

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

~

LOUISIANA ECONOMIC DEVELOPMENT
POLICY COMMITTEE MEETING

The above-entitled meeting was held
March 9, 2022.

Transcribed by:

JoLyn A. Malley
Certified Court Reporter
In and for the State of
Louisiana

A P P E A R A N C E S

BOARD MEMBERS PRESENT

- Cal Simpson, Chair
- Charles Jackson
- Norisha Glover
- AJ Roy, III (in attendance)

BOARD MEMBERS ABSENT

- Louis Reine
- Stephen David

STAFF MEMBERS IN ATTENDANCE

- Shamelda Pete
- Marissa Doin
- Susan Bigner
- Stephanie LeGrange
- Brenda Guess
- Kelly Raney
- Robin Porter
- Deborah Simmons

* * * * *

* * * * *

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

~

MS. SIMMONS:

LEDC Policy Committee meeting, March 9th. It begins at one o'clock p.m.

MR. SIMPSON:

Welcome to the Economic Development Corporation Policy Rules meeting. I'm Cal Simpson presiding. And if we would have a roll call.

MS. SIMMONS:

Good afternoon. Louis Reine. Cal Simpson.

MR. SIMPSON:

Here.

MS. SIMMONS:

Charles Jackson.

MR. JACKSON:

Here.

MS. SIMMONS:

Norisha Glover.

MS. GLOVER:

Here.

MS. SIMMONS:

Stephen David. We have a quorum.

MR. SIMPSON:

1 Thank you. We will now move into
2 the SSBCI Debt Programs. Who --

3 **UNKNOWN SPEAKER:**

4 (Inaudible.)

5 **MS. RANEY:**

6 What I'll probably do is as I
7 (inaudible). So, what we've decided
8 here to do is start off -- pick up where
9 we left off in the Micro Loan Program.
10 That was the program where we ended our
11 discussion last month. (Inaudible) in
12 that program. Shamelda is going to give
13 us a brief summary of the, the program's
14 purpose and intent before we dive right
15 back into the rules where we left off on
16 page 6. Okay?

17 **MR. SIMPSON:**

18 Okay.

19 **MS. GUESS:**

20 And before, before we do that,
21 you'll notice that our court reporter is
22 absent today. They weren't able to
23 accommodate us because of their
24 schedule. Deborah is recording the
25 meeting on her recorder. She's writing

1 a note that says, "Speak --

2 **MS. SIMMONS:**

3 Louder.

4 **MS. GUESS:**

5 -- louder." Okay. So, we just have

6 --

7 **MS. SIMMONS:**

8 And state your name.

9 **MS. GUESS:**

10 And state your name. So, she's
11 gonna be -- any motions that come out of
12 here, you know, we just want to make
13 sure that she's able to, to capture it
14 on the, the digital recorder. It's,
15 it's, it's recording.

16 **MS. SIMMONS:**

17 Yes, ma'am.

18 **MS. GUESS:**

19 It picks up very well. Okay. So,
20 we just have to make sure -- some of us
21 don't have a problem talking loud.

22 **MR. SIMPSON:**

23 Okay. All right.

24 **MS. GUESS:**

25 But some of us do, so we just want

1 to make sure that we get everything
2 that's recorded. Starting with that,
3 Shamelda, if you want to go ahead.

4 **MS. PETE:**

5 Hi. I'm Shamelda Pete. I'm
6 presenting the Micro Lending Problem.
7 The Micro Lending Program is an existing
8 LEDC program that has been revised to
9 cater to the smaller financing needs of
10 businesses in Louisiana. In polling
11 stakeholders across Louisiana and
12 researching SSBCI best practices to work
13 with underserved community, communities,
14 in order to carry out the mission of the
15 American Rescue Plan Act's SSBCI
16 Program, the proposed revisions to the
17 Micro Program will provide access to
18 credit to entrepreneurs in underserved
19 communities across Louisiana and will
20 allow CDFIs and other qualified lenders
21 to evaluate and structure SSBCI eligible
22 loans to meet the needs of very small
23 business owners.

24 The Micro Lending Program is a loan
25 participation program structured as a

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

revolving loan fund where the program participants, or selected lenders, will directly link to the borrower with loan proceeds used to either help with working capital needs or equipment and inventory acquisition for either start-up or expansion projects.

CDFIs and other qualified lenders will undergo an RFQ evaluation process with the LEDC Board making final approval on all program participants under the Micro Program. Multiple lenders will be selected for participation in the Micro Program, with each executing a Loan Participation Agreement detailing all of the program requirements; to include, but not limited to, required Treasury assurance/certifications, reporting, compliance, SSBCI use of funds provisions, reallocation provisions, buyback provisions, and program, program parameters and performance expectations for the use of the Revolving Loan Fund.

The participating lenders will

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

perform the loan analysis drawing from the Revolving Loan Fund to make SSBCI eligible loans up to \$100,000. The participation threshold for lenders under the program is up to 50 percent with a maximum participation by LEDC at \$50,000. Upon loan repayment, the participating lender will retain the interest portion as compensation for servicing the loan with the principal recycling back into the revolving loan fund to make available for SSBCI eligible loans throughout the term of the SSBCI Program.

And with that, I'll turn it over to Kelly to begin the review of the program rules.

MS. GLOVER:

Before we begin the review, just one last (inaudible). This says up to 50 percent by the lender. This is where y'all had the chart the last time, was 50 percent, under 50 percent?

MS. PETE:

Yes, ma'am.

1 **MS. GLOVER:**

2 Okay. Just double-checking. And I
3 pointed, but that's for the record, yes.

4 **MS. RANEY:**

5 Kelly Raney speaking and Nakisha
6 Melba (phonetic). With respect to the
7 Micro Loan rules you have in front of
8 you that were e-mailed in preparation
9 for today's meeting, I'd like to point
10 out a couple of things. Number one, I
11 -- you heard the comments that would be
12 helpful to know what was required of
13 Treasury. So, that has been indicated
14 with a double blue asterisk. So,
15 anywhere throughout the rules, whether
16 it's for this program or the next
17 program we'll get to, when you see a
18 blue double asterisk next to that
19 provisions, that's actually language
20 directly from Treasury that we are
21 required to abide by. And so, you'll
22 see that quite a bit throughout these
23 rules and the next set of program rules
24 also.

25 Secondarily, it might have been

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

mentioned or heard, Shamelda mentioned,¹⁰
excuse me, that the maximum loan amount
under the Micro Loan Program is, is
\$100,000. So, we also heard that in our
last board meeting and had to make that
increase as well. So, the rules have
been updated to reflect that.

So, picking up where we left off
with Micro Loan rules, it's -- the
rules, I think it's page 7 of your
packet because the agenda is the first
page, but specifically this is the, the
(inaudible) Section 7505, but it is,
like I said, mostly likely your page 7
where it start with the letter F in the
left-hand column. These are all of the,
you can see, Treasury required
prohibition assurances. And so, we
actually had just finished getting to
the bottom of page 6. We were looking
at the second column at little F here.

This actually is, is where we left
off, and it's specific to the agency
prohibition and making sure that there
loan ap -- program applicants are --

1 does not have any criminal violations,¹¹
2 other than misdemeanor traffic
3 violations. And I know that was
4 something that we discussed in our board
5 meeting last time as well.

6 **MS. GLOVER:**

7 I -- this is Norisha. I don't
8 remember an assessment, but I know it
9 was probably towards the end. So, are
10 we saying for F, am I -- if I am the
11 person who maybe I was in jail for
12 marijuana and I finally got out. I'm
13 trying to get on the right track. I've
14 started my own business, but I don't, I
15 don't know what it is, but because of a
16 prior conviction I am not able to access
17 this funding?

18 **MS. RANEY:**

19 If you -- the way that this
20 provision has been drafted is if you
21 have been reinstated into society after
22 that experience --

23 **MS. GLOVER:**

24 Okay.

25 **MS. RANEY:**

1 -- then you would be eligible. And¹²
2 again, going back to part of the
3 Treasury guidance requires the borrower
4 be an SSBCI eligible borrower, an SSBCI
5 eligible business type with an SSBCI
6 eligible business purpose. So, all of
7 those have to align in order to be
8 eligible for the program with this extra
9 requirement.

10 **MR. JACKSON:**

11 So, so notwithstanding that last
12 sentence of it, nor should they accept
13 any applications if the borrower has a
14 criminal record, other than misdemeanor
15 traffic violations?

16 **MS. RANEY:**

17 If they have not been reinstated
18 into society.

19 **MR. SIMPSON:**

20 Reinstated into --

21 **MR. JACKSON:**

22 Okay. Okay. That's, that's really
23 the operative --

24 **MS. RANEY:**

25 (Inaudible.)

1 **MR. JACKSON:**

2 Okay. All right. Okay.

3 **MS. RANEY:**

4 All right. And, and the last, the
5 very last item, which actually trickles
6 over to the next page, is also Treasury
7 required and that is also prohibition of
8 any of those convicted of, of a sex
9 offense, to include the sex offense of a
10 minor as well.

11 Moving over to the next section,
12 7505 for the Micro Loan Rules, this gets
13 into the lender must provide all of the
14 application requirements to LEDC for
15 their review, which will include all of
16 the assurances required at Treasury,
17 which they're listed. They're after G.
18 Number, number 1 if it's -- this is a
19 CAP Program, but Treasury does require
20 this prohibition for CAP programs.

21 Number two, the refinancing of a
22 loan previously made to the borrower by
23 the lender or an affiliate. And, again,
24 no principal of the lender has been
25 convicted of a sex offense against a

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

minor. The fourth, the (inaudible) shall not knowingly accept. Now, this is actually the same. So, this language is required of the lender and the borrower here where we have the prohibition of accepting an application from anyone who has been convicted of a felony, outside of a minor traffic violation, who has not been reinstated into society.

And then we move on to number five, column number two, where we talk about the eligible borrower structures. For-profit organization are eligible, but they require business purpose, LLCs, LLPs, joint ventures, cooperatives, etcetera.

MS. GLOVER:

If I'm a non-profit, I'm not eligible for this program?

MS. RANEY:

If you have a, a business purpose that is meets SSBCI requirements and you're a non-profit, then you would be eligible.

1 **MS. GLOVER:**

2 (Inaudible)

3 **MS. RANEY:**

4 All right. That actually brings us
5 over to the next section of eligibility
6 and ineligible, ineligible provisions
7 under this program. Moving over to
8 Section 7507, this backs up to the
9 overall program's intent. And these are
10 smaller dollar amounts, and these are
11 for our small businesses, really
12 refining that small business definition
13 from the original 500 we've seen in
14 Guarantee, reducing that down to 100
15 employees or less. And an eligible
16 business purpose, which Treasury does
17 define for us, can be first startup,
18 working capital, expansion, franchise,
19 equipment inventory, construction.
20 Those are all eligible business
21 purposes.

22 The definition of eligible business
23 purpose does exclude activities related
24 to acquiring wholly (inaudible)
25 investment, such as commercial real

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

estate, etcetera. Now, that, that is also a part of our Guarantee language as well. And so, what you'll notice is some of these provisions may start sounding familiar because they're required in all of our programs. So, your heard them Major Capital, in there. You heard in the beginning Guarantee in February, and you're going to hear it again today two times over, here in Micro and again in Collateral Support.

MR. JACKSON:

Excuse me just a minute.

MS. RANEY:

That's all right.

MR. JACKSON:

So, are we still in the Micro Lending?

MS. RANEY:

Yes, sir.

MR. JACKSON:

To the \$100,000? What -- how does that interact with the \$500,000 in part A?

MS. RANEY:

1 So, the \$500,000 is the total
2 aggregate exposure that one borrower can
3 have under SSBCI, if they had subsequent
4 loans after having repaid another one.

5 **MR. JACKSON:**

6 Okay.

7 **MS. RANEY:**

8 Treasury actually does limit a lot
9 of exposure to \$20 million. However,
10 thinking about a micro size portfolio
11 that we are going to work with selected
12 lenders so they can originate that
13 portfolio, that's a much smaller subset.
14 So, you can see with the maximum even a
15 \$100,000 loan over a ten-year period,
16 it's, it's highly unlikely somebody will
17 have had \$20 million worth of Micro
18 Loans over that ten-year period with a
19 maximum dollar amount being \$100,000 and
20 having repaid each of those loans.

21 **MR. JACKSON:**

22 So, the total amount they can
23 participate in life of program is
24 \$500,000?

25 **MS. RANEY:**

1 Under the Micro Program, that's
2 correct.

3 **MR. JACKSON:**

4 Okay. Up to \$100,000 at a time?

5 **MS. GUESS:**

6 Yes.

7 **MR. JACKSON:**

8 Okay.

9 **MS. RANEY:**

10 Good question. Any other questions
11 on 7507 for the, the page at hand? We
12 just reviewed A and B. Moving on,
13 though, through C, we do ask that there
14 be a job creation or retention component
15 for the Micro Program also. And, again,
16 just at the bottom it reiterates 100
17 employees or, or less to be eligible
18 under this Micro Program, and then again
19 reiterates the eligible business
20 structures for the Micro borrowers.

21 **MR. JACKSON:**

22 So, this, this is not to a specific
23 point, but it goes back to the, the
24 concept of it as a Micro Program. And
25 we've defined "Micro" at this point as

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

being as little as \$1,000, in which we¹⁹
put up \$500, or as much as \$100,000
where we put up 50. From an
administrative perspective, I mean, is,
is that realistic? Are we ever likely
to run into --

MS. GUESS:

The answer I think is, is yes,
because what we're -- we're targeting
the CDFIs and other approved lenders out
there, economic development
organizations. And those that we have
talked to, the, the, the maximum amount
of the loans that they're seeing, they
are micro loans. They're small.

MR. JACKSON:

Okay.

MS. GUESS:

From the beginning, they have small
pools of money that they're going to be
dealing with, so they won't be giving
someone, you know, a, a loan larger than
\$100,000. And based on that, the
information that we've gathered, that's
what we're looking at.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

Okay. I mean, that --

MS. GUESS:

That's with them.

MR. JACKSON:

-- that's what I would hope would be the case.

MS. GUESS:

Yes.

MR. JACKSON:

I, I understand the concept of micro loans and -- in developing countries and everything.

MS. GUESS:

Right.

MR. JACKSON:

But, I mean, just the administrative burden that kind of goes with some of that, we, we really believe we'll be successful in --

MS. GUESS:

I think we will.

MR. JACKSON:

-- in focusing on those?

MS. GUESS:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

And one of the high points that ... 21
might be able that -- to see that the
Micro Loan lenders can get from gains
from this is they'll be able to retain
the interest as the loans are paid back
by the borrowers. So, that's somewhat
of an incentive for them. I -- and it
keeps the, the money flowing. And I'm
not sure how they go about securing
additional funds for their particular
organization, but it's -- I think they
may get money from EDA or from other
organizations or from other lenders, so
they will still be building up their
coffers for additional lending.

MR. JACKSON:

Okay.

MS. GUESS:

This will help with the, the person
-- I think we even saw a loan not too --
well, not -- in the recent past of
someone that wanted to start a lawn
service, and so, they weren't looking
for that much money.

MR. JACKSON:

1 Right.

2 **MS. GUESS:**

3 So -- but it's something that a bank
4 won't touch. So, the CDFIs and the
5 other EVO lenders are the ones that will
6 probably see more of these.

7 **MR. JACKSON:**

8 Okay.

9 **MS. PETE:**

10 And to piggyback on what Ms. Brenda
11 said, the average Micro Loan is \$13,000.

12 **MR. JACKSON:**

13 Right. I remember we talked about
14 that.

15 **MS. PETE:**

16 And the average SBA-backed loan is
17 \$59,000. So, up to \$100,000 we'll still
18 fill in a market need for as little as
19 the small, very small business, which is
20 less than 10 employees, all the way up.

21 **MR. JACKSON:**

22 Okay. All right. And, and the
23 paperwork burden for those smaller
24 loans?

25 **MS. RANEY:**

1 It's just as much as a large.

2 **MR. JACKSON:**

3 I, I know. That's, that's what
4 concerns me a little bit.

5 **MS. GUESS:**

6 Well, with the CDFIs, that's what
7 they do. You know, they see the smaller
8 loans. So, we -- the incentive to, to
9 work with this is the, the interest,
10 unless there is something else that
11 would be on the table for them to be
12 more successful. If they expend the
13 dollars that they are given after --
14 which will be determined by, I guess
15 their track record of what they have
16 done in the past, will determine maybe
17 what they will get of this round.

18 **MR. JACKSON:**

19 So, so we looked at best practices
20 in structuring this, kind of grafted it
21 onto our existing program. Do you have
22 any sense in those best practice states
23 as to what their -- I mean, is their
24 paperwork burden that, that much for
25 little ones?

1 **MS. PETE:**

2 Actually, no. We looked at the
3 majority of Pennsylvania and Oregon, and
4 typically these loans are (inaudible).
5 So, once they provide the information to
6 us, they have done the analysis and
7 staffing people and the compliance,
8 which -- and then the remaining piece
9 would be a compliance of the, the entire
10 loan plan. So, we're managing the
11 amount of loans under each revolving
12 loan plan, but typically will be based
13 on an enrollment of that loan. And
14 after review of any point in time that
15 loan doesn't match the requirements,
16 that's when the buy-back provision would
17 come into play where those loans would
18 be taken out of the loan totals.

19 And also keep in mind each
20 individual CDFI or lending organization
21 will have to sign a Master Lender
22 Participation Agreement, and that will
23 be the cornerstone, or the terms
24 engagement if you will, for that entire
25 revolving loan fund.

