mayra Pineda: if no other concerns or added comments, request for motion.
- Belinda Zhou: for restaurants try to open for dine-in, who will want to take their employees' temperature throughout the day, is there any law or regulation prohibiting this?
 - Mayra Pineda responded that there are no such regulations during this crisis and in fact it is encouraged.
- Belinda Zhou: businesses are also looking for sources for sanitizer, PPE, masks, temperature guns – are any cities able to provide?
 - Mayra Pineda responded that that's one of the original Task Force recommendations and will share more information as it becomes available.
 - Kelisha Garrett: responding to Belinda Zhou's PPE request – we have asked for formation of a central repository to obtain that information.
- Ed Harold: estheticians, tattoo parlors, what we are asking is for them to be open now, correct?
 - Mayra Pineda confirmed.
 - Christine Changho Bruneau: are tanning salons being grouped with estheticians?
 - Ed Neill: Tanning salons are not regulated by the cosmetology board and not considered esthetics. Question is, though, are we going to move that massage parlors and adult entertainment also be opened? Need to be specific about what we're doing here.
 - Kelisha Garrett: move forward with escalating this as one of our additional recommendations to the larger Commission. Request for any input from commissioners.
 - Commissioner Jade Brown Russell: great dialogue and on the right track.
 - Chad Bordelon moved: elevate the requests for clarity of salons being allowed to operate – what are the determining factors and what are the differences as far as estheticians and tattoo parlors being allowed to operate in the same manner in Phase 1.
 - Vote taken. No opposition. Motion passed.
 - Mayra Pineda: It's important in the motion that we convey the urgency of the task force recommending that the tattoo parlors and estheticians be allowed to operate in Phase One.
- Lisa Johnson: confirmed that tanning salons are permitted to open. On Friday, the information from the Department of Health that was posted on Thursday disappeared. But, the State Fire Marshall and Governor's Office said that UV tanning salons CAN operate. Lisa will provide additional information to the group.
- Christine Changho Bruneau clarified the motion as two parts:
 - 1) Elevate the requests for clarity of salons being allowed to operate, and the difference in the determination factors as far as estheticians and tattoo parlors, and
 - 2) a recommendation that estheticians and tattoo parlors do be allowed to operate during Phase One.
 - Chad Bordelon good with that.

- Anjelica Rivera: Really supports the hair salons but concerned about tattoo businesses.
- Belinda Zhao: agrees with Anjelica – agrees to clarity request but thinks tattoo shops should just wait for Phase Two after we see the Phase One businesses open, then decide the second phase. Long time personal touch and we should be more careful.
- Christine Changho Bruneau: going to put together some information from the tattoo people and estheticians because we are going to need a document to include with our recommendation to reopen; maybe will also assist our members in further understanding.
- Procedural question: do we need majority or unanimous to pass a motion?
- Upon resumption, Christine Changho Bruneau confirmed that the motion had already passed with no opposition.
- Dorian Nunez: Even if we get clarity, and “clarity” says they can’t open for 3-6 months, funds needed for reopening. Need to reinstate EIDL loan program, microloan program, or if those don’t work, need to create one that specifically targets this sector, this industry; and associations need to figure out how much money needed to keep your members open for 90 days if that’s the period of time, and what grant money do you need to make places safe for opening. Also, \$30B is going to CDFIs and MDIs so rally their communities so they can make loans to your members. “How do I survive so I can open up next month?” Funding sources – figure out the pipeline to get the money to us.
 - Kelisha Garrett: We are going to bring CDFI providers on board to talk about the funds they have and ways to increase access to capital while facing these impeding circumstances and don’t have the answers.
- Guest Speaker, Susheel Kumar, Public Information Officer, SBA Regional Office – West: SBA Updates and EIDL/PPP overview: Challenges, pitfalls, and help available
 - Big picture: two programs for capital access:
 - PPP: forgiveness component with local lender – use for payroll costs, mortgage interest, rent, other overhead expenses. Maximum loan amount is \$10M.
 - Economic Industry Disaster Loan (“EIDL”) – use for all gamuts of working capital; anything you’d normally pay for out of working capital proceeds, including rent, mortgage, credit card payment, vendor expenses, bank notes. \$2M maximum. 2.75% fixed for non-profits, 3.75% for businesses of all sizes.
 - Currently the portal is open only to agriculture enterprises – farmers. People who applied between March 20-30 asked to reapply because applications weren’t captured under the new streamlined process
 - “Interim final rule” lists all the ways you can get forgiveness if you meet criteria – use 75% loan for payroll and 25% for overhead. So, one is administered through the district office, through local commercial banks; and the other (EIDL), through the Treasury and the funding comes from the Treasury.

