

EXPORT-IMPORT BANK OF THE UNITED STATES

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BOARD OF DIRECTORS

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OPEN SESSION

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WEDNESDAY

JULY 31, 2019

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The Board of Directors met in Room 1125B, 811 Vermont Avenue, NW, Washington, DC, at 9:30 a.m., Kimberly A. Reed, President and Chairman, presiding.

PRESENT

KIMBERLY A. REED, Chairman
SPENCER BACHUS, III, Director
JUDITH DELZOPPO PRYOR, Director
KAREN DUNN KELLEY, Deputy Secretary of Commerce,
ex officio
JOSEPH BARLOON, General Counsel to the U.S.
Trade Representative, ex officio

STAFF PRESENT

JAMES G. BURROWS, Senior Vice President, Office
of Small Business
SCOTT CONDREN, Senior Vice President, Office of
Policy Analysis and International
Relations
LUKE LINDBERG, Senior Vice President, External
Engagement

ALSO PRESENT

MOLLY FLORES, Department of State

YUKI FUJIYAMA, Department of Commerce

JACK HAWKINS, USAID

MARC HEDMAN, Department of Treasury

JACK HOSKINS, EOP/OMB

LINDLEY JONES, USTR

ERIK LENZ, Board Liaison, Department of Commerce

RACHEL MORRIS, USTR

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

2 9:28 a.m.

3 CHAIRMAN REED: Good morning. I call
4 the meeting to order. A special welcome to Deputy
5 Commerce Secretary, Karen Dunn Kelley, and U.S.
6 Trade Representative General Counsel, Joseph
7 Barloon.

8 Before we get started, I would like to
9 really underscore, we're about to vote on some
10 important things. And I made a special request
11 that the Deputy Secretary of Commerce come and
12 join us today as an ex officio member because of
13 her commitment to something important to our
14 President and this Administration, and that is
15 Prosper Africa.

16 Deputy Secretary Kelley was in
17 Mozambique on June 19. And she really helped
18 launch Prosper Africa. And along with her and
19 with the President and interagency cooperation,
20 Export-Import Bank is going to be working to
21 build capacity in Africa.

22 And I really want to thank you for

1 your time today to help us as we take on this
2 important initiative.

3 I also want to thank Joseph for coming
4 from USTR. I know that Ambassador Lighthizer is
5 on his way back from China, another important
6 country and region that we are focused on. And
7 really appreciate the U.S. Trade Representative's
8 Support of our Export-Import Bank mission as we
9 look to support and create U.S. jobs through U.S.
10 export.

11 So, before we get started, I would
12 like to give each of you the opportunity to say a
13 few words if you wish. Deputy Secretary Kelley?

14 MS. KELLEY: Thank you, and good
15 morning. Chairman Reed and fellow Board Members,
16 it's really a pleasure to join you this morning
17 for this morning's Board Meeting.

18 Excuse me. Can you hear me?
19 Secretary Ross regrets that he was unable to
20 attend this morning's Board Meeting. He is in
21 South America currently on official business, and
22 asked me to represent himself and the Department

1 of Commerce.

2 I also appreciate a chance to meet
3 with you recently and your team, to discuss the
4 importance of the EXIM, the Export-Import Bank,
5 and the export promotion efforts as well as other
6 initiatives and partnerships that we have around
7 the globe.

8 As you indicated, I was in Maputo,
9 Mozambique several weeks ago as the head of the
10 delegation, to really give the keynote speech,
11 which actually was the address that officially
12 announced Prosper Africa.

13 But more importantly, what I want to
14 share with you and your fellow Board Members, is
15 that while I was there in the region, not only
16 from the private sector, but the public sector,
17 from very, very many, many meetings, was the
18 highlight of the importance of the work that you
19 do here at the EXIM Bank.

20 And that they're absolutely delighted
21 for the opportunity to be able to work with you
22 again. So, in closing, I would really like to

1 reiterate Commerce's strong support for the
2 reauthorization of the Export-Import Bank and
3 pledge our efforts to work with you, Congress and
4 others in the Administration to achieve your
5 objectives.

6 CHAIRMAN REED: Thank you so much.
7 General Counsel Barloon?

8 MR. BARLOON: Thank you. Likewise
9 very pleased to be here today and to participate
10 in this very important work.

11 As you mentioned, Ambassador
12 Lighthizer and also Ambassador Gerrish, are, I
13 think, probably in the air right now doing some
14 very important things but they are very
15 supportive of the work here.

16 And as you know, Ambassador Gerrish
17 has been very involved in EXIM for some time. As
18 the General Counsel at USTR, I'm very happy to
19 continue that and to support that.