1 But none of those, to go back to
2 your question, none of them had a
3 structure where it would be overly
4 burdensome, which is why they do tend to
5 partner with CDFIs who have that
6 structure in place to meet those
7 compliance and reporting requirements.

8 **MR. JACKSON:**

9 So, so, are, are they less
10 burdensome or, or --

11 **MS. PETE:**

12 Less.

13 **MR. JACKSON:**

14 -- same level of burden?

15 **MS. PETE:**

16 Less burdensome. Like I said, that
17 structure they use to review those loans
18 kind of decreases that paper volume.
19 We'll still be looking at it, but the
20 analysis piece will be at the very top
21 for compliance purposes. But Georgia
22 was very successful in doing so to the
23 turn that they were one of the most
24 successful.

25 **MR. JACKSON:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

So, so, so we're adopting that or --

MS. PEPTE:

Yes.

MR. JACKSON:

-- we are --

~~MS. PEPTE:~~
MS. PEPTE:

We have taken a look at both Georgia and Pennsylvania and made more of a hybrid to meet the needs of the department and our market.

MR. JACKSON:

Okay.

MS. PETE:

And those states received a much larger allocation in 1.0 and were very successful in doing it. But we did have the opportunity to meet directly with Georgia's (inaudible), and they were able to share a lot of information with us.

MR. JACKSON:

Okay. Because I, I certainly don't want us to, to lose the loan money or diminish the pool.

MS. PETE:

1 Yes.

2 **MR. JACKSON:**

3 But, again, the whole issue with the
4 Micro Loans is these are not super
5 sophisticated, but they need it. And,
6 and, you know, we, we may -- I mean, by
7 definition, they're going to be riskier
8 loans.

9 **MS. GUESS:**

10 Absolutely.

11 **MR. JACKSON:**

12 But, but we're being given this
13 money for riskier loans.

14 **MS. GUESS:**

15 That's correct.

16 **MS. GLOVER:**

17 But I, I would also argue, I
18 wouldn't say that, that they're all not
19 as sophisticated just based -- I mean,
20 like I have a client who I visited
21 yesterday who I think would be -- who
22 could be eligible for this because she's
23 just building out a bakery. She's gone
24 through the financing, you know, with
25 the finance process before. This is

1 just a pool of fund that, that would ^h28
2 helpful for her. It, it would just be
3 helpful for her, I think.

4 And then the second this is, is that
5 I appreciate the administrative burden,
6 but I imagine that the burden falls on
7 both sides, right? So, there is the
8 burden of the banker doing it, but you
9 also have to wonder for who we might
10 deem, like unsophisticated, in this
11 process when they get into it, they
12 might also say this is too much
13 paperwork for \$1,000 and rule themselves
14 out.

15 **MR. JACKSON:**

16 Right. Right. I mean, that's,
17 that's really my point.

18 **MS. GLOVER:**

19 Right.

20 **MR. JACKSON:**

21 The, the, the amount of
22 administrative burden really to the
23 extent possible needs to be proportional
24 to the amount of capital you're putting
25 at risks is really my point. It was not

1 meant as a slur to call them
2 unsophisticated.

3 **MS. GLOVER:**

4 Right.

5 **MR. JACKSON:**

6 But, I mean, they're -- for many of
7 them it may be their first journey into
8 the financial lending system, so they
9 may not have a clue the kinds of things
10 they even need to be looking at for
11 managing their business. And there are
12 plenty of tools to help them, but they
13 may not have gotten to that point yet.

14 **MS. PETE:**

15 Great point, Mr. Jackson, but SSBCI
16 2.0 - they can elaborate more - but
17 there's a big focus on technical
18 assistance to provide those business
19 owners with skills not only for
20 financing, but other skills they would
21 need to sustain their business. So,
22 that's also gonna be a big focus on
23 SSBCI 2.0.

24 And on the administrative burden
25 piece you mentioned, we will have

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

systems in place to put those CDFIs by ³⁰
lenders to manage all that
information. And keep in mind, the
CDFIs are a mission-driven
organization targeting those kind of
markets who traditionally don't have
access to this capital.

MR. JACKSON:

Okay.

MS. RANEY:

And I think what would be key is as
we evaluate the interested participants
for this program through the RFQ
process, some of the information they
are required to provide will speak to
their experience in doing this very
type of work, the type of businesses
that they've been successful in
catering to, what markets would they be
in and their geographies. So, all of
that, I think, will be taken into
account of the overall if that
evaluation or recommendation to the
board is made for the, for the final
approval of those selected candidates

1 process will happen with Venture
2 Capital, too, through the RFQ.

3 **MR. JACKSON:**

4 I mean, I'm, I'm, I'm very mindful
5 of that statistic you gave us last month
6 about the, the average loan being
7 \$13,000. And we've expanded way up on
8 the top end and that, that comes with
9 added flexibility. I, I recognize that.
10 But it, it would seem to me that for us
11 to be successful with the program the
12 way it's laid out, we really want to
13 focus on those loans that are \$13,000
14 or, or, or lower. And it takes a lot of
15 them to make up that amount of money.

16 **UNKNOWN SPEAKER:**

17 Are you concerned, Charles, that the
18 CDFI would gravitate towards the
19 \$100,000 client and, and less away from
20 --

21 **MR. JACKSON:**

22 I don't know. I don't know, but I
23 know that you could take care of ten
24 \$13,000 loans or you could take care of
25 one \$100,000 loan, and the maintenance

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

and monitoring burden and all of those ³²
sorts of things, you know, would argue
from that side it's easier to take care
of one.

MS. GUESS:

Than the ten.

MR. JACKSON:

And, and that's my concern. I mean,
I, I'm -- they call it Micro Lending for
a reason. And that may or may not be
the business we need to be in, but, but
we're administering it and it's a good
program. And, and we don't want to lose
our focus on, on those businesses if, if
they're out there.

MS. GUESS:

Right.

MR. JACKSON:

And if the CDFIs see them, then we
want to make it as, as accessible as
possible for those folks while still
being prudent, that's, that's all.

MR. SIMPSON:

Good points. I want to interject,
too, if we would, try to, try to say our

1 names. Cal Simpson.

2 **MS. GUESS:**

3 Yes.

4 **MR. SIMPSON:**

5 When you, when you bring up a
6 question or topic for recording
7 purposes. Thank you. Kelly.

8 **MS. RANEY:**

9 Yes, sir. Kelly Raney. Looking
10 back at the Micro Loan rules, so we have
11 -- I believe it went to page 10 there in
12 the packet. So, Section Number 7507,
13 yes, Small Emerging Businesses and
14 Socioeconomic (inaudible) businesses
15 will be just a self-serve (inaudible)
16 paperwork to apply under those
17 categories for the Micro Loan Program.
18 We also have reduced the small -- the
19 size of the definition of small business
20 concern to 100 employees for the purpose
21 of this particular program.

22 The funding request for all of the
23 following, so eligible uses of the
24 funds, again hearing the appetite of the
25 board last month with respect to

1 restaurants and, and approving those
2 having been in business at least two
3 years, we have carried that over here
4 into the Micro Loan Program. You will
5 notice the, the food trucks, the grills,
6 the -- you know, the curbside pop-ups,
7 we do not add those into detail, leaving
8 the lender to make that discretion as to
9 eligibility, whether their loan policies
10 constitute that as being a restaurant or
11 not.

12 And so, what you'll notice as we get
13 into these next subsequent sections
14 outside of those required by Treasury,
15 we're, we're starting to give the lender
16 more flexibility to reference their
17 internal credit policy policies to
18 underwrite and structure the loan for
19 the, the terms and the interest rate and
20 make that proposal to present to LEDC
21 for overall loan structure. So, you'll
22 start seeing a lot of reference to, for
23 example, referencing the internal
24 lender's collateral requirements,
25 referencing the lender's internal loan

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

policies to establish the interest rate.

So, just to be consistent with restaurants being eligible in our guarantee program, we carry that over here for Micro. Now, we do have some ineligibles, which are also consistent with the other programs, the bars, saloons, daiquiri shops, gambling, gaming, consumer finance companies, real estate, speculation, pyramid sales. Direct or indirect activities related to cryptocurrency, that is a new one we added to Guarantee, also carried over to here because that's becoming more top of mind and, and relevant. But for this purpose of the program, that's going to be an ineligible business use of funds.

The businesses engaged in activities that are prohibited obviously by federal law, those are still prohibited under this program as well. Also, funding for the principal purpose of refinancing existing debt, that's a consistent prohibition under this program, just as it was under Guarantee also.

1 Buying out stockholders is also
2 prohibited, as well as reimbursing funds
3 owed to other owners is also deemed
4 prohibited. Funding for paying any
5 person to influence or attempt to
6 influence elected officials, state or
7 local government, also prohibited.
8 Funding for paying costs incurred with
9 connection of defense for a claim
10 against the US government also
11 prohibited. I think that makes perfect
12 sense. And then funding to pay for your
13 back owed taxes is also prohibited.
14 These are all Treasury requirements. You
15 can see them with double blue asterisks.

16 Moving right over to Section 7509,
17 General Loan Provisions. So,
18 (inaudible) advising other qualifying
19 lenders, they will be guided similar
20 principals that will again allow much
21 more flexibility to their internal --
22 reflect upon their internal structures
23 to underwrite and propose the terms of
24 the overall loan. But there are some,
25 some common threads, that the lender

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

should not mainly approve loans where there are pending or outstanding claims, judgments with denial or revocation of any necessary license or permit to do business. And terms and conditions imposed on part of any loan authorized by vote of the board, this is also consistent and should not be changed without that subsequent vote or approval of the board.

Loan amounts in the program are intended to be between \$1,000, and \$100,00. The interest rate here, Treasury does require the maximum interest rate ceiling to coincide with that of the National Credit Union Administration's rate. We also added two features here and recommended through our Guarantee Program and voted on last month by Mr. David, which was to add also the, the ceiling interest rate cap as stated by the Federal Credit Union, and then also any future state legislation that may be enacted and approved.

1 So, the borrower shall enjoy an
2 interest rate cap, which should be the
3 lesser of either the National Credit
4 Union ceiling, the Federal Credit Union
5 ceiling, or any future state legislation
6 ceiling. But ultimately, the lender
7 will dictate the interest rate based on
8 their internal loan policies.

9 The borrower's collateral, the value
10 of the borrower's collateral and the
11 amount of collateral will be determined
12 by the lender, and they will reference
13 their internal lender policies to
14 determine that. We are asking, though,
15 that loans that exceed \$50,000, that the
16 lender does firm up collateral.

17 While we recognize there are some
18 CDFIs who, who, and other qualified
19 lenders who may be willing according to
20 their loan policies to underwrite and
21 approve an unsecured request knowing
22 these are intended to be much smaller
23 loans, while the Micro Loan cap has been
24 increased to \$100,000, we did add an
25 extra qualifier here. While it's still

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

left up to the lender's discretion of
the type of collateral to be required,
we're asking that they do indeed require
collateral on those larger Micro Loans
over \$50,000.

MR. ROY:

I have a question.

MS. RANEY:

Yes.

MR. ROY:

(Inaudible).

MS. GUESS:

Okay.

MR. ROY:

(Inaudible).

MS. RANEY:

Okay. Now, Mr. David had
recommended adding the Federal Credit
Union rate on there in the future, but
I'll check to see if there's any
additional ceiling caps for, for
traditional banks outside to make sure
there --

MR. ROY:

Yeah. And generally, like if you're

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(inaudible) bank would be the OFI's rate⁴⁰
and then (inaudible).

MS. RANEY:

Kelly Raney speaking. Just to reiterate Mr. AJ Roy's comments that we will look to add additional language about additional interest rate ceiling caps to benefit the borrower and add in Section C -- excuse me, Section 7509, Letter C, Number 1, so that we identify all of the maximum interest rates, that the lender should be bound to apply the lesser interest rate ceiling cap to the borrower or, or should not exceed that interest rate cap. Thank you for that.

MS. GLOVER:

Kelly, this is Norisha speaking. Remind me what is the program option that they have if they're not able to demonstrate collateral.

MS. RANEY:

So if the borrower does not have collateral -- under the Micro Loan Program?

MS. GLOVER:

1 Uh-huh (affirmative).

2 **MS. RANEY:**

3 If the borrower does not have
4 collateral under the Micro Loan Program
5 and they have spoken to a participating
6 lender under this program, if their loan
7 size needs are less \$50,000 and it
8 coincides with the selected
9 participating lenders loan policy to
10 accommodate an unsecured request, that
11 would be up to the lender to approve
12 that request. But our rules are
13 structured to allow an unsecure
14 signature loan less than \$50,000 under
15 the Micro Loan Program is currently how
16 its written.

17 **MS. GLOVER:**

18 And I'm saying if -- so, if the
19 lender does -- I'm just trying to figure
20 out what an option is for, for a
21 prospective client if the lender does
22 require collateral and they don't have
23 it, what is the other LEDC program?

24 **MS. GUESS:**

25 There aren't any.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. GLOVER:

There isn't any.

MS. GUESS:

That's correct.

MS. GLOVER:

And the example that I'm thinking of is I am a consulting firm, I'm an engineering firm, that I'm asking for the Micro Loan because I want to hire on employees, I believe I'm gonna be able to pay it back with a project that I have and maybe I don't own a home yet, like what else is collateral, or now am I not eligible for this program?

MS. RANEY:

If your loan amount is --

MS. GLOVER:

Right, \$1,000.

MS. RANEY:

-- over \$50,000 --

MS. GLOVER:

There are no other options. There are no other options for me.

MS. PETE:

In this potential example you're

1 proposing, if they start out with a
2 \$50,000 loan unsecured, in order to
3 obtain this they would need to have some
4 receivables, or in your example would
5 they not have receivables? Because if
6 they do have receivables, there's an
7 option for a line of credit --

8 **MS. GLOVER:**

9 Okay.

10 **MS. PETE:**

11 -- based on receivables. So, it
12 would give them an opportunity to grow
13 their working capital. So, they may have
14 to start out with smaller working
15 capital and then expand as time goes on.
16 Now, there is some no credit elsewhere
17 programs, but they have other extensive
18 requirements to --

19 **MS. GLOVER:**

20 Non-LED programs.

21 **MS. PETE:**

22 Non-LED, correct. Non-LED programs.

23 **MS. GLOVER:**

24 That are not collateral?

25 **MS. PETE:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Right.

MS. GLOVER:

Okay.

MS. PETE:

So, there's no credit elsewhere options as well, but those are based on funding by other organizations.

MS. GUESS:

And it could very well be depending on if we're talking about a CDFI, if the CDFI is structured as such to allow for a line of credit. In fact, I was talking to a CDFI the other day and they're not set up for a line of credit. However, a line of credit for a small consulting business or an engineering firm that will generate receivables would be eligible under our regular Loan Guarantee Program with those contracts or those receivables serving as the collateral for that business.

MS. GLOVER:

Okay.

MR. JACKSON:

Is that the sort of thing - this is

1 Charles --

2 **MS. GUESS:**

3 I'm sorry, that was Brenda.

4 **MR. JACKSON:**

5 As, as we work on enrolling CDFIs,
6 is that the sort of thing that we would
7 be looking at as far as what their
8 policies and criteria are, or is that
9 something we just find out when they
10 bring us a loan?

11 **MS. GUESS:**

12 No. That's going to be --

13 **MS. RANEY:**

14 That's going to be during the RFQ
15 process.

16 **MS. GUESS:**

17 -- that's going to be during the RFQ
18 process.

19 **MR. JACKSON:**

20 Okay.

21 **MS. GUESS:**

22 What we're developing --

23 **MR. JACKSON:**

24 Would there be any value to, as, as
25 you develop that process, kind of

1 highlighting those sorts of provisions ⁴⁶
2 to encourage them to consider something
3 like that?
4 **MS. GUESS:**
5 I think that's current. I have not
6 seen --
7 **MR JACKSON:**
8 Is that in there?
9 **MS. GUESS:**
10 -- a current version.
11 **MR. JACKSON:**
12 Because, because somewhere I
13 remember, and it may have been Ann Vela
14 (phonetic), there were supposed to be
15 some collateral support programs that
16 was all tied to this as well, right?
17 **MS. RANEY:**
18 So, that's my next --
19 **MS. GUESS:**
20 That's the next program.
21 **MR. JACKSON:**
22 Right. So, there, there is another
23 program it sounds like?
24 **MS. GUESS:**
25 Yes. But they would have to have

1 some collateral, that's the only --
2 there, there -- when we get to the
3 Collateral Support, it is just that, a
4 shortfall.

5 **MR. JACKSON:**

6 Okay. I, I won't jump the gun
7 again.

8 **MS. GUESS:**

9 Yeah.

10 **MS. RANEY:**

11 Yes.

12 **MS. GLOVER:**

13 But I like the idea of like, what --
14 this is Norisha. I'm the only female
15 here.

16 **MS. GUESS:**

17 No.

18 **MS. GLOVER:**

19 Because, again, I mean, I've used
20 consulting or engineering firm, but we
21 hear like during the pandemic so many
22 people started businesses and they're
23 working from home, right? So, I've
24 started a marketing business, I'm doing
25 social media, I'm trying to build up my

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

team, things are coming really well, but⁴⁸
like to get me off the ground I need a
little bit of help. And I'm working out
of my apartment, I don't have
collateral. I don't think my car is
probably sufficient enough collateral,
maybe it is. But I just want to be able
to support those, those small start-ups
that are doing that.

MS. PETER:

Well, you will be able to with this
program up to \$50,000.

