

## LOUISIANA RECOVERY AUTHORITY

### Reallocation of Funding from the Long Term Loan Guarantee Program to the Small Firm Grant and Loan Program Recommendation Approval

March 14, 2007

**OVERVIEW:** A Resolution of the Louisiana Recovery Authority Board providing for the publication and conditional approval of Action Plan Amendment to reallocate \$68 million of Community Development Block Grant (CDBG) funds from the Long Term Loan Guarantee Program to the Small Firm Loan and Grant Program. Following a public comment period, the Board recommends that this Amendment be sent to the Governor and Legislature for consideration. This amendment will increase the available funding to the Small Firm Loan and Grant program from \$143 million to \$211 million to allow additional businesses to access important low-cost financing in the form of loans and grants. This will allow many worthy businesses excluded from the first round of the Small Firm Loan and Grant Program due to insufficient funds.

Whereas, the Long Term Loan Guarantee Program as outlined in Action Plan Amendment No. 2, was part of the initial business disaster recovery package which included the Bridge Loan Program, the Small Firm Loan and Grant Program, and the Technical Assistance to Small Firms Program;

Whereas, the Long Term Loan Guarantee Program was designed to provide loans up to \$1.5 million to companies with fewer than 50 employees;

Whereas, the Long Term Loan Guarantee Program has not been implemented because of insufficient interest among lenders as a result of cumbersome CDBG requirements; and

Whereas, based on the demonstrated demand for the Small Firm Loan and Grant Program, which has demand greater than the amount of funds available in the current program and has been determined to be able to better meet the needs of small businesses than the Long Term Loan Guarantee Program, it is the recommendation of the Louisiana Recovery Authority that the \$68 million be reallocated to the Small Firm Loan and Grant Program.

**THEREFORE BE IT RESOLVED** that the Louisiana Recovery Authority Board does hereby recommend that \$68 million of unused Long Term Loan Guarantee Program funds be reallocated to serve small businesses in the Small Firm Loan and Grant Program.

**THEREFORE BE IT FURTHER RESOLVED** that the Louisiana Recovery Authority Board does hereby recommend that Louisiana Recovery Authority and Office of Community Development staff shall publish an Action Plan Amendment to be sent to the Governor and the Louisiana Legislature for approval. In the event that comments during the public comment period do not require any changes to the Action Plan Amendment, the LRA Board does hereby authorize Matt Stuller, chairman of the Economic and Workforce Development Committee, and Dr. Francis, chairman of the LRA Board, to approve the plan and send it to the Governor and Legislature without additional full Board review in order to move the plan forward in the most timely manner possible.