- Mayra Pineda: What are 501(c)6s supposed to do? Not eligible for LED program, PPP, EIDL
 - Mr. Kumar says that Chambers of Commerce are Phase 4.
 - Write to Congress people to ask for relief for 501(c)6.
 - In the interim, a Chamber of Commerce did apply that did not have significant revenue activity as defined (51% or more of revenue), being underwritten. 501(c)6s by definition are lobbying. So, to ask the government to fund pursuing the government is an oxymoron. That's why 501 (c)6s are not included in earlier phases.
- Chad Bordelon: EIDL. His businesses were approved for EIDL. Open ended collateral provisions – is this going to be a government seizure of everything we own? Not worried about not paying back, but strange issues with default on SBA loan.
 - Mr. Kumar was a commercial lender before working for the SBA. Collateral language is standard; basically, SBA is a cash flow lender. If you have collateral, they'll accept it. If none available, they won't turn you don't for it.
 - In his experience, SBA won't put you in default because of no collateral. Basically, if you have collateral and don't want to pledge, it, means you don't want the funds. If you don't have collateral, no problem. No seizure with EIDL because the government doesn't know what it would do with your stuff if it seized it. SBA's goal is to liquefy the system.
- Chad Bordelon: what can you use the money for?
 - Mr. Kumar: SBA has a schedule of liabilities – supposed to open up your accounts payable. Don't pay off more expensive debt, long term debt, or taxes. Pay vendors and people to mitigate the sense of urgency; want to be people-ready and product-ready.
- Chad Bordelon: this is not him, but can a construction company used the funds to buy a lot to build a spec house?

Mr. Kumar: "Maybe." The analysis will pay attention to an ongoing consistent recurring pattern of purchase, of warehouse, during the annual seasonable cash flow for business. If, for example, every May a company did what Chad was saying, OK. But if they company is saying, I have a bunch of money, 3.75% interest, let's do this, no.
- Sonya Jacobs: EIDL credit component – was that CARES Act or SBA-imposed? She's received a countless number of calls regarding declines for EIDL based on credit scores.
 - Mr. Kumar: EIDL has been around a long time. CARES is an expansion of the 1978 program, expanding forgivability from 75% to 100%. Applicant has a right to reconsideration 6 months after decline. There are 7-12 errors, on average, on credit reports, on an ongoing basis.
 - Sonya Jacobs: not surprised about credit errors, but shocked that credit being considered during disaster
- Belinda Zhou: What is the difference between PPP and EIDL loans? If people apply for EIDL and are denied, can they go back and change to apply for PPP? What's the process?
 - Kelisha Garrett will send a comparison grid that is posted on the GNO, Inc., website.

- Mr. Kumar:
 - PPP comes from banks and is forgivable
 - EIDL is forgivable if used for payroll
 - Can apply for both. Both have specific purposes. Complicated question. Glad to talk offline.
- Brittney Dunn: On the loan documents it says that they cannot be used for expansion or purchase of assets. If she takes money out and needs to upgrade equipment, does she just need to use her operating account and keep this money in a different account?
 - Mr. Kumar:
 - Yes – keep funds separate and don't commingle different funds, lenders, and sources. Keep track of all expenses from the proceeds separately.
 - EIDL funds meet working capital needs during a disaster
 - Desire to upkeep, expand, is “expansion”, go to your SBA 7(a) lender
 - Who helps you when you need it in normal v. abnormal situations
 - Don't get in situation where there's a claw back – puts you in “the system” and you do not want to be there.
- Dorian Nunez: Not just about loans and debt. Small, micro, and transitioning businesses need equity capital vehicle created, low interest rates, the chance to buy it back if you are successful. Not new. This Task Force is great opportunity to help businesses make through this transition.
 - Mr. Kumar: word to the wise, more than equity capital and bridge equity, this is the time for small businesses to seek counsel (Small Business Development Centers, Women's Business Centers, Urban League, etc.) about business model, how operating, capitalized, subordinated debt, balance sheets, income statements, etc. Arm yourself with information so that when you get business equity, capital, careful about how you use.
- Kelisha Garrett called for a motion to adjourn the meeting.
 - Chad Bordelon made the motion, Jessica Elliott seconded the motion. The meeting was adjourned.

Acknowledgement and adjournment