MS. GLOVER:

Yeah. And as you said, the line of
credit option might be better than --

MR. JACKSON:

And if the CDFI doesn't offer it,
hopefully we can identify a different
one that they could go to.

MS. GUESS:

Yeah, all of them aren't the same.

MR. JACKSON:

Yeah.

MS. GUESS:

And there may be some --

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

And that's fair, too.

MS. RANEY:

And the CDFI might take -- this is Kelly. A CDFI might take the used car with very little equity in it as collateral.

MR. JACKSON:

It depends on whether it's fully fueled or not.

MS. GUESS:

The amount of gas.

UNKNOWN SPEAKER:

(Inaudible)

MR. JACKSON:

I'm sorry. That was a social meme recently.

MR. ROY:

Question. This is AJ. So, as I read it, there are no restrictions at all on, on the type of collateral, right? So, to Ms. Norisha's standpoint, point, which is a very good one, the bank -- all these banks have different policies, and some might require the

1 bare bones, which might be just
2 receivables or maybe even the vehicle
3 with gasoline. But that -- am I
4 correct?

5 **MS. RANEY:**

6 That's true.

7 **MR. ROY:**

8 So, we have no restrictions on them?

9 **MS. GUESS:**

10 No restrictions.

11 **MR. ROY:**

12 Basic limitation of collateral being
13 over \$50,000 to \$100,000?

14 **MS. RANEY:**

15 We actually have two restrictions,
16 and that is we, we, we do not want the
17 borrower to pledge their primary
18 personal residence where they sleep at
19 night, so that is prohibited. And then
20 the only other restriction that we have
21 identified here for collateral is
22 pledging, you know, your own stock
23 ownership in your own company.

24 **MR. JACKSON:**

25 And those are SBA standard rules,

1 aren't they?

2 **MS. RANEY:**

3 Well, those are also, yes, rules
4 that we have in our Guarantee Program
5 currently. It is upheld in what was
6 approved last month for, for 2.0., and
7 that's in here, and you'll see again in
8 Collateral Support. Those are the two
9 consistents being collateral
10 exclusions. **MR. JACKSON:**

11 SBA has excluded those from,
12 from equity considerations all along,
13 too. **MS. RANEY:**

14 I know the personal residence for
15 sure.

16 **MR. JACKSON:**

17 Yeah.

18 **MS. RANEY:**

19 And so, with respect to the
20 collateral piece here, again, for the
21 Micro Program, AJ, you are correct that
22 there, there really is no exclusions for
23 what we require other than those two
24 items, the personal residence and then
25 your own stock ownership in the company.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

But, but the lender will look at their policy to assess what would be appropriate to secure or request the borrower to pledge to secure that loan.

All right. That was actually the very next section where we were at there. If you'll flip on over, you'll see Number 3, unacceptable collateral includes stock in the applicant company and/or related companies, and then personal residence also excluded. It rolls right into E, Equity, that the equity requirement shall be determined according to the lender's normal loan criteria and policy, letting them drive that decision. We do ask the terms not exceed five years under this Micro Program for any single transaction. Do you have a question?

MR. ROY:

Well, I'm, I'm, I'm just thinking it out. And these, these focus points are great. It, it's, -- it is going to be -- we want to reach out (inaudible) and help. But we're leaving it up to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

the, to the bank, to CDFIs, and others
to determine what their -- what that
client would be. Of course, it might
run the gamut. If a, if a organization
or a lender wants to help someone, they
might say, we're gonna, we're just gonna
-- all of our loans are gonna be
receivables or whatever, some --

MS. GUESS:

Right.

MR. ROY:

-- bare bones sort of collateral.
So, just, just keep that in mind because
I don't know exactly how it will go, but
it's conceivable that the bulk of the
loans in the program could be barely
collateralized, over 50. So, we have to
just be prepared to contend with that
because in this case we're gonna run the
gamut on what the -- it's going to be up
to the lender, obviously, as we said.
So, I'm just, just through the process
--

MS. GUESS:

Yeah.

1 **MR. ROY:**

2 -- of how, how the backside of
3 that's gonna play out because if a
4 borrower does not pay, obviously, most
5 of us probably know this, but accounts
6 receivable in my example really is --
7 you really don't have anything there.

8 **MS. GUESS:**

9 Exactly.

10 **MR. ROY:**

11 By the time (inaudible) and/or the
12 borrower has actually imploded and the
13 business has failed. So, in that, in
14 that scenario and if enough lenders did
15 that, we'd actually not have any
16 collateral --

17 **MS. GUESS:**

18 That's correct.

19 **MR. ROY:**

20 -- for the, the bulk of the loans.
21 Now, all this is just hypothetical.

22 **MR. JACKSON:**

23 Right. I mean, there's, there's a
24 lot that is pending on the idea that
25 these are mission-driven lenders, but

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

they are lenders that they're, they're
in the business and plan to stay in the
business, so they're not gonna make
absolutely risky lending. I mean,
that's, that's the premise.

MS. GUESS:

Absolutely.

MS. RANEY:

Right.

MR. ROY:

So, I, I guess you would, you would
want to maybe keep it exactly like it
is. You kind of maybe want to monitor
what collateral lender is requiring
and/or what their loan policy says so
that you -- as part of your, your
process in approving a lender --

MS. GUESS:

Yeah.

MR. ROY:

-- because, you know, some lenders
might be very liberal, some might be
very conservative on how they implement
all this, and all that can affect the
back-end on, on, on defaults.

1 **MS. RANEY:**

2 (Inaudible) RFQ.

3 **MS. GUESS:**

4 Yeah. It was still around our
5 offices, because that's exactly where we
6 --

7 **MS. RANEY:**

8 You're spot on. We're requesting
9 each of the applicants to submit their
10 loan credit policy. We want to know
11 their historical loan performance. We
12 want to know their default rate. We
13 want to know who is going to be working
14 on this program for their institution,
15 what experience do they have, and all of
16 their key management. We want to know
17 what type of controls they have in
18 place. We want to know their financial
19 strength as well, and how are they
20 funded.

21 And so, all of those, those
22 documents, all information will have to
23 be reviewed and evaluated by each and
24 every interested applicant lender for
25 this Micro Loan RFQ process, because we

1 do want to be mindful to make sure that⁵⁷
2 the mission is aligned. But we also
3 want to make sure that, that the lender
4 that we select is going to be able to
5 make the type of loans and help the type
6 of businesses that we intend, and we can
7 only do that when we look at their loan
8 policies to see what they do.

9 **MR. JACKSON:**

10 I, I think \$50,000 is a good
11 breakpoint for that. I, I totally agree
12 with going up to \$100,000, because
13 you've got the flexibility. You don't
14 have to. You're only putting half of it
15 at risk and, and all of those sorts of
16 things. But, but by the same token, if
17 you're gonna make a loan that big, it's
18 quite reasonable to have an expectation
19 that there's --

20 **MS. GUESS:**

21 There's something.

22 **MS. GLOVER:**

23 Some collateral.

24 **MR. JACKSON:**

25 -- there's something more there. I

1 mean, because, because to your point,
2 they can always come back and do several
3 smaller loans as they can demonstrate
4 growth. There's no need to make a big
5 lump sum --

6 **MS. GUESS:**

7 That's correct.

8 **MR. JACKSON:**

9 -- loan.

10 **MS. PETE:**

11 Yes, sir.

12 **MR. JACKSON:**

13 So, I, I think that's a good break
14 point for requiring more. And maybe,
15 maybe they'll incorporate that.

16 **MS. GUESS:**

17 This is Brenda. The vetting of our,
18 our CDFI partners and our other lenders,
19 and especially when we talk about other
20 economic development organizations, it
21 can't be somebody who decided that they
22 were just going to start lending, like
23 yesterday. You know, there's got to be
24 some type of --

25 **UNKNOWN SPEAKER:**

1 History.

2 **MS. GUESS:**

3 -- history. We have to know what
4 exactly -- what kind of sizes of
5 transactions are they familiar and
6 comfortable with, with dealing with.
7 So, that, that, that vetting process is
8 gonna start as soon as we complete the
9 RFQ and get that out, so we're, we're
10 developing it now and it's going for
11 review. So, that's, that's the, the
12 crux of this. It's going to be real
13 important.

14 **MS. GLOVER:**

15 Brenda, this is Norisha. And for
16 me, my concern is less about the CDFI
17 that is just coming into the game. It's
18 more about the CDFIs that have been
19 there for, for a while, have figured out
20 the game and are not truly giving out
21 the money or providing the technical
22 assistance that they claim.

23 **MS. GUESS:**

24 Well, we -- also built into -- it's
25 gonna be build into the contract with

1 the person, the ones that we're
2 selecting, that will be selected.
3 They're gonna be reporting opportunities
4 for them. They're gonna have to do the
5 --

6 **MS. RANEY:**
7 Tracking reporting.

8 **MS. GLOVER:**
9 Yeah, track.

10 **MS. GUESS:**
11 Tracking, reporting.

12 **MS. RANEY:**
13 Quarterly submissions.

14 **MS. GUESS:**
15 Quarterly submissions, yearly. And
16 if they're not getting the money out,
17 then there may be some not callback, but
18 what's the word?

19 **MS. PETE:**
20 Reallocation.

21 **MS. GUESS:**
22 Yeah, reallocation of the dollars
23 that someone may have been originally
24 given. You may lose what you were given
25 if you're not giving it out, because

1 that's not helping.

2 **MS. GLOVER:**

3 It's not for the intent.

4 **MS. GUESS:**

5 It's not for the intent.

6 **MR. JACKSON:**

7 Right.

8 **MS. GUESS:**

9 You're not following the mission
10 that you said that you were following
11 when you were selected for the, for the
12 process. So, we're gonna hold -- our
13 feet will be held to the fire --

14 **MS. PETE:**

15 Yes.

16 **MS. GUESS:**

17 -- by Treasury. And we expect to
18 have everybody's feet held to the fire.
19 It's gonna get hot.

20 **MS. GLOVER:**

21 Is it possible -- and I recognize
22 that we have a board meeting tomorrow,
23 so not for tomorrow, but since we have
24 discussed the CDFIs and this process
25 quite a bit, to have a list of like

1 existing CDFIs and kind of their
2 performance to date?

3 **MS. RANEY:**

4 Yes, ma'am. We can get that for
5 you.

6 **MS. GUESS:**

7 We'll get it right now.

8 **MS. GLOVER:**

9 Oh, dang.

10 **MR. JACKSON:**

11 Look at y'all go.

12 **MS. GLOVER:**

13 Hey, Jetsons.

14 **MS. GUESS:**

15 Yeah, we, we, we -- I don't know
16 about the performance, though.

17 **MS. GLOVER:**

18 Right.

19 **MS. GUESS:**

20 But this is what we had to, to show
21 if that question came up. So, we're,
22 we're learning, y'all.

23 **MS. PETE:**

24 And it did come up at the board
25 meeting.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. GUESS:

And it came up at the last meeting.

MS. PETE:

Somebody asked for it.

MR. JACKSON:

Right.

MS. GUESS:

Right.

MR. JACKSON:

You can kind of anticipate us, huh?

MS. GUESS:

Yeah. Yeah.

MS. GLOVER:

And I didn't mean for that to derail anything that we're doing right now.

MS. GUESS:

Oh, no, no, no. But this is, this is what we started doing when we first determined that --

MS. RANEY:

We started this last summer.

MS. GUESS:

-- we were gonna include CDFIs, okay, where are they, you know? And we had to -- the list was a lot larger than

1 these 72 that are listed here, because
2 these don't, these don't include those
3 who have housing as part of their
4 mission. So, we didn't want to include
5 that the -- none of our funds could be
6 utilized for, for housing.

7 **MS. RANEY:**

8 That's right.

9 **MS. GUESS:**

10 This is all for small business
11 lending.

12 **MS. GLOVER:**

13 Okay.

14 **MR. JACKSON:**

15 You know what strikes me looking at
16 this map is, is the -- it, it doesn't
17 surprise me to see them concentrated in
18 the population centers.

19 **MS. GUESS:**

20 Yes.

21 **MR. JACKSON:**

22 But what about the other pieces of
23 the state?

24 **MS. GUESS:**

25 That don't.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

They don't.

MS. GUESS:

Well --

MR. JACKSON:

Because two-thirds of the state census block, census tract qualified. Half the state is not represented on this map.

UNKNOWN SPEAKER:

That's true.

MS. GUESS:

Absolutely.

MS. RANEY:

We're also recognizing that as the other qualified lenders --

MR. JACKSON:

Yeah.

MS. RANEY:

-- component that, that we would like to have sprinkled through these areas, like Southeast Louisiana where, you know, (inaudible), but it's a great neighborhood. They've got two locations, and it's the only CDFI in

1 that section of the whole state, for
2 example. Maybe there's an interested
3 other qualifying lender that will
4 undergo the RFQ process. And so, in
5 that evaluation process (inaudible)
6 qualification criteria, they may end up
7 being the selected lender to help spread
8 more access in that pocket right there,
9 for example.

10 **MR. JACKSON:**

11 Yeah.

12 **MS. RANEY:**

13 So, so having this kind of visual is
14 very important.

15 **MR. JACKSON:**

16 Because I, I recognize the activity
17 is in those population centers, but the
18 poverty is much more --

19 **MS. GUESS:**

20 Is outside of that.

21 **MR. JACKSON:**

22 -- diffuse. It's, it's in both.

23 **MS. RANEY:**

24 Well, so, just to share with you
25 about, about that, what you'll notice is

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

-- you're correct. You're absolutely correct. The blue shaded areas behind those blue numbered dots represent, according to Treasury, the CDFI investment areas throughout the state which have several characteristics, the top two main ones being a poverty level of at least 20 percent and/or the unemployment rate being at least one-and-a-half times the national average. And so, that is, is feeding into each of these territories that are shaded blue, in light blue, not, not the same blue as the CDFIs indicated with their circled numbered dots. But that was what we're trying to do is do an overlay on where the CDFIs are located in relation to the Treasury to find CDFI investment areas that are characterized either under that at least 20 percent poverty level and/or 1.5 times the unemployment national average.

MR. JACKSON:

But, I mean, you know, I'm, I'm, I'm realistic. There are 25 parishes that

1 have less than 25,000 people a piece ,⁶⁸
2 them. I mean, it's, it's a lot of area
3 for few people, but presumably they're
4 -- they've got a banking relationship
5 somewhere, and we want to make sure that
6 we don't ignore them.

7 **MS. RANEY:**
8 Like Cameron. Cameron is --

9 **MS. GUESS:**
10 Yes, it's not.

11 **MS. RANEY:**
12 -- not shaded in --

13 **MS. GUESS:**
14 At all.

15 **MS. RANEY:**
16 -- in any way, shape, or form,
17 Cameron, Cameron Parish down here.

18 **MR. ROY:**
19 And, and to that, to that point -
20 this is AJ - the -- I think the great
21 question is we keep talking about CDFIs
22 and we don't qualify everywhere, where a
23 CDFI -- I know exactly -- it, it wasn't
24 that difficult to become a CDFI way back
25 in the day. I don't know what it is

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

today. I know we have to, we have to submit information annually that shows we made enough loans in certain areas to, to, warrant continuing. But, but there are plenty -- to Mr. Jackson's point, there were plenty financial institutions - and I define that broadly - that are, that are not CDFIs. And we, we should not in any way -- I know you said who can qualify falls on you, too, but we've really got to get our marketing efforts that we want to make sure that we reach out to all financial institutions throughout the state, because they, they, they touch those areas that Mr. Jackson brought up. They, they lend just as easily, and using the same rules in, in many respects that any other bank, credit union might, might use or have to, have to follow. So, I, I think you're probably careful not tipping our hands too much that the focal point needs to be CDFIs, because there are plenty of -- and they fill in all this area that

1 don't have a little number on it.

2 (Inaudible)

3 **MS. RANEY:**

4 Any other questions or comments
5 related to the CDFI mapping that was
6 just handed out? If none, if it's okay,
7 we'll finish up with the Micro Loans
8 Rules.

9 **MR. JACKSON:**

10 Let's do it.

11 **MS. RANEY:**

12 We're here on G, which is the, the
13 next page over, LEDC fees. We -- LEDC
14 may charge \$100 application fee, unless
15 the board or screening committee or
16 other committee, or LEDC staff waives
17 the application fee, and, and suggesting
18 it automatically be waived for, for
19 SETI, SEV, and very small business types
20 as well.

21 Now, number three is a provision
22 required of Treasury that does cap out
23 the, the amount of fees that can be
24 charged on, on loan amounts. So, on
25 those smaller loans, \$25,000 or less,

1 they do ask to charge no more than \$500,⁷¹
2 and those loans over \$25,000 a fee up to
3 2 percent. Use of funds consistent with
4 what you've seen before in Guarantee,
5 fixed asset purchases, if the building
6 is occupied by multiple tenants, at
7 least 51 percent to be owner occupied,
8 purchase of equipment, inventory, line
9 of credit receivables.

10 Moving right along, Section 7511,
11 General Agreement Provisions. Under
12 the, the Micro Program Participation
13 Agreement, eligible borrowers of the
14 program, the lenders will identify them,
15 market to them, originate the loans,
16 underwrite the loans, structure the
17 loans. They will be also responsible
18 for the administration, monitoring,
19 invoicing of the loan. Should there be
20 a need for collections or loan workouts
21 or liquidations, the lender will handle
22 that as well. And all of those fine
23 print details will be spelled out in the
24 Participation Agreement.

25 The lender will also agree to, to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

underwrite those loans consistent with ⁷²
SSBCI requirements. The lender will be
responsible for providing all of the
executed certifications, assurances, and
warranties to LEDC, as required by the
Treasury guidance. The lender is able
to set the rate according to risk, but
then we do have the, the interest rate
ceiling cap section that we've
identified. And I made a note of Mr.
AJ's comment to add additional language
where interest rate cap support by
(inaudible).

And then last, we have here that the
lender will define delinquency based on
their internal lending policies, and
then will also provide notification to
LEDC verbally and in writing. That is
also consistent with the Guarantee
Program. And so, again, since the
delinquency will be defined according to
the lender's policy, that is something
we will be reviewing through the RFQ
process when we request that that credit
policy, review their performance.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

The lender will also be required to provide reporting. We mentioned a little earlier monthly reporting as to just the performance of payment. They will also be required to provide quarterly and annual loan reporting, as well as required by Treasury.

And that brings us to the conclusion of the Micro Loan Program with our last two sections here, Section 7513, Confidentiality, and Section 7515, Conflict of Interest. Any questions comments, concerns about the Micro Loan Program rules?

MR. JACKSON:

And this rule is -- Subpart 9 is brand new? These regs that we, that we've just gone through, they're brand new, or they're replacing the existing SSBCI?

MS. GUESS:

They're being modified from existing Micro rules that have been in place.

MR. JACKSON:

Okay. So, we, we've, we've had a

1 Micro program in the past --

2 **MS. GUESS:**

3 Yes.

4 **MR. JACKSON:**

5 -- and we're just --

6 **MS. GUESS:**

7 Just no money for it. No money was
8 allocated for it.

9 **MR. JACKSON:**

10 Okay. Got it. Got it. Okay.

11 **MS. RANEY:**

12 And it was pretty much gutted. You
13 can tell by all the --

14 **MR. JACKSON:**

15 Right. But I was seeing history
16 notes and authority notes --

17 **MS. RANEY:**

18 Yeah.

19 **MR. JACKSON:**

20 -- going back to '97, so I, I
21 wondered is that program dead, is that
22 program subsumed --

23 **MS. GUESS:**

24 It's just been on the shelf.

25 **MR. JACKSON:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

-- is it --

MS. PETE:

It's alive.

MS. GUESS:

It's just been on the shelf.

MR. JACKSON:

Okay.

MS. GUESS:

So, we had the bare bones for it, so we just pulled just it off and --

MR. JACKSON:

Dusted it off.

MS. GUESS:

-- made these modifications.

MR. JACKSON:

Okay.

MS. GUESS:

This next one that we'll see, of course, the Collateral Support Program, is brand new.

MR. JACKSON:

Brand new.

MS. GUESS:

There, there was no shelf.

MR. SIMPSON:

1 So, I guess if we will move into
2 that portion.

3 **MS. RANEY:**

4 We will move into Collateral
5 Support.

6 **MR. ROY:**

7 Quick question. Is there something
8 like -- I think we said last time I had
9 asked if these program could be stacked
10 on top of each other, which is --

11 **MS. GUESS:**

12 Oh, yeah.

13 **MR. ROY:**

14 -- that's a good conversation about
15 that, making sure you do Collateral
16 Support, do Micro Loan, and the answer
17 is yes, right?

18 **MS. RANEY:**

19 That's correct, as long as it's not
20 for the same business purpose, the same
21 expense.

22 **MR. ROY:**

23 So, do, do we state that somewhere
24 in here, because I think that's an
25 important piece for the lenders to see

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

how you can do that? Maybe it's, maybe⁷⁷
-- I don't know where it should be.
Maybe that's a marketing thing. But we
might bring that up to marketing.

MR. JACKSON:

It might, might be a little
addition in each of the sections saying
how it interacts with others. I, I
think we've kind of alluded to it to the
extent that it says it can be used for
these expenses. We haven't
necessarily said explicitly you can't
use these same expenses for another
program.

MS. GLOVER:

So, I can't say thank you for your
Collateral Support, LED, that I need--
for, for employees, and then apply to
the next program and say, give me a
line of credit for employees?

MR. JACKSON:

Right.

UNKNOWN SPEAKER:

For the employees at least.

MS. GLOVER:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

You can, you, you, you can use the
Micro Lending under \$50,000 --

MS. GLOVER:

Right.

MR. JACKSON:

-- with no collateral for payroll
support --

MS. GLOVER:

Right.

MR. JACKSON:

-- while you're waiting on your
receivables. You've got to go someplace
else with Collateral Support, maybe for
your building --

MS. GLOVER:

Yeah.

MR. JACKSON:

-- for the other \$50,000, or
something like that.

MR. ROY:

How much of a change --

MS. GUESS:

Yeah, we'll have to look at that
one.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. ROY:

-- I don't know how much of a change it would have to be, if we could change a few words.

MS. RANEY:

I'm really wondering what --

MR. ROY:

Well, that's a different --

MS. RANEY:

I'm really wondering if that may be more appropriate in our marketing and website as opposed to rules.

MR. JACKSON:

Yeah.

MS. GUESS:

(Inaudible)

MR. JACKSON:

Well, I know, I know the IRS has moved in their rule-making toward those illustrative sort of things. I mean, in, in addition to the rule, they'll say, for example or for illustration. And, Ms. Glover, it sounds like you're going to be a perfect person to, to give us some scenario and, and, and test all

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

the programs out to see how they would ⁸⁰
interact. But, but it -- yeah, it's
clearly needed in the marketing
materials and --

MS. GUESS:

I think so.

MR. JACKSON:

-- the training and stuff like that.

MS. GUESS:

Absolutely.

MR. JACKSON:

But I think there are enough moving
pieces.

MS. GUESS:

Yes.

MR. JACKSON:

You want them to understand that
they, they've got multiple tools that
can all be used to --

MS. RANEY:

And how they can work together and
coexist.

MR. JACKSON:

-- build a cabinet.

MS. GUESS:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Yeah. I think that's the -- that's⁸¹
a very good point, and that should be on
that list of things for marketing and on
that Collateral Support (inaudible),
yeah.

MR. JACKSON:

Because, you know, I mean, because
bank, bankers are always good at trying
to figure stuff out, but if you've got
them in a room doing the training on
this, you could say, here's an example
of just how you can stack stuff, you
might throw something out there that
they hadn't thought about that, you know
-- because if you do ag. lending, you
always think about ag. lending. If you
do residential lending, you always think
about residential. You know, what do
they say about if all you've got is a
hammer, everything looks like a nail.
But, but I think the more you can give
examples of how you can really maximize
the use of a program, it's gonna help.

MR. ROY:

A footnote - this is AJ - the LBA

1 Banker's Convention, which I know y'all⁸²
2 have attended, is in May. You may want
3 to --

4 **MS. GUESS:**

5 We'll be there. They've already hit
6 me up.

7 **MR. JACKSON:**

8 Before we get into the other
9 program, I did see one place - it's on -
10 -- it's, it's just before Section 7505.
11 It's, it's in that, in that, in that
12 left side column, "Business enterprises
13 certify their own. They're controlled
14 by individuals who've had their access
15 to credit on reasonable terms diminished
16 as comparted," or is that as compared?
17 I think that's just a typo.

18 **MS. RANEY:**

19 (Inaudible.)

20 **MS. GUESS:**

21 Compared.

22 **MS. RANEY:**

23 Yeah. Okay. Thank you. I will
24 check that out.

25 **MR. JACKSON:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

That's the only one that just jumped⁸³
out at me. Typos tend to jump out at
me, I'm sorry.

MR. SIMPSON:

Man, you've got detail.

MR. JACKSON:

You know, it's embarrassing
sometimes, but it is what it is.
You've, you've seen it.

UNKNOWN SPEAKER:

That's eagle eye. Another eagle
eye.

MS. RANEY:

Okay. I'll just make a check real
quick.

MR. JACKSON:

They just grab me.

MS. RANEY:

Okay. I'm gonna double-check
because I, I looked at our other set of
rules where I've got to get into,
because that definition is in here, too.
And it's comparted as well, so we're
gonna make sure we double-check and then
go back on Guarantee and -- just to make

1 sure if it is truly a typo or if that is⁸⁴
2 --
3 **MR. JACKSON:**
4 I've just never heard that word.
5 **MR. SIMPSON:**
6 That's a word.
7 **MS. PORTER:**
8 I think it's compared.
9 **MS. GUESS:**
10 It's compared.
11 **MS. RANEY:**
12 That T might just need to come out.
13 **MR. JACKSON:**
14 Yeah.
15 **MS. SIMMONS:**
16 We need a motion to approve what we
17 just talked about or deny it? We need
18 something on the record?
19 **MS. GUESS:**
20 Well, we haven't even --
21 **MR. JACKSON:**
22 For that, for that rule?
23 **MS. SIMMONS:**
24 No.
25 **MS. GUESS:**

1 This thing is --

2 **MS. SIMMONS:**

3 -- for the Micro Loan Program before
4 we move on.

5 **MR. JACKSON:**

6 Okay.

7 **MS. GUESS:**

8 Yeah, but they hadn't moved on yet.
9 We haven't got there. But thank you for
10 reminding us.

11 **MS. SIMMONS:**

12 I'm just --

13 **MS. GUESS:**

14 She's just doing her job.

15 **MS. SIMMONS:**

16 I'm just reminding them.

17 **MS. GUESS:**

18 Okay.

19 **UNKNOWN SPEAKER:**

20 (Inaudible).

21 **MS. GLOVER:**

22 I move to accept the revisions that
23 this committee has submitted for the
24 Economic Development Corporation Subpart
25 9 states, Small Business Credit

1 Initiative, SSBCI, and Micro Lending
2 Program. This is Norisha.

3 **MR. JACKSON:**

4 Second. This is Charles. Second.

5 **MR. SIMPSON:**

6 We have a second. Any opposition?
7 Hearing none, we will move it to the
8 full board tomorrow.

9 **UNKNOWN SPEAKER:**

10 All right. Perfect.

11 **MS. GUESS:**

12 Another one down.

13 **MR. JACKSON:**

14 This, this is a much better format
15 thank trying to handle it in the full
16 board meeting.

17 **MS. PORTER:**

18 Correct.

19 **MR. JACKSON:**

20 It's just --

21 **MS. PORTER:**

22 Yeah, because it's not meant -- this
23 is Robin. Committee business is just
24 not conducive to a board setting.

25 **MR. JACKSON:**

1 It really isn't.

2 **MS. PORTER:**

3 It's not.

4 **MR. JACKSON:**

5 This, this is just a much better
6 way, and it's been much, much more
7 informative and easier to discuss.

8 **MR. SIMPSON:**

9 Yes.

10 **MS. RANEY:**

11 Well, we will move right over into
12 the Collateral Support Program. This is
13 a brand new program, so you will notice
14 the rules, there's no red lines, because
15 they were all drafted from scratch from
16 a blank piece of paper. So, they're all
17 in black for you as created. But we do
18 have a summary to introduce the program
19 to you before we dive into these program
20 rules.

21 **MR. JACKSON:**

22 Okay.

23 **MS. RANEY:**

24 Marissa.

25 **MS. DOIN:**

1 Thanks, Kelly. Marissa Doin
2 speaking. As Kelly said, this is a
3 brand new program. This one was
4 designed and created based on feedback
5 from stakeholders throughout Louisiana.
6 Through conversations, focus groups, and
7 surveys, the lending community expressed
8 an overwhelming need of a program to
9 support small businesses with a
10 shortfall in collateral.

11 The staff has modeled this new
12 program based on research and
13 information gathered from SSBCI 1.0 best
14 practices in states with existing
15 Collateral Support Programs, such as
16 Idaho, Kentucky, and the District of
17 Columbia.

18 So, the Collateral Support Program
19 establishes pledged cash collateral
20 accounts with participating lenders to
21 enhance the collateral coverage for
22 small business owners exhibiting the
23 shortfall in collateral, so that the
24 business may obtain financing on
25 acceptable terms and conditions. The

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

intent of the collateral deposits is ⁸⁹ help cover the gap of the collateral shortfall, not to serve as the only source of collateral.

The lending institution performs the loan analysis and can request up to 50 percent of the loan amount, at a maximum amount of \$250,000 as additional collateral support. The collateral deposits will be established on an individual loan basis and are available to cover loan losses in the event of default.

Upon loan repayment or reaching maturity, the collateral deposit is returned to LEDC and the account is closed. The funds are then recycled, becoming available for other SSBCI eligible loans. This program will be available for companies with 100 employees or less, at a maximum loan amount of \$1 million or less.

So, that was just a brief overview, but I'll hand it over to Kelly to get more into the weeds with the rules.

1 **MS. RANEY:**

2 Thank you, Marissa. Kelly Raney
3 speaking. So, with that summary of the
4 Collateral Support Program, Marissa
5 actually condensed the purpose, Section
6 9101 here on the first page of the
7 Collateral Support Rules. Having said
8 that, I think everybody's well aware the
9 Collateral Support funding is
10 re-authorized through SSBCI from ARPA,
11 consistent with all the other programs.

12 Any, any questions about the, the
13 purpose of the program being authorized
14 through the funds of SSBCI through ARPA?
15 Again, Section 9101 is simply the
16 purpose of the program. They're,
17 they're not program exclusions and
18 eligibility or ineligibility provisions.

19 Section 9101 also talks about that
20 the participating lenders - but it was
21 included in Marissa's summary - they
22 will originate and underwrite all of the
23 loans. The LEDC responsibility will be
24 to insure the compliance of these
25 Collateral Support requirements to

1 establish and manage the collateral
2 deposit accounts that are pledged to
3 each of these loans, to promote the
4 program and market the program also, and
5 create awareness to these resources
6 being available.

7 Moving over to page 2 of the
8 Collateral Support Rules, the
9 definitions here under Section 9103,
10 just frank disclaimer, they're very
11 consistent with what you just reviewed
12 in the Micro Loan Program, but there are
13 some unique terms specific to this
14 program. So, in Section 9103, I, I will
15 draw your attention to those that you
16 have not seen before in the previous
17 rules, such as at the bottom the
18 collateral deposit accounts. That's a
19 new definition to help define what that
20 account will serve toward. It
21 represents the LEDC cash deposit that
22 will be pledged to each of the loans.

23 On the next page, we've continued to
24 define CSP for collateral program.

25 (Inaudible) Collateral Support

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

application, the Collateral Support --
Collateral analysis form, the Collateral
Support claim form.

MR. JACKSON:

So, we are literally going to put
CDs with the lending institution to
cover the collateral shortfall?

MS. RANEY:

Yes, sir.

MS. GUESS:

Yes.

MR. JACKSON:

Okay.

MS. RANEY:

So, the thought process is for that
business owner who wants to get started
and has very finite resources to help
themselves to get started, they may
have a little bit in their pocket to
serve as equity. They may not have
enough to serve as all of the
collateral requirements that the lender
may require. And so, the thought
process would be if, if, if the
business owner met all of the other

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

loan but was short on that collateral,
if it had not been to the SSBCI funds
that borrower would not have been
eligible to get that loan because of
that gap is the collateral shortfall.
So, it's to help that business owner to
get over the hurdle of the lending
requirements.

MR. JACKSON:

So, so, is that particular provision
or mechanism, is, is that part of the
federal requirement, or is that the way
we're implementing it? I'm -- help,
help me understand, because I'm not a
banker, how is a guarantee not as --
well, I know it's not as good as a CD in
the bank because it's a CD in the bank,
but how is a guarantee for the
collateral shortfall not good enough?

MS. RANEY:

Well, I think the guarantee may
serve different purposes. And so, I
think what is important is to note that
the type of business, the stage that the
business owner is in their business life

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

cycle, it will most likely be different⁹⁴
for the use for each of these programs.
And so, while the intent for the loan
guarantee, that was only program we had
historically, so it was kind of a
catchall for, for anybody's needs that
came to us.

MR. JACKSON:

Right.

MS. RANEY:

Now that we are afforded these
federal dollars to expand that product
set, we can fine tune and try and
customize, which is the intent to
service those needs.

MR. JACKSON:

But, but I guess, I guess where I'm
going with it, and I'm -- again, I'm
just trying to understand, I guess, the
process --

MS. GUESS:

Okay.

MR. JACKSON:

-- or the, the theory behind it. If
I had sufficient collateral in my home

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

or in my car with a full tank of gas, or
whatever, that there was no shortfall,
I would pledge that. I would still have
it and, and all of that. Why put money
at that institution as opposed to just
saying I'm, I'm good for it and I'm
backing them up?

MS. GUESS:

Okay.

MS. RANEY:

Well, if they're --

MR. JACKSON:

I'm guessing, Brenda, you've got an
answer?

MS. GUESS:

Yeah. Yeah. I, I almost want to
raise my hand.

MR. JACKSON:

Well, I, I could tell, so...

MS. GUESS:

Like Kelly said, we're talking about
two different transactions. When we
only look at the Loan Guarantee Program,
you have a customer going to the bank.
The bank needs a comfort level in order

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

to mitigate some risks that they are trying to mitigate, for, for redundancy. But there's -- we're trying to help them make a reason, find a reason to make the credit to feel more comfortable. So, the bank may feel more comfortable if there is a, is a guarantor. That's what we're looking at with the, the guarantee. You've got a \$100,000 loan, the State says it's going to guarantee 75 percent of it, then you're only at risk 20 percent. But in addition to you having a portion of that loan guaranteed, outside of that there still have been -- there needs to be collateral requirements that the bank has to satisfy, the cust -- the borrower has to satisfy.

MR. JACKSON:

Okay.

MS. RANEY:

In this case, we're assuming that the, the risk that we will be looking to mitigate in this instance would be one where the borrower has -- the bank is

1 not concerned about guaranteeing or
2 protecting, not losing 100 percent of
3 the loan in the event something goes
4 awry and the, the borrower defaults.
5 But the borrower doesn't have enough
6 collateral in order for them to secure
7 that loan, so they only have --

8 **MS. GLOVER:**

9 The shift. It's a shift.

10 **MS. GUESS:**

11 Yeah, it's a shift. They only have
12 a certain portion of the required
13 collateral by the banker, and our
14 program will allow the banker to make -
15 - go up to that to meet that entire
16 collateral requirement.

17 So, you've got two different things
18 working. You've got the guaranteed
19 portion for the loan. And what happens
20 when a loan defaults by the bank,
21 whatever the principal balance is at
22 the time of that default, then LED's
23 guarantee will kick in to pay 75 percent
24 --

25 **MR. JACKSON:**

1 Right.

2 **MS. GUESS:**

3 -- of whatever that balance was.

4 Okay. And then the bank liquidates the
5 collateral and everybody -- they, they
6 share in the collection of, of that on a
7 pro rata basis. But they still have to
8 -- there are banks that don't need our
9 guarantee. And this could very well be
10 one that they're absolutely satisfied
11 with their customer, with the
12 relationship they have with him or her,
13 the, the business idea, but they can't
14 come up to the one-to-one or whatever
15 the bank's collateral requirements are,
16 so they may only have 50 percent of the
17 collateral required.

18 **MR. ROY:**

19 It's a great, it's a great question.

20 **MS. GUESS:**

21 It is.

22 **MR. JACKSON:**

23 And I, I guess the upside for us is
24 it's federal dollars that LED will be
25 getting some modest interest on.

1 **MS. GUESS:**

2 Interest on.

3 **MR. ROY:**

4 Well, and, and, let me, let me try
5 to get it -- you know, to tell you the
6 perspective about bankers and answer
7 that question. It's a great question.
8 We've had, we've had the Guarantee
9 Program, a Guarantee Program, not just,
10 you know, what we're talking about now
11 as we know for the three or so, the
12 hallmark of LEDC programs, I guess, in
13 respect. So, bankers are very familiar
14 with the guarantee side. Well, those
15 that are, obviously. And it's -- and
16 guarantees, you know, have a, have a
17 quick connotation definition, every
18 banker (inaudible) investigated at LEDC
19 and all these guys. But you, you
20 normally have to go -- you know you have
21 -- there's always a process to go get
22 it. And that process can be cumbersome
23 somewhat. And, and it, it's not as --
24 it's not looked at as easily as
25 certainly a CD.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

Yes. I guess, I guess you just take the CD and you're good.

MR. ROY:

Well, and, and, I mean, in, in the -- if it was a customer CD, there's actually statutes in line to do that. I'm sure we will have some restrictions and we want to be notified, that kind of stuff.

MS. GUESS:

Yes.

MR. ROY:

But I can see a real advantage that -- there's an, an advantage to the bank, which I'll articulate a little bit more. But that advantage ought to be handed down to the customer, and I'll illustrate. The, the, the, the bank gets a CD. That's the most secure lending you can have. So, the bank knows it can sit in here at the bank, and you can lend it out as a deposit. It -- and so, the bank -- it ought to really help -- it's way more valuable or

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

digestible to the bank than just a pure¹⁰¹ guarantee because it's right there in the bank. The process of, of obtaining that collateral if you need to in a default should be much easier than it is trying to make good on a guarantee, even though (inaudible)

MS. GUESS:

Yeah.

MR. ROY:

But, the, the -- what I see as a real advantage to this is -- and we ought to try to -- I don't know how you would script this in, but normally you give a way better interest rate to a borrower who's borrowing and putting up a CD or, or pledged funds. And normally it's, you know, you mark it up two percent of the CD rate.

So, we, we should try to make sure that - you know, I'm assuming you're going to do this - that if we do, that the banker -- that the advantage to the bank flows through to the borrower in terms of an attractive --

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. RANEY:

That initially is passed on
(inaudible).

MR. JACKSON:

Yeah, I mean, it, it's, it would end
up kind of blending because it's only a
CD for the shortfall and collateral.

MR. ROY:

That's right.

MR. JACKSON:

But I see your point now. It's
literally money in the bank --

MR. ROY:

Right.

MR. JACKSON:

-- that they can use for other
purposes. Okay. Good.

MR. ROY:

I think it can really help. I don't
know, you know, if anyone else is doing
this, SBA doing anything like this.
This will be a really new, attractive
sort of program, again, to be
distinguished from SBA, LEDC Guarantees,
all that kind of stuff. I think it's

1 gonna be a good thing.

2 **MS. GUESS:**

3 We have been --

4 **MR. JACKSON:**

5 It's something we need to market.

6 **MR. ROY:**

7 Yeah.

8 **MR. JACKSON:**

9 Really focus on the marketing, then.

10 **MS. GUESS:**

11 We have --

12 **MS. RANEY:**

13 We have to be a difference here in
14 the market place --

15 **MS. GUESS:**

16 Yeah.

17 **MS. RANEY:**

18 -- because of the research --

19 **MR. JACKSON:**

20 Okay.

21 **MS. RANEY:**

22 -- the surveys --

23 **MR. JACKSON:**

24 Okay.

25 **MS. RANEY:**

1 -- the polling, the discussions
2 we've had.

3 **MR. JACKSON:**

4 Okay. That, that, that makes sense.
5 I, I, I can understand that, you know,
6 as opposed to just 100 percent
7 guarantee. It's, it's a whole lot
8 easier to take the money that's in your
9 bank than it is to say, I'm collected on
10 the IOU. I got you.

11 **MR. ROY:**

12 I'll give you a quick example. The
13 bad feel right now is -- involves an SBA
14 (inaudible). And because of the court
15 systems and everything else -- now, this
16 is, you know, big stuff and it's not
17 going to be what, what it is with LEDC.
18 But to go get that SBA guarantee is, is
19 a long road. I mean, they're gonna pay
20 it in the end, but you've got to go down
21 this long, long, long road. You've got
22 to go through foreclosure and all this
23 kind of stuff, which is never fun for
24 anybody. And then on the back end you
25 may get a claim, but it, it's, it's

1 gonna turn out to be months or years
2 later. That, that CD in the bank means
3 psychologically way more to the banker.
4 So, I think this will be very
5 attractive.

6 **MS. GLOVER:**

7 I think we're gonna see a shift in
8 our, in our, in our funds.

9 **MS. GUESS:**

10 Yeah. And we, we -- this is Brenda.
11 We've been talking internally ever since
12 we -- they first -- I told the staff
13 that we were talking about Collateral
14 Support, you know, in SSBCI 1.0. We
15 just didn't have enough money. We only
16 got \$13 million and we had VC and the
17 Loan Guarantee Program. And this is the
18 -- the feedback that we've been getting
19 from bankers and other stakeholders that
20 we've talked to, it's like, oh, this is
21 gonna be a game changer, you know,
22 because there's still -- the -- one of
23 the inherent problems of a small
24 business has been since the beginning of
25 time, or at least as long as I've been

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

doing it, which is probably one in the¹⁰⁶
same, is that there's always been a
shortfall of collateral.

MS. GLOVER:

Collateral, uh-huh.

MS. GUESS:

And the banks can't do a deal if --
and this may be a good, good deal, you
know. They -- sometimes we often have
to tell, to tell bankers that our
guarantee is not collateral. You know,
we have to make that distinction that
just -- if a loan defaults, you can't
just, you know, say, well, we're gonna
be -- they're look at our guarantee as
collateral. There's --

MR. JACKSON:

You've got to liquidate the
collateral first.

MS. GUESS:

You've got to liquidate the
collateral first.

MR. JACKSON:

I got you. Okay.

MS. GUESS:

1 But, we pay -- and we've moved on ¹⁰⁷
2 this, we have paid -- we pay in, what, 7
3 to 14 days, you know, of, of notice of
4 the -- of a default, which is why the
5 banks like to use us.

6 **MS. GLOVER:**

7 So --

8 **MR. ROY:**

9 So, I assume you're (inaudible) the
10 name of LEDC?

11 **MS. GUESS:**

12 Yes.

13 **MR. ROY:**

14 So, they can't --

15 **MS. GUESS:**

16 They can't go get it.

17 **MS. GLOVER:**

18 So --

19 **MR. JACKSON:**

20 So, so, I mean, it, it's, it's great
21 for us because, I mean, interest rates
22 are going up. So, there, there will be
23 a little interest income --

24 **MS. GUESS:**

25 Right.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

-- coming in on federal money. But yeah. Okay.

MS. GLOVER:

How, how much money is going to this, to this pot of money?

MS. GUESS:

Is it \$14 million?

MS. RANEY:

\$11.

MS. GUESS:

\$11, \$11 million. And we'll draw it down from Treasury in three different tranches for all of our programs.

UNKNOWN SPEAKER:

Okay.

MR. JACKSON:

We've chased a rabbit a little bit. Go ahead.

MS. RANEY:

All right. Just wrapping up with the, the last bit of the definitions. I want to share a note we identified in, in A of the SETI definition, a potential typo there from comparted changing to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

compare. I have that noted as well.

All right. Moving on over to Section 9105, Collateral Support Application Process. Overall, the process here mirrors the small business loan guarantee process, with some exceptions of LEDC providing a cash deposit, obviously, to secure and pledge at the time of the loan transaction, as opposed to a guarantee as in a Small Business Loan Guarantee Program.

A potential borrower would contact the lending institution to see if they're willing to entertain their loan request. They will origin -- the lender will originate, process, and service the loan or line of credit and -- with the prospect of a LEDC cash collateral deposit. The lender will submit a complete application to LEDC for review and approval and acceptance. Upon -- LEDC will collect the executed Treasury lender and borrower assurances and certifications, as required by Treasury. And we also have the public records law

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

statement here under that application ¹¹⁰
process section as well.

Again, almost all of the next steps here in the processing of the Collateral Support application package mirrors what we have seen in the Guarantee Program. The lender will first be approved through a Master Lender Participating Agreement, which will essentially capture all of the terms of the Collateral Support Program, and the lender assurance, and certifications, representations, and warranties, as required by Treasury.

The Collateral Support loan packet will include the borrower's completed application and all related information associated with that application, the credit memoranda, that analysis. If the borrower is a client under small and emerging business category, they will submit their certification. If they're a client understudy, they will self-certify as appropriate under the definitions. And the lender, again, I

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

already mentioned, is to complete the ¹¹¹
credit memorandum, do the credit
analysis, share that with LEDC to review
the loan structure, and provide a
commitment letter to the borrower as
well.

MR. JACKSON:

Question --

MS. RANEY:

Yes.

MR. JACKSON:

-- about the self-certifications. I
mean, that -- they are saying they fit
and, and they're certifying, I guess to
the, to the lender at the time. Is
there any issue with somebody trying to
fudge on that? Is there an issue where
that's verified, or is it you certified
it, it's good. Is, is -- I guess I'm
saying is there any risks there?

MS. RANEY:

Well, so, Treasury is just now
coming out with some additional
information regarding reporting and this
SETI self-certification. And they are

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

going to -- they, Treasury, will provide the certification form to be used for each of these transactions. And of the definitions for SETI, there's, there's four qualifying characteristics. And of those four, three are verifiable based on addresses or driver's license information, or certifications. And so, some of them include if you are a, a woman-owned business; if you are a veteran in business; are you a minority-owned business; are you a disabled business enterprise; are -- is your -- where is your business' physical address to know if it falls within a US Treasury-defined CDFI investment area; what is the physical address of the business owner. If that residence falls within a Treasury-defined CDFI investment area, that also counts. So, there are some documentation components we will collect to support that self-certification as well.

MR. JACKSON:

Okay. And, and, and the only reason

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I'm, I'm even sensitive to that is th113
mess that PPP turned out to be, because
it was one of those self-certified sorts
of things.

MS. GUESS:

That's true.

MR. JACKSON:

And, and, of course, that was a
program all of its own, you know --

MS. GUESS:

Absolutely.

MR. JACKSON:

-- that went through way too much
stuff. But, I mean, there, there was a
point at which they said if they certify
-- if, if you're self-certified, it's
okay. And, of course, it turned out in
a bunch of cases it wasn't okay.

MS. RANEY:

Well --

MR. JACKSON:

So, I, I'm, I'm just trying to
understand the risks --

MS. GUESS:

Sure.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

-- behind that. And --

MS. RANEY:

Absolutely.

MR. JACKSON:

-- if, if that's a, if that's a federal form that's coming out, then, then we're covered.

MS. GUESS:

Right.

MS. GLOVER:

This is Norisha. So, two questions related to that as well. Does this mean that y'all would not accept, like the Hudson or woman-owned certifications or whatever that y'all have on your website?

MS. RANEY:

They will be eligible to apply under the program.

MS. GLOVER:

Okay.

MS. RANEY:

In terms of how Treasury has defined SETI, we can actually accept that

1 definition.

2 **MS. GLOVER:**

3 Got it. And then, I know that at
4 the federal level there is
5 self-certification. Do you think that
6 people have to go through that online
7 process order to self-certify?

8 **MS. GUESS:**

9 We hope not.

10 **UNKNOWN SPEAKER:**

11 It told us --

12 **MS. GLOVER:**

13 It just uses -- it probably just
14 uses the definitions?

15 **UNKNOWN SPEAKER:**

16 (Inaudible)

17 **MS. GUESS:**

18 No, that's been -- we, we would --
19 we asked those questions.

20 **MS. GLOVER:**

21 I have not renewed mine because
22 of that. I'm like, it should not be
23 this complicated.

24 **MS. GUESS:**

25 Yeah, it is so complicated.

1 **MS. RANEY:**

2 They have not told us anything about
3 you need to go online onto a
4 database. I will tell you since I was
5 not around in 1.0, something that I have
6 often been told from those that were
7 around at 1.0 is that Treasury has been
8 known to come back later in the game and
9 make some changes that we'll need to
10 adjust to. So, we will stay fluid as
11 needed, but so far they have not told us
12 anything about it.

13 **MS. GUESS:**

14 One of the things that's - this is
15 Brenda -- we have noticed that or we're
16 experiencing is that Treasury releases
17 information in different increments at
18 different times, almost after the fact
19 that you needed it. The week that we
20 were submitting our application to
21 Treasury, let's say that very week -- it
22 was due that Friday. Earlier that week,
23 they gave us three iterations of the
24 leverage tables that we -- that were a
25 part of our application to show how we

1 would make our, our ten to one leverage.¹¹⁷

2 Last week, we got some FAQs, which
3 would have been good to have, but not
4 all of them. It's not a complete list
5 of FAQs. It's only the ones that they
6 have gotten to at this point. So, we
7 have to remain flexible, and we have, we
8 -- early on, that was -- we put together
9 a list of questions when we found out
10 about that steady portion, and we did
11 ask the question about the
12 self-certification, could we use what's
13 already been done?

14 We've got a, a division that can do
15 certifications, so why not just let them
16 do it? And we posed that question, and
17 we haven't gotten an answer yet. It's
18 almost like, oh, here's Louisiana, they
19 have another question, oh, okay.

20 **MS. GLOVER:**

21 And as a person who has
22 self-certified, both at the state level
23 and federal level, I would argue that
24 there's probably something in between,
25 because it is ridiculously easy to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

certify at the state level. I mean, it,¹¹⁸
it takes less than five minutes to
click, click, click, and then it's
there. I don't understand how you can
lie to -- lie about the questions, but,
I mean, that's just my own conscious.
But there's probably something that's in
between that would alleviate some
concerns.

MS. GUESS:

So, we're, we're hopeful that won't
be a very hard process.

MR. JACKSON:

I mean, I, I, I can understand why
bankers wanted all sorts of safety niche
from the feds on PPP because, I mean,
just tremendous misrepresentations in
those self-certifications. And there
was confusion over what some of them
even meant. But, so -- all right.

MS. RANEY:

So, just, just wrapping up, the
bottom of -- let's see, page -- Section
9105, once LEDC receives a full
application analysis, they will review

1 and make the appropriate recommendation
2 to the appropriate approving body for
3 each loan transaction being requested
4 under the Collateral Support Program.

5 I'd like to point out that, as I
6 make that statement, when we think about
7 the maximum dollar amount of the
8 Collateral Support being limited to
9 \$250,000, that, that would fall under
10 the in-house approval limits and,
11 therefore, you know, in theory, would
12 not require a, a formal LEDC board
13 approval. However, because we
14 anticipate there could be instances
15 where a project or an application may
16 want to come before the board, the board
17 may request a presentation for one of
18 our projects and hear how the process is
19 going. We left that language in the
20 rules to allow that.

21 All right. Moving right along, we
22 asked that the lender notify us within
23 three to five days by e-mail -- or we'll
24 notify the lender, excuse me, within
25 three to five days of the outcome of

1 that internal review so that we
2 coordinate the reservation of that cash
3 collateral deposit for that lender for
4 their specific loan request that we have
5 just communicated the approval on.
6 We'll hold that cash-approved deposit
7 for roughly 90 days. If the lender is
8 not able to close the loan in 90 days
9 after that time, we will release that
10 approval. The funds will go back into
11 the general bucket to be available for
12 somebody else's loan. If the lender
13 wants to pursue that loan after that
14 90-day period, they will have to start
15 that loan process over again.

16 So, at the time of closing under the
17 Collateral Support Program, we will make
18 arrangements with the lender to review
19 our deposit agreement. We also ask the
20 lender to notify us roughly one, one
21 week, five business days, prior to the
22 loan closing so that we can get the
23 deposit agreement prepared and sent for
24 their approval, but also coordinate
25 internally the transfer of cash to be

1 pledged in a deposit account for that ¹²¹
2 borrower's loan transaction.

3 We will coordinate with the lender
4 to send roughly 50 percent of that
5 approved cash deposit to the lender at
6 the time of the loan closing, or for
7 the loan closing. We are
8 actually going to reserve the other 50
9 percent of that approved cash amount in
10 a set-aside for that particular
11 borrower. We, we are going to
12 reserve that remainder 50 percent I
13 just spoke about and, and give that to
14 the lender only upon having received a
15 notice of risk of loss.

16 So, if the borrower becomes
17 delinquent and they are 90 days
18 delinquent, the borrower then -- excuse
19 me, the lender can then notify LEDC
20 about the delinquency and we'll be able
21 to submit their notice of risk of loss
22 requesting that additional cash
23 deposit. **MR. JACKSON:**

24 So, so we're actually only going to
25 fund 50 percent of the collateral

1 **MS. RANEY:**

2 Of the approved cash amount that we
3 are communicating for each loan
4 transaction. At the time of closing,
5 what will actually be pledging in that
6 deposit account is, is half of that cash
7 deposit that has been approved, while
8 the other half is reserved for that
9 lender. And there's a portion of that
10 carved out in a set-aside also in a
11 separate account for that lender
12 transaction.

13 The reason we're doing that is
14 couple of reasons, mainly because this a
15 quantity agreed cash intensive business.
16 And so, when we think about the loan
17 terms ranging between three to five
18 years under this program, not really
19 interested in having large chunks of
20 cash sit idle for a maximum of five
21 years when there could be a portion that
22 goes to help service another SSBCI
23 borrower for SSBCI purposes. So, that
24 was the thought behind splitting it up.

25 And I will tell you that this

1 practice actually came to us from
2 another participating state who is
3 Treasury's poster child for the
4 Collateral Support Program, Idaho. They
5 actually -- this was the sole program
6 they embarked down in 1.0. They did not
7 have that provision, the notice of risk
8 of loss. They gave every dollar
9 up-front and pledged that, but they had
10 to make a modification midstream in
11 their program and add that into their
12 program, splitting the deposit, because
13 of how cash intensive it was and the
14 funds sitting idle, and the demand still
15 coming in the door.

16 **MR. JACKSON:**

17 So, so you say that the other 50
18 percent we're gonna earmark with their
19 name on it in case it's got to be
20 produced, but did I also understand you
21 to say that not, not really because we
22 actually are going to use that to expand
23 the number of loans --

24 **MS. RANEY:**

25 So, of that --

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

-- we could put out?

MS. RANEY:

This is Kelly. Of the 50 percent that we are holding back that has been approved for that lender, we're gonna carve out a set-aside of that 50 percent. Roughly 25 percent will be set aside for that lender. And the remaining portion, that other 25 percent of that 50 percent --

MR. JACKSON:

Okay. So, so, so really, really there is kind of a guaranteed piece. It's just that we're not gonna --

MS. GUESS:

Don't give it to them all at once.

MR. JACKSON:

We're, we're gonna give it to them the minute they say it's gone.

MS. GUESS:

Right.

MR. JACKSON:

So, so it's really almost another loan loss reserve; is that, is that what

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I'm understanding?

MS. GUESS:

Pretty much.

MR. JACKSON:

Because, because now I'm thinking, okay, what kind of reports are we gonna see in our board meetings kind of highlighting this, this program? And that's really almost a, another level off. We've just got to figure out how to value it from the bank.

MS. RANEY:

It will be very similar to what you see currently on our accountant's report where you will have a list of loans and then y'all have a dollar amount associated with that, and then you'll have a dollar amount of the, the cash collateral that's represented for each of those loans --

MR. JACKSON:

Right.

MS. RANEY:

-- just like we do with the guarantees for the Guarantee portfolio.

1 It'll be very similar as to how the
2 accountant's report is currently
3 structured, but just not looking at it
4 from that guarantee perspective, just
5 from the cash collateral.

6 **MR. JACKSON:**

7 It, it seems to me, depending on --
8 you'd, you'd almost have to look at each
9 loan and decide the loan and that sort
10 of thing, but setting aside half of the,
11 of, of the, of the, of the withhold may
12 be too much. I mean, you, you may be
13 able to keep less than that and get the
14 rest out there working. And I, I don't
15 know exactly. But, again, you're,
16 you're really talking about the risk of
17 loss.

18 **MS. RANEY:**

19 That's right.

20 **MR. JACKSON:**

21 And, and, and so, you know,
22 assessing that risk of loss is probably
23 not that different from what we do with
24 loans currently, where we've got our
25 guarantees. So, I, I'm not questioning

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

the 25, but I'm, I'm, I am saying, you¹²⁷
know, there, there may be some room for
you to, to do more.

MS. GUESS:

More.

MS. RANEY:

You, you very well could be correct.
And so, the 25, where that came from,
is, is that's our set-aside that we
start off on the Guarantee Program.
And, and so, we very could maybe enjoy a
smaller set-aside in the future, but
thinking about loans such as restaurants
that we're now willing to entertain that
we weren't --

MR. JACKSON:

Right.

MS. RANEY:

-- before, thinking that we're
taking on more risk possibly, so we're
thinking maybe our default rate might go
up a bit.

MR. JACKSON:

I, I, I think you're gonna have to
look at, I think you're gonna have to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

look at, at how the program evolves 128

MS. GUESS:

Right.

MR. JACKSON:

-- because it is a new program, but I, I think as you see it rolling out at year two, year three, you may want to --

MS. GUESS:

Make some adjustments.

MR. JACKSON:

-- make some adjustments because --

MS. GUESS:

Yeah.

MR. JACKSON:

-- I, I think you could probably expand the pool.

MS. RANEY:

I think.

MR. JACKSON:

I mean, we've, we have historically been almost too conservative --

MS. GUESS:

Basically.

MR. JACKSON:

-- you know, in that regard.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. GUESS:

And one of the things - this is Brenda - we were looking at, too, was trying to figure out how we were gonna achieve that ten to one leverage and also compensate for any shortfalls Kelly said because we're including -- we want to take more risk.

MR. JACKSON:

Right.

MS. GUESS:

And we could probably do that. But the beautiful part about this is that even though it's a federal program, they still allow for modifications in what we do. And it may just necessitate a, a -- I mean, a rule change, a slight rule --

MS. PORTER:

Yeah.

MS. GUESS:

-- you know, somewhere down the line.

MR. JACKSON:

We, do we even have that piece in the rule, or we've just got that we're

1 going to withhold.

2 **MS. RANEY:**

3 The set-aside is not --

4 **MS. GUESS:**

5 No, the set-aside is not in there.
6 That's the, that's the internal policy.

7 **MR. JACKSON:**

8 That's, that's internal. So, so, I
9 mean, I, I think as you see those loans
10 rolling out you'll be -- I mean, because
11 there's nothing that says that you can't
12 stratify what your reserve is based on
13 industries or based on loan size or --
14 I mean, it gets a little bit more
15 complicated, but it may be worth the
16 effort if it allows you -- it's, it's
17 still spreadsheet math.

18 **MS. GUESS:**

19 Right. I think that after our
20 initial maybe year or year-and-a-half we
21 will bring it to our finance committee,
22 and I think that's where set our, our,
23 our, our set-asides. We look -- we'll
24 have some historical data to look at,
25 and so we might be able to, to stretch

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

that, you know, but we're excited about¹³¹
it.

MS. RANEY:

All right. Moving right on down to the next section, we get to letter E, Loan Purpose Requirements and Prohibitions. Now, this is where we start seeing more Treasury guidance requirements, so this language is going to look familiar with the double blue asterisks because you did see it in Micro Loan, you saw it in February in Guarantee, and you saw it in January with the Venture Capital Programs.

So, you'll see here that loan proceeds shall be used for an eligible business purpose, and that's defined, but not limited to, startup loan capital procurement, construction, renovations, but cannot be used for past real estate investment purposes. The loan proceeds will not be used to repay those delinquent taxes, repay taxes for trust in escrow, purchase a portion of any, you know, partner's ownership, the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

borrower is not an executive officer or principal shareholder of a financial institution, member of the immediately family of the executive officer or director of the financial institution, related interested party of any executive officer or director of the immediate family.

And again, just continuing on this same language from Treasury as seen in the other programs, borrower assurance where they will sign that they will not engage in speculative activities, that they will -- the business that earns more than half of its annual revenues from lending activities are prohibited here in the sales. Businesses engaged in activities whether directly or indirectly related to marijuana business, businesses engaged in gambling, where their business earns less than 33 percent from lottery sales. No principal of the borrowing entity shall be convicted of a sex offense. So, those are all consistent with we've

1 just seen before.

2 Still continuing over, the
3 corporation shall -- now, this goes back
4 to our agency prohibition that we
5 discussed earlier where, you know, the,
6 the incarcerated felon is ineligible.
7 However, those that have been reinstated
8 into society and, and do not have
9 currently any pending criminal records,
10 other than a misdemeanor traffic
11 violation, would be eligible under this
12 program.

13 We have a few more Treasury
14 requirements. The language added here,
15 as seen before -- again, this is not a
16 CAP Program, but Treasury required
17 language and loan refinancing is, is
18 ineligible, and again, the sex offender
19 restriction here for Treasury
20 prohibitions.

21 Last, we talked about the eligible
22 business structure, sole proprietors,
23 corporations, nonprofits would be
24 eligible. Business purpose,
25 partnerships, LLCs, LLPs.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Moving on to Section 9107, Eligible and Ineligibility for Participation in this Program. Again, eligible business purpose must, must align with that as required by Treasury, startup working capital. Franchise fees can be used for equipment purchase, inventory, construction. The loan is not an, an extension of existing credit or refinancing of any unguaranteed portion of SBA loans. We are asking that there be at least one job creation or retained in this program for each loan submitted.

We move on to eligible business types under the program. And again, nonprofits will be eligible with a defined business purpose. SCBs will be eligible, and we'll ask that they submit their certification if they're applying under that category, same as SETI.

Now we're getting into some of the ineligible business types, which, again, almost mirror identical to that of a small business loan guarantee. You can see here under restaurants we did make

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

that line item 4A consistent with that¹³⁵
approved in the guarantee where it does
simply spell out those restaurants,
girls, cafes, etcetera, that have been
in existence at least two years as being
eligible, still excluding bars, saloons,
daiquiri shop, and all those related
under B. Gambling is still prohibited.
Speculative lending activities still
prohibited. (Inaudible) still
prohibited. Any activities engaged in
direct or indirect marijuana are still
prohibited. And H through M are all,
again, those prohibited transactions
from Treasury. I don't see any
questions, okay, or issues with those.
Any funding being cause or occurred in
connection with any defense against a
claim plan by the US government
prohibited. And then the last one's
also another Treasury requirement.

Seeing no questions or concerns with
that section, moving on to Section 9101,
General Lender Provisions. In this
particular section, the financial

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

institution, we will review to make sure that the lender has sufficient lender -- lending experience in requesting a Collateral Support from LEDC. This program is open to any Louisiana-based lender to utilize. They do not have to undergo an RFP process to participate in this program, like we mentioned in the (inaudible), like we mentioned in the Micro Loan Program.

We also ask that the corporation, the lender and the corporation not approve any loan or line of credit where the borrower has any pending or outstanding liabilities, claims. Again, incarcerated felons are ineligible, but those that have been reinstated into society and have a current criminal record other than a misdemeanor traffic violation, we're saying that those are eligible.

It is Treasury required for each lender to have a meaningful amount of risk, and they have defined that to be at least 20 percent. We will also,

1 hearing Mr. AJ's comments on the
2 interest rate, while we even have the
3 interest rate ceiling caps, the language
4 identified here in, in letter B will
5 make note of OCINACC interest rates as
6 well for this particular section.

7 The borrower's collateral will be
8 determined by the lender's loan
9 policies. Now, we do ask that the
10 collateral that the borrower provides,
11 the lender use prudent, acceptable
12 appraisal practices for valuing that
13 lender using their internal loan
14 policies to assess the required
15 collateral to be sufficient in
16 supporting the loan request.

17 We, we are willing to accept, and I
18 think that will coincide with most
19 lenders, an appraisal not more than 90
20 days old unless it's the instance of
21 real estate where an appraisal more than
22 90 days would, would be acceptable.

23 We have defined acceptable
24 collateral here, which is consistent
25 with that of Guarantee, fixed assets,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

business real estate. It looks like all¹³⁸
business assets, receivables, inventory,
personal guarantees may also offered.
Accounts receivables, as mentioned
earlier, but not to exceed the 80
percent of the receivable value.

Now, under the Collateral Support
Program, we have expanded the
unacceptable collateral the borrower may
pledge beyond the personal primary
residence and the stock in the applicant
borrower's company. We have added
intangibles as being ineligible for
collateral, as well as leasehold
improvements being ineligible for
collateral under this particular
program.

MR. JACKSON:

Couple, couple of questions.

MS. RANEY:

Yes, sir.

MR. JACKSON:

What are the acceptable collateral?
Help, help me understand when we say
acceptable collateral may include

1 personal guarantees, but they will not¹³⁹
2 count toward the value of the
3 collateral? What, what does that mean
4 exactly?

5 **MS. RANEY:**

6 The personal guarantee would
7 essentially be provided as an extra
8 security for the loan request, but it
9 carries no weight in determining if the
10 borrower is required to provide \$70,000
11 for a collateral to represent, say 80
12 percent of the loan request. The
13 personal guarantee based on the
14 individual's net worth, financial
15 wherewithal carries no weight in
16 contributing towards that overall dollar
17 amount required for the collateral
18 total. We even ask that our borrowers
19 --

20 **MR. JACKSON:**

21 Would, would, would you, would you
22 consider that that Item C might be
23 better pulled out and made an Item 6?
24 You're talking about collateral. And,
25 and that's really not collateral, but it

1 is something that can be considered.
2 Instead of it being acceptable
3 collateral but it doesn't count, just
4 add it as a, as a --

5 **MS. GUESS:**

6 On the second one.

7 **MR. JACKSON:**

8 -- as a number six.

9 **MS. GUESS:**

10 On number six.

11 **MR. JACKSON:**

12 It, it can be offered and
13 considered.

14 **MS. GUESS:**

15 Yeah.

16 **MS. RANEY:**

17 Okay.

18 **MS. GUESS:**

19 A new number six, yeah.

20 **MR. JACKSON:**

21 Yeah, a brand new number six.

22 **MS. GUESS:**

23 Brand new number six.

24 **MR. JACKSON:**

25 Yeah. Just, just to show it, it, it

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

recognized that it's got some value, but¹⁴¹
it won't count, because we're talking
about collateral.

MS. GUESS:

Correct.

MR. JACKSON:

And, and the other thing, and I, I,
I hesitate to even raise this issue and
it, and it may actually -- arguably, it
could almost count as an intangible, but
we talked earlier about crypto not being
the sort of thing that you can borrow
for. Do we need to address the
acceptability of crypto as collateral?

MS. GUESS:

No. We need to put it in here that
we won't take it.

MR. JACKSON:

I, I don't know. That's, that's
what I'm saying. But that's, that's
another --

MS. GUESS:

That's another one.

MR. JACKSON:

-- one of those things.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNKNOWN SPEAKER:

That's, that's a good point because

--

MS. GUESS:

A good point.

MS. RANEY:

-- we did specifically identify it
as being an ineligible business --

MR. JACKSON:

So, you may want to say it can't be
used as collateral.

MS. GUESS:

It can't be used as collateral also,
yeah.

MR. JACKSON:

Yeah.

MS. GUESS:

It's a, it's a ineligible type
business.

MR. JACKSON:

Yeah. I mean, there, there's an
argument to been made it's an
intangible, but --

MS. GUESS:

Yeah.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

-- but you --

MS. RANEY:

Well, what I was wondering --

MR. JACKSON:

-- may want to spell it out.

MS. GLOVER:

Do people's retirement --

MS. RANEY:

Yeah, intangibles to include digital currency, cryptocurrency.

MS. GLOVER:

Do people's retirement accounts ever count as collateral?

MS. RANEY:

I don't -- I think a lot of lenders consider that protected assets and are very cautious about --

UNKNOWN SPEAKER:

(Inaudible)

MS. RANEY:

-- using that as collateral. I think maybe in some instances you might -- correct me if I'm wrong and it might differ from bank to bank, if you're of

1 the age 71 -- 70 1/2 and able to draw ¹⁴⁴
2 your RMDs, you might be able to use that
3 as a cash injection in, in the overall
4 cash flow analysis.

5 **MR. JACKSON:**
6 I mean, you, you can borrow from a
7 401(k) and --

8 **MS. GUESS:**
9 But you can't --

10 **MR. JACKSON:**
11 -- you know, use that cash. You
12 could pledge that cash. You've got to
13 pay it back. It's a loan.

14 **MS. GUESS:**
15 Right.

16 **MR. JACKSON:**
17 But you could borrow. But yeah,
18 generally --

19 **MS. GLOVER:**
20 Well, and today I'm just like --

21 **MS. RANEY:**
22 But if you're employed --

23 **MS. GLOVER:**
24 -- one day my account could say one
25 thing and then tomorrow it could say

1 something else.

2 **MR. JACKSON:**

3 It's not where it was last week.

4 **MS. GLOVER:**

5 And it's no longer, like that
6 collateral's no longer there.

7 **MR. JACKSON:**

8 Yeah.

9 **MS. RANEY:**

10 Good question.

11 **MS. GUESS:**

12 Good question.

13 **MR. JACKSON:**

14 Yeah, but you, you might -- and, and
15 the, the, the crypto as collateral, I
16 don't know if there are other places we
17 need to address that, but that's
18 obviously a hot thing these days.

19 **MS. BIGNER:**

20 Also NFTs.

21 **MR. JACKSON:**

22 Yeah.

23 **MS. GUESS:**

24 NFTs.

25 **MR. JACKSON:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Yeah, which are even more intangible¹⁴⁶
than, than crypto.

MR. ROY:

Is there (inaudible)?

MS. RANEY:

The default provisions will be
addressed in the loan participation
program.

MS. SIMMONS:

Could you please speak up. I
couldn't hear your question.

MR. ROY:

Sorry. AJ. I was asking whether
default provisions for -- she said they
were loan participation.

MS. RANEY:

That's is correct. This is Kelly.
The default provisions for the -- excuse
me. I'm, I'm sorry, AJ. The default
provisions for the Micro Loan will be in
the Loan Participation Agreement. The
default provisions for the Collateral
Support are in here in the next
subsequent sections, correct? We just
haven't gotten there.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNKNOWN SPEAKER:

I'm sorry.

MR. ROY:

(Inaudible)

MS. RANEY:

All right. Good, good questions. Any other questions around unacceptable or acceptable collateral? I've, I've added those comments as well on crypto and NFTs

Moving right through, Equity Requirements. We are asking that the, the lender ultimately make that determination based on their loan policies, but, but that it not be less than ten percent and have defined equity which is consistent with how we have defined it in our Guarantee Program.

Now, we move on to the next section where it does quantify the maximum collateral support offered will be a maximum of, of 50 percent, not to exceed a dollar amount of \$250,000 for loans \$500,000 or less. When the loan size moves up to \$500,001 up to \$1 million,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

the collaterals support offer reduces to 25 percent, also to coincide with a maximum dollar amount of collateral deposit not to exceed \$250,000. And the maximum loan amount here under this program will be \$1 million.

We do have different terms offered for different credit product types. So, for example, equipment term loans, they may not exceed a term of five years; revolving line of credit is not to exceed a term of three; non revolving line of credit is to not exceed a term of two; for business real estate transactions not exceed a term of five.

For the LEDC fees, again, LEDC may charge \$100 application fee, but has the flexibility for a board, board's designated committee or staff to waive that, that application fee. And, again, we are going to abide by the Treasury requirements of no more than 2 percent on the collateralized loan deposit amount, unless the boards, board's designated committee, or staff waives

1 that requirement.

2 **MR. JACKSON:**

3 So, realistically, are we gonna to
4 charge fees, or are we not gonna charge
5 fees? I mean, we've got that
6 discretion, but what, what is the
7 department's policy?

8 **MS. GUESS:**

9 It is our -- it has been our
10 practice that we haven't charged an
11 application fee.

12 **MR. JACKSON:**

13 Okay.

14 **MS. GUESS:**

15 The -- we're, we're not -- I think
16 our dollars were not being kept in our
17 own coffers, and that determine, that
18 determination was made years ago when we
19 were being swept by the people across
20 the street --

21 **MR. JACKSON:**

22 Right.

23 **MS. GUESS:**

24 -- down the street in our -- for,
25 for monies that were in there.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

No, I, I recognize --

MS. GUESS:

It could --

MR. JACKSON:

-- it's a flexibility --

MS. GUESS:

It's a flexibility.

MR. JACKSON:

-- provision, but what is the
department's policy --

MS. GUESS:

Yeah.

MR. JACKSON:

-- you know?

MS. GUESS:

That, that was a policy that we made
back in 1.0 because of that. And I
don't know, we can set some parameters
because this will be part of our income.
And this is, this was federal dollars,
you know. I don't know. Maybe we might
take a look at that with some internal
-- some other policies we might come
back. We'll, we'll have to think on

1 that one.

2 **MR. JACKSON:**

3 It's, it's -- boilerplate is just
4 that until somebody says, well, what
5 about?

6 **MS. GUESS:**

7 Yeah.

8 **MR. JACKSON:**

9 And so, I'm saying, well, what
10 about?

11 **MS. GUESS:**

12 Are we or are we not?

13 **MR. JACKSON:**

14 It's just boilerplate, but I'd, I'd
15 like to know what it, what it means in
16 reality.

17 **MS. GUESS:**

18 Okay. Fair question.

19 **MS. RANEY:**

20 Use of the loan funds are consistent
21 with what you had seen before in the
22 Loan Guarantee Program where the loan
23 fund should be used for business
24 purposes up to, but not limited to,
25 purchasing of real estate where the

1 buildings are owner occupied with at
2 least 51 percent, equipment, inventory,
3 machinery. The -- it may be eligible
4 for a debt restructure under certain
5 parameters, which are guided by the
6 Treasury provisions here for debt
7 restructure. It needs to meet those
8 four subcategories to qualify as a debt
9 restructure under SSBCI terms.

10 It does dictate that loan funds may
11 not be used for -- to buy out
12 stockholders' equity. We reiterated
13 that a couple of times throughout. And
14 loan funds may not be used for
15 investments in speculative real estate.

16 The general agreement provisions,
17 the lender will start by executing a
18 Master Lender Participation Agreement
19 for the Collateral Support Program,
20 which will outline the lender being
21 responsible for the administration and
22 monitoring of the loan, monthly
23 invoicing, collections, loan workouts,
24 liquidation of the, of collateral in the
25 event of default. The lender will

1 underwrite each loan using its loan
2 policies, perform the credit analysis
3 of the borrower on each loan. They'll
4 follow the prudent industry lender
5 underwriting processes and determine the
6 collateral support provided under each
7 instrument in order for the lender to
8 make the loan.

9 LEDC will determine the amount
10 required for the deposit and coordinate
11 the LEDC collateral deposit account with
12 the lender to make sure that there is
13 sufficient collateral and that the
14 lender is not requesting in excess of
15 collateral because LEDC's cash deposit
16 is available.

17 The lender shall also -- so, in --
18 the LEDC deposit account will be in the
19 name of LEDC. It will earn interest in
20 the term that it is pledged for the
21 loan. Upon repayment, that deposit and
22 interest will be returned to LEDC to be
23 used for future SSBCI loans. While that
24 deposit account is held at the lender's
25 institution and pledged to that

1 borrower's account, the lender shall
2 indemnify and hold harmless the LEDC,
3 State of Louisiana, including all
4 commissions, directors, participants,
5 officers, agents, employees, and
6 contractors, who shall not be liable to
7 the lender for any reason arising out of
8 the -- arising out of or related in any
9 way to the loan, loan documents, or the
10 participation against the claim's cost
11 or expenses. And that -- and this
12 language shall survive the loan
13 repayment.

14 So, there are no implications to
15 LEDC, LEDC members, etcetera, as defined
16 here because of the deposit account
17 being placed in the name of LEDC pledged
18 to that borrower's loan.

19 The loan that has been accepted by
20 LEDC should not be sold or assigned
21 without the LEDC board providing that
22 final approval.

23 Now, the lender will follow their
24 normal loan policies for delinquency.
25 They are required to give LEDC

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

notification verbally and in writing.
But in the event of default here on number 7, when, when default persists for more than 90 days, the lender may demand from LEDC in writing their, their other 50 percent of that cash collateral deposit. That's, that's putting LEDC on notice of their risk of loss.

Once we receive that notice of risk of loss, LEDC will confirm the current outstanding balance of that loan because theoretically that loan will have had principal and interest payments paid each month so that the current loan balance, the current outstanding loan balance at the time of receiving the notice of risk of loss will be less than what the original loan amount was.

So, so the deposit, the remaining 50 percent of that deposit is gonna be based on that outstanding current balance since the lender will have received principal and interest payments up to that point.

Upon receiving that notice of risk

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

of loss, LEDC is going to send over that¹⁵⁶ remaining cash deposit on that current outstanding balance within 30 days. The lender will then have the full cash deposit on hand, and then they will proceed in handling collection and liquidation efforts for any additional collateral thereafter. So, all collection efforts, legal liquidation processes, that will all be handled by the lender. If liquidation through foreclosure occurs, that will also be handled through the lender. And they will also absorb all those expenses.

MR. ROY:

Are we, are we requiring foreclosure for the loan?

MS. RANEY:

Are we requiring foreclosure?

MR. ROY:

SBA requires that. (Inaudible) it's -- given the amount of these loans, it actually can be cost prohibitive if it's a small enough loan to foreclose.

MS. GUESS:

1 Uh-huh (affirmative).

2 **MR. ROY:**

3 (Inaudible)

4 **UNKNOWN SPEAKER:**

5 (Inaudible)

6 **MS. RANEY:**

7 That's a good point.

8 **MS. GUESS:**

9 Good point, yeah.

10 **MR. ROY:**

11 On a little side note, the
12 (inaudible), which says this CD or funds
13 that are pledged cannot be
14 cross-collateralized for any other debt
15 (inaudible).

16 **MS. RANEY:**

17 You're absolutely correct.

18 **MS. GUESS:**

19 Absolutely, no
20 cross-collateralization.

21 **MS. RANEY:**

22 Those are important points. So, we
23 just reviewed what happens in the event
24 of default, but, again, just to
25 reiterate, upon full repayment of the

1 loan or the loan maturing with our
2 deposit, the deposit will be returned to
3 LEDC with the interest. So, for
4 example, once the loan is fully repaid,
5 that deposit comes back to LEDC with the
6 interest. But let's say the loan is
7 being extended or refinanced and our
8 term of the deposit has already matured.
9 We will still enjoy our deposit being
10 returned to us with the interest and the
11 loan -- and then make their loan
12 arrangement or file an extension after
13 that.

14 So, for each loan transaction, the
15 Collateral Support Loan and Deposit
16 Agreement will, will be executed. And
17 it will take place on or about the time
18 -- the day before, actually. We'll send
19 that over with the collateral, cash
20 collateral, so it'll be available on the
21 day of closing so they can pledge that
22 simultaneously to their loan, because
23 they'll need a deposit account number in
24 order to pledge it to the loan. So,
25 we'll need to know all of those account

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

details, that we'll need to provide the lender with the deposit account and our deposit agreement ahead of the loan closing so they can make those arrangements as they open up the account from the system to generate those new account numbers.

MR. JACKSON:

We've got that provision that if they don't get it done within 90 days they have to start over as far as our process. Is that likely to be problematic? Do we need to have the flexibility that we can, can grant them an extension, or do we want them to just start over?

MS. RANEY:

Well --

MR. JACKSON:

What -- and, and I, I don't -- I'm, I'm just asking. I, I don't feel super strongly one way or the other. I, I know we're, we're earmarking those funds for the 90 days, but, but, I'm, I'm thinking if there's just like something

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

that's gonna get cured in three day's ¹⁶⁰
time, do you really want to put them all
the way through the process?

MS. RANEY:

And, and, and, and that's a great
example, if we knew with definity it'll
be cured in three day's time. And I
think about projects like Hubig's where
they have come to us again and again and
thinking it was solved and something
else unexpected came up. And so, that,
that might be best handled on a
case-by-case basis. You do make a very
good point about that.

Having said that, I, I guess also
just to, to point out concern of having,
you know, theoretically \$250,000, chunks
of cash sitting idle, not working for
90-plus days, you know, simultaneously
doesn't --

MR. JACKSON:

Right.

MS. RANEY:

-- sit real well.

MR. JACKSON:

1 No, I, I mean, it's, it's not a
2 cut and dried sort of thing.

3 **MS. RANEY:**

4 No.

5 **MR. JACKSON:**

6 And, and circumstances can change in
7 90 day's time.

8 **MS. RANEY:**

9 That, that --

10 **MS. GLOVER:**

11 Ill, inflation, war.

12 **MR. JACKSON:**

13 But I, I always err towards the,
14 towards the side --

15 **MS. GLOVER:**

16 Some examples.

17 **MR. JACKSON:**

18 -- of having a little bit of
19 flexibility. But I, I don't know. I
20 mean, Hubig's is --

21 **MS. GUESS:**

22 It's been --

23 **MR. JACKSON:**

24 -- a classic example.

25 **MS. RANEY:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Well, I mean, that --

MR. JACKSON:

I mean, it's been a nagging --

MS. RANEY:

It's just been one thing out of their control after another, and that's why that one --

MR. JACKSON:

And they make good pies.

MR. SIMPSON:

Yeah.

MR. JACKSON:

I love their pies.

MR. SIMPSON:

We need to do another tour.

MS. RANEY:

And I'm wondering, to go back to your, to your point, sir, about that 90 day, it may be if, if we just added - and I'm trying to find it real quick, here we go - 90 -- okay. If an approved Collateral Support loan does not close within 90 calendar days from the point of LEDC approval date, the reservation period will expire and funds will be

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

released to the general program fund to¹⁶³
be used for other Collateral Support
requests, comma, unless approved by LEDC
board. Maybe if we add in some subset
such as that to allow for flexibility.

MS. GUESS:

Allow for an extension, a one-time
extension.

MS. RANEY:

In case there is that one-off case
where we know for a fact in three days
it's gonna be remedied. We don't want
to have to require the borrower to start
all over again, have their credit report
pulled again.

MR. JACKSON:

But it -- but, but required by the
board implies that the board itself has
to do it.

MS. GLOVER:

Or, or designate it.

MR. JACKSON:

So, yeah.

MS. GUESS:

Yeah.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

I, I mean, I don't, I don't want to overcomplicate it and, you know --

MS. GUESS:

You're okay, because they're gonna -- we're gonna see these internally anyway. So, it would have to be -- I mean, maybe add the language for an extension for either the board or whatever approved by.

MR. SIMPSON:

We want to be somewhat user friendly.

MS. GUESS:

Yeah, because it might happen. We might get -- say we get a request from -- for someone to get an extension the day before a board meeting.

MR. JACKSON:

Yeah.

MS. GUESS:

And we could just bring it.

MR. JACKSON:

Yeah. I, I'm just thinking of --

MS. GLOVER:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Or the day after a board meeting.

MR. JACKSON:

-- you know, their --

MS. GUESS:

Yeah. And then we do the committee.

MS. GLOVER:

Yeah.

MR. JACKSON:

Yeah. You, you can, you can, you can come up with any number of scenarios: somebody's due to close and they have a family death or they have a family birth or, you know.

MS. GLOVER:

Give me a moment and I'll give y'all a scenario.

MR. JACKSON:

Yeah. You know, that, that, that, that might -- you know, it's not a material change, but it just can't be done. And, you know, ultimately it's not like we're gonna run out of money, at least early on in the process where that's gonna be, you know, tied up too long. But, but a one-time, a one-time

1 extension, you know, if you can't get it¹⁶⁶
2 done, you know, I don't, I don't know.
3 I don't know.
4 **MS. GUESS:**
5 Yeah.
6 **MS. RANEY:**
7 Well, I think --
8 **MR. JACKSON:**
9 I just, just noted that.
10 **MS. RANEY:**
11 -- by just adding some additional
12 language like, you know, Brenda just
13 suggested LEDC board or, you know,
14 designated --
15 **MS. GUESS:**
16 Or designated.
17 **MR. JACKSON:**
18 And, I mean, you --
19 **MS. GLOVER:**
20 Because we may be able to move
21 faster.
22 **MR. JACKSON:**
23 -- you, you, you guys, AJ, I mean,
24 you, you probably know far better than
25 me how often that's even a problem. It

1 may not be a problem.

2 **MS. GLOVER:**

3 It may not be a problem, but I feel
4 like the word that everyone uses these
5 days that I hate is unprecedented. Like
6 every -- I mean, literally someone could
7 come to us as far as maybe on
8 construction or something like that, but
9 fuel costs, like make something
10 skyrocket or --

11 **MS. GLOVER**

12 : and I hate to even say this,
13 but Well,
14 --

15 **MR.**

16 **ROY:** put that little language in
17 there and we can --

18 **MS. GLOVER:**

19 -- another wave of Covid --

20 **MR. ROY:**

21 -- solve it later.

22 **MS. RANEY:**

23 -- comes through and --

24 **MS. GUESS:**

25 Yeah.

MR. JACKSON:

1 Yeah.

2 **MS. RANEY:**

3 -- knocks everybody out for a period
4 of time.

5 **MS. GUESS:**

6 Yeah. We can --

7 (Reporter's Note: Several inaudible speakers
8 speaking at once.)

9 **MR. JACKSON:**

10 It, it, it doesn't hurt to have a
11 deadline. It doesn't hurt to have the
12 flexibility --

13 **MS. GUESS:**

14 That's right.

15 **MR. JACKSON:**

16 -- to, to cushion it just a little
17 bit.

18 **MS. GLOVER:**

19 And why I think the deadline is
20 important - this is Norisha - is because
21 based on what AJ said, in terms of banks
22 who prefer the cash in the bank, and
23 based on the feedback that you've
24 gotten, I think you're gonna have to --
25 we think that, right, we're gonna have

1 people who are -- who would have
2 typically applied, applied for the
3 Guarantee Program shift over to apply
4 for this program. And then people who
5 would not have applied for the Guarantee
6 Program who are now applying for this
7 program --

8 **MS. GUESS:**

9 Yeah.

10 **MS. GLOVER:**

11 -- so I think we're gonna have an
12 increase in numbers of people who are
13 applying. And having that timeline will
14 help us, and then we can respond
15 accordingly.

16 **MR. JACKSON:**

17 If you see a lot of demand, you can
18 always say no --

19 **MS. GUESS:**

20 No, yeah.

21 **MR. JACKSON:**

22 -- we, we just, we just can't right
23 now.

24 **MS. GUESS:**

25 Yeah.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

Come see us in 90 days, you know.
But if we, if we don't have a long line
--

MS. GUESS:

Yeah, we will.

MR. JACKSON:

-- you know.

MS. RANEY:

We'll add that. So, that's number
-- I'll get to it - 9A.

UNKNOWN SPEAKER:

Okay.

MS. RANEY:

All right. Good suggestion.

MS. GUESS:

Very good.

MS. RANEY:

Okay. So, going into --

MR. JACKSON:

We're done?

MS. GUESS:

Almost.

UNKNOWN SPEAKER:

I'm sorry.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MS. RANEY:

We are nearing the finish line.

MS. GUESS:

That's what we just said, we're almost done.

MS. RANEY:

This is Kelly. We are nearing the finish line. And so, the -- let me see. Okay. B, so the Loan and Deposit Agreement, we just reviewed that we'll send that to the lender before the month closing so we can have them complete it with the appropriate account numbers at the closing when that's generated from their computer systems, and have that executed and sent back to LEDC with all of the executed loan instruments.

The appropriations cash deposit shall not be greater than 25 percent to 50 percent, depending upon the loan amount. Now, in this number 2 section here, I'd like to notate there's, there's three, three sections in number 2 where I do need to recommend that we remove a few -- a bit of language here

1 to be consistent with the intent of the¹⁷²
2 payment of the program, so bear with me
3 please.

4 The corporation's cash collateral
5 deposit shall be no greater than 25
6 percent to 50 percent, depending upon
7 the principal loan amount for qualifying
8 a loan amount, not to exceed \$250,000 of
9 the total original principal amount of
10 the loan or line of credit. LEDC's cash
11 collateral deposit shall be pledged be
12 LEDC to provide security for the payment
13 of the agreed percentage of the
14 principal amount of the loan or line of
15 credit, not including interest due
16 thereon or lender fees, period. I'm
17 suggesting that we remove "or cost of
18 collection" because that actually will
19 take place after that LEDC final cash
20 deposit has been sent to the bank after
21 default has been identified.

22 **MR. SIMPSON:**

23 I'm good with that.

24 **MS. RANEY:**

25 Okay. Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

Or lender fees or and lender fees?

MS. RANEY:

So, not including interest due thereon. I'm suggesting we remove "lender fees or cost of collection".

MR. JACKSON:

Remove everything from that point?

MS. RANEY:

Yes, sir.

MR. JACKSON:

Yeah.

MS. RANEY:

Semicolon, but as payments are made on the loan or line of credit -- excuse me, that needs to be removed as well. So, let me recap. LEDC's cash for collateral deposit shall be pledged by LEDC to provide security for the payment of the agreed percentage of the principal amount of the loan or line of credit, not including interest due thereon, period, not semicolon. Again, removing "lender fees or cost of collection, but as payments are made on

1 the loan or line of credit, funds
2 resulting from collection efforts, legal
3 proceedings, or sale of borrower's
4 collateral as applied to the loan or
5 line of credit, and the principal amount
6 owned -- owed on the obligation is
7 thereby reduced." So, what I am
8 suggesting is that this language is
9 inconsistent with the payment of the
10 remaining 50 percent cash deposits.

11 **MS. GUESS:**

12 So, it's not needed.

13 **MS. RANEY:**

14 That's correct.

15 **MS. GUESS:**

16 So, we're going back to where funds
17 -- starting at "funds resulting"? Where
18 are we deleting from?

19 **MS. GLOVER:**

20 Line 5, after the word "thereon".

21 **MS. GUESS:**

22 Thereon, okay.

23 **MS. RANEY:**

24 Thereon, yes.

25 **MS. GUESS:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Everything after that?

MS. RANEY:

Yeah. And then where it starts with "lender fees".

MS. GUESS:

Okay.

MS. RANEY:

I'm just trying to find it here real quick. Okay. In this same paragraph -- wait. That seems like a run-on sentence there. So, the cash collateral deposit amount owed on the obligation is thereby reduced. The security provided by the cash collateral deposit shall be likewise reduced and limited to no more than 25 or 50 percent, depending upon the principle of the loan, of the unpaid principle balance remaining due, not including interest due on the loan, period. "Fees or collection cost" needs to be removed at that point.

MS. GLOVER:

Okay.

MS. GUESS:

Got it.

1 **MR. JACKSON:**

2 Now, loans made under this program
3 will not come with a guarantee?

4 **MS. GUESS:**

5 Correct.

6 **MR. JACKSON:**

7 That would be under a completely
8 separate program?

9 **MS. RANEY:**

10 That's correct. That would -- they
11 would need to apply under --

12 **MR. JACKSON:**

13 So, so, help me understand, I, I
14 think I'm missing a connection, the 20
15 percent exposure that the lender has to
16 have. If we're providing collateral
17 support up to 50 percent, where's the
18 other 30 percent?

19 **UNKNOWN SPEAKER:**

20 That will leave them 50 percent at
21 risk. Since we're -- we are providing
22 50 percent. So, if a loan were to
23 default, then the lender would have to
24 pick up the remainder 50 percent. So,
25 they would still be 50 -- at most 50

1 percent at risk.

2 **MR. JACKSON:**

3 Okay. So, so the at risk position
4 of at least 20 percent, how does that --
5 where -- how do, how do we get to that?
6 What, what causes -- what would cause it
7 to get below 50 percent, then?

8 **MS. DOIN:**

9 It would. It would. Don't have to
10 worry about getting --

11 **MR. JACKSON:**

12 So, why, why do we have that
13 provision?

14 **MS. DOIN:**

15 That's just primary language just to
16 make sure it's at least 20 percent.

17 **MR. JACKSON:**

18 Oh, okay.

19 **MS. DOIN:**

20 It wasn't asterisks.

21 **MS. RANEY:**

22 So that, so that last intention had
23 (inaudible) --

24 **MR. JACKSON:**

25 I'm sorry.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(Reporter's Note: Several inaudible speakers at once.)

MR. JACKSON:

Fair enough. Fair enough.

MS. RANEY:

Yeah. But we should have a double blue asterisk in that last sentence, you're correct.

MS. GUESS:

Another double asterisk, yes.

MR. JACKSON:

So, so, is it the intent of item 3 on there that every year, assuming you've got an amortizing loan, every year you're going to reduce the amount of the CD at the bank?

MS. RANEY:

I don't, I don't think that that is -- I think the language is in here to allow that flexibility on those larger transactions. And for some reason we needed to do that, but I don't believe that it's feasible to, to have the lender break the CD and reduce the amount to send back to us to stay in

1 line with the outstanding balance of the¹⁷⁹
2 loan.
3 **MR. JACKSON:**
4 Are you going to -- do you envision,
5 then, booking your CD for the term of
6 the loan?
7 **MS. RANEY:**
8 Well, it --
9 **MR. JACKSON:**
10 What, what are the mechanics of that
11 because it, it cuts both ways?
12 **MS. GUESS:**
13 It does.
14 **MS. RANEY:**
15 It does. And that actually goes
16 back to support, giving the lender half
17 of the cash because of that.
18 **MR. JACKSON:**
19 Uh-huh (affirmative). Okay. Well,
20 again, that's something you can, you can
21 tweak, and that's kind of an
22 administrative sort of thing if you've
23 got that flexibility.
24 **MS. GUESS:**
25 Kind of figure it out.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. JACKSON:

Probably get a better rate if you book for longer, but --

MS. GUESS:

Right.

MR. JACKSON:

-- you know, you, you actually get your money reduced and can put it back into the program quicker if you've got a mechanism where you do it for an annual term and --

MS. GUESS:

And just --

MR. JACKSON:

And just when it, when it renews, you just book it for that much less. It's -- it depends on how desperately you're trying to get to that ten to one leverage --

MS. GUESS:

Exactly.

MR. JACKSON:

-- but that's, that's another flexibility point.

MS. GUESS:

1 Absolutely. Good point. We'll
2 cover that with our fiscal department
3 because they're gonna be the ones that
4 are actually placing the, the deposits.

5 **MR. JACKSON:**

6 Right.

7 **MS. GUESS:**

8 They'll have all the, the work.

9 **MR. JACKSON:**

10 Well, I mean, it --

11 **MS. GUESS:**

12 Yeah.

13 **MR. JACKSON:**

14 It, it could be quite the --

15 **MS. GUESS:**

16 It is.

17 **MR. JACKSON:**

18 -- ordeal --

19 **MS. GUESS:**

20 I know.

21 **MR. JACKSON:**

22 -- if you, if you end up with 100,
23 150 loans over the course of three or
24 four years. It wouldn't take much for
25 that to be a real Treasury bugaboo.

1 **MS. RANEY:**

2 A great segue to Treasury reporting
3 for progress will be adhered to also
4 under the Collateral Support Program,
5 which which rounds out the remainder of
6 the collateral support rules. Treasury
7 has not identified all of the reporting
8 requirements, other than saying there is
9 monthly, quarterly, semi-annual, and
10 annual reporting requirements. And, and
11 we're gonna hold the participants,
12 program participants to that same
13 standard as well.

14 Last couple of items is just the
15 confidentiality and conflict of interest
16 statement here, as you saw before. And
17 I just -- I see a new section here --

18 **MS. GUESS:**

19 Guidelines.

20 **MS. RANEY:**

21 -- 9117, Guidelines. That was not
22 in our Micro Program (inaudible) about
23 that. LEDC and LED also known -- LEDC,
24 or Louisiana Department of Economic
25 Development, also known as LED, as

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

administrators of the program, they may¹⁸³
create or issue from time to time
guidelines interpreting, construing, and
explaining these rules or may revise
them or otherwise change or modify the
guidelines from time to time
(inaudible).

MR. SIMPSON:

Do we need a motion?

MR. JACKSON:

I'll make the motion that we adopt
the, the proposed regulations for Title
19 as, as adjusted.

MR. SIMPSON:

Do I hear a second?

MR. JACKSON:

Well, well, with pending
adjustments.

MR. SIMPSON:

Do I get a second?

MS. GLOVER:

Second.

MR. SIMPSON:

Having a second, any nay? Hearing
none, we will present this to the full

1 board in the morning for full approval.¹⁸⁴
2 I do want to commend staff on their
3 in-depth knowledge of all of this. I'm
4 thoroughly impressed with, with all
5 y'all have done. And great questions
6 from my policy cohorts.

7 **MS. RANEY:**
8 Thank you.

9 **MR. SIMPSON:**
10 I don't know, do we have any further
11 discussion that needs to be made on it?

12 **MS. GUESS:**
13 The only one thing is you're not
14 gonna be there tomorrow.

15 **MR. SIMPSON:**
16 Right.

17 **MS. GUESS:**
18 So, I was just -- and so, I was just
19 asking Robin do we need him to
20 designate?

21 **MS. PORTER:**
22 Yes.

23 **MS. GUESS:**
24 Yes. We need you to designate --

25 **MR. SIMPSON:**

1 I would like --

2 **MS. GUESS:**

3 -- Mr. Jackson.

4 **MR. SIMPSON:**

5 -- to designate Mr. Jackson as my
6 proxy or my -- in my place tomorrow in
7 my absence, if you accept.

8 **MS. GUESS:**

9 He'll give --

10 **MR. JACKSON:**

11 Sure.

12 **MS. GUESS:**

13 -- the report.

14 **MR. SIMPSON:**

15 He'll give the report. Any further
16 comments, suggestions, anything?

17 **MS. GUESS:**

18 I want to thank all of you for your
19 diligence in going through with this and
20 providing us with invaluable feedback
21 that we'll take (inaudible). And it's
22 -- we've come a long way. We're all
23 excited about this. (Inaudible.) We'll
24 be ready with our rules.

25 **MR. ROY:**

1 I know you all will. Y'all have
2 done a lot of work on this.

3 **MR. JACKSON:**

4 For purposes of the report tomorrow,
5 pretty high level I would think. Are we
6 going -- we're not likely to have a
7 corrected copy to distribute for people,
8 is that?

9 **MS. GUESS:**

10 We had that discussion earlier.

11 **MS. RANEY:**

12 We did.

13 **MS. GUESS:**

14 I don't think.

15 **MR. JACKSON:**

16 Because, because we, we did talk
17 about several changes --

18 **MS. GUESS:**

19 Yes.

20 **MR. JACKSON:**

21 -- and everything. So, I mean, I
22 can, I can kind of give a brief
23 overview, but as far as something formal
24 for them to see that reflects what we've
25 come up with, we're not likely to have

1 that?

2 **MS. GUESS:**

3 There's a possibility that we --

4 **UNKNOWN SPEAKER:**

5 You're asking for it at midnight.

6 **MR. SIMPSON:**

7 It might be good to have that map.

8 **MS. GUESS:**

9 Mr. Andy Adler will have --

10 **MR. JACKSON:**

11 He's the only other one?

12 **MS. GUESS:**

13 Yeah.

14 **MR. JACKSON:**

15 Okay. So, we will still have
16 quorum, though.

17 **MS. GUESS:**

18 Yes. Deputy Security Brad Lambert's
19 sitting in for the Secretary.

20 **MR. JACKSON:**

21 And then AJ, Norisha, myself, that's
22 enough?

23 **MS. GUESS:**

24 And --

25 **MR. JACKSON:**

1 And I guess Ann?

2 **MS. GUESS:**

3 Yes.

4 **UNKNOWN SPEAKER:**

5 And Andy Adler.

6 **MS. GUESS:**

7 Ann doesn't count.

8 **MR. JACKSON:**

9 Ann doesn't count. All right. So,
10 are we --

11 **MS. GUESS:**

12 So, it'll be one, two --

13 **MR. ROY:**

14 So, you know, I'm just suggesting, I
15 assume you, you (inaudible). Tomorrow,
16 we maybe you can make a motion to
17 approve it for changes in policy.

18 **MR. JACKSON:**

19 That are -- yeah, that are in the
20 process.

21 **MR. ROY:**

22 Mr. Adler is the only one --

23 **MS. GUESS:**

24 Right.

25 **MR. ROY:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

-- who might have a question who's

(inaudible.)

MR. JACKSON:

Yeah.

MS. GUESS:

And what we can do is as we add those, incorporate those changes into (inaudible) and incorporate all the things that we've done, we can get that to, to the board members.

MR. JACKSON:

Well, Andy's the only other one that's, that's gonna be there. It's really not that big of a deal. But I just -- because we don't want to rehash it.

MS. GUESS:

No.

MR. ROY:

No, not what we did today.

MR. JACKSON:

Right.

MR. ROY:

So, we -- hopefully, we can just make a motion. If Mr. Adler

1 questions, we will address those.

2 **MS. GUESS:**

3 Okay.

4 **MR. ROY:**

5 And we ought to go through.

6 **MS GUESS:**

7 Sounds like a plan.

8 **MS RANEY:**

9 And we can hopefully have a copy for
10 everybody to have of the (inaudible).

11 **MR. JACKSON:**

12 Yeah. Yeah.

13 **MR. SIMPSON:**

14 Okay.

15 **MS. GLOVER:**

16 If we could (Inaudible) brief.

17 **MR. JACKSON:**

18 Yeah. Yeah. Well, this is the way
19 to handle that.

20 **MS. GUESS:**

21 Yes.

22 **MR. JACKSON:**

23 I mean, I mean, it's, it's just a
24 better format. It was very helpful.

25 **MS. RANEY:**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

And it is a lot of information to ¹⁹¹
digest when you're, you're just getting
it as opposed to probably having to
digest it for --

MR. JACKSON:

Right. Right. Well, I, I
appreciate it. It, it was very helpful.

MR. SIMPSON:

I guess we adjourn the policy
committee meeting. And thank you all
for all your help--

MS. RANEY:

Thank you.

MS. GUESS:

Thank you, sir.

(The meeting adjourned at 3:37 p.m.)

* * * * *

R E P O R T E R ' S P A G E

1
2 I, JoLyn A. Malley, Certified Court
3 Reporter, in and for the State of Louisiana, as
4 defined in Rule 28 of the Federal Rules of Civil
5 Procedure and/or Article 1434(b) of the Louisiana
6 Code of Civil Procedure, do hereby state on the
7 Record:

8 That due to the interaction in the
9 spontaneous discourse of this proceeding, dashes
10 (--) have been used to indicate pauses, changes
11 in thought, and/or talkovers; that same is the
12 proper method for a Court Reporter's
13 transcription of proceedings, and that the dashes
14 (--) do not indicate that words or phrases have
15 been left out of this transcript;

16 That any words and/or names which could
17 not be verified through reference material have
18 been denoted with the phrase "phonetic."
19
20

21 JoLyn A. Malley, C.C.R.
22 Certified Court Reporter
23
24
25

C E R T I F I C A T E

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I, JoLyn A. Malley, Certified Court Reporter, in and for the State of Louisiana, that the meeting was reported by me in Stenomask and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding; that I have acted in compliance with the prohibition of contractual relationship, as defined by the Louisiana Code of Civil Procedure Article 1434 and in rules and advisory opinions of the board;

That I am not of counsel, not related to counsel, nor to the parties hereto, and I am in no way interested in the outcome of this event; and am a valid member in good standing of the Louisiana State Board of Examiners of Certified Shorthand Reporters.

SIGNED ON THE DAY OF , 2021.

JoLyn A. Malley
Louisiana License #99078