20 And you know, the work of USTR and
21 EXIM are very linked. And we look forward to
22 continuing to work with you and having a

1 constructive dialogue and cooperation on issues
2 of mutual concern.

3 So thank you.

4 CHAIRMAN REED: Thank you and welcome
5 again. May I have a motion to consider item
6 number one on the agenda?

7 DIRECTOR BACHUS: I make that motion.

8 CHAIRMAN REED: Is there a second?

9 MS. KELLEY: I'll second.

10 CHAIRMAN REED: Thank you. EXIM's
11 commitment to supporting small business is
12 essential to the future of creating jobs in the
13 United States.

14 I've asked our Senior Vice President
15 for Small Business, Jim Burrows to make a
16 presentation to our Board of Directors, something
17 I believe that you have -- that you're doing for
18 the very first time --

19 MR. BURROWS: Yes, ma'am.

20 CHAIRMAN REED: -- in the history of
21 EXIM, to present an update on small business
22 efforts at this meeting and future meetings as

1 well to remind everyone, that facilitating export
2 for American's small business is a top priority
3 for this administration and is the core of what
4 we do here at EXIM.

5 Jim Burrows, please present item
6 number one, and welcome.

7 MR. BURROWS: Good morning. Good
8 morning, Chairman, Director Pryor, Director
9 Bachus, and our ex officio members of the Board
10 and their representatives.

11 My name is Jim Burrows. I'm Vice
12 President of the Office of Small Business. And
13 as the Chairman said, this is my first
14 opportunity to address the Board and I appreciate
15 the opportunity.

16 We have roughly 78 hardworking
17 staffers dedicated to assisting small businesses
18 here at EXIM. For fiscal year '19 through our
19 close on June 2019, we authorized 1504 small
20 business transactions, which represent 1.5
21 billion in authorizations.

22 Since the -- since Chairman Reed was

1 sworn in on May 9 through close of business
2 yesterday, July 30, the Agency has authorized
3 roughly 422 small business transactions for 464
4 million dollars.

5 Thank you for allowing me to give you
6 the opportunity to go through this briefing with
7 you. I'm going to take you through a series of
8 slides.

9 The first is, I wanted to quickly
10 share with you how EXIM defines small business.
11 The EXIM charter directs the agency to follow
12 Section 3A of the Small Business Act.

13 Which in short means, we follow the
14 Small Business Administration's size standard by
15 industry sector. The SBA uses the North American
16 Industry Classification Code System, NAICS, and a
17 good example of that is five hundred employees
18 for manufacturing and mining industries, and
19 seven million in gross, average annual gross
20 receipts.

21 The Office of Small Business has three
22 main operating objectives, ensuring our products

1 meet client needs. The agency is always looking
2 for ways to improve existing products and
3 identifying gaps in the private sector.

4 With that being said, as part of the
5 Bank's commitment to change management, we will
6 be establishing Tiger Teams to review existing
7 products and identify opportunities to assist
8 American small businesses with their exporting
9 initiatives.

10 The agency is continually looking for
11 ways to find new clients. Better data sources,
12 leveraging our multiplier networks. The
13 Department of Commerce has been a strong partner
14 in helping us identifying data sources.

15 We've worked collaboratively together
16 to develop a real-time data exchange through our
17 Salesforce CRM, Customer Relationship Management
18 system.

19 We also look to strive for better
20 transaction experiences for our customers.
21 Better technology, meeting and exceeding our
22 client's expectations.

1 With that being said, the agency is
2 working to deploy the Virtual Data Room, a VDR
3 project, which is an electronic exchange of
4 documents which will help our delegated authority
5 lenders in our working capital guarantee program,
6 expedite exchange of documents and speed up print
7 transaction processing times.

8 The next slide actually just gives you
9 a quick overview of the organizational,
10 organization of the small business team. Those
11 break into basically six operating divisions.

12 The first is the -- the first is an
13 overview of the division, which starts with the
14 Export Credit Insurance Group. They underwrite
15 all our short-term insurance programs here at the
16 Bank.

17 The second is our Business Credit
18 Group. They administer the Working Capital
19 Guarantee Program through our delegated authority
20 lenders.

21 The third is our Minority and Women
22 Owned Business Group. We call it MWOB. That

1 group is run by Tamara Maxwell.

2 They -- we educate and inform small
3 businesses all around the country as it relates
4 to minority and women owned businesses in
5 exporting, and also veterans.

6 Tammy also runs our Client Care Unit.
7 This was a unit that was set up recently to
8 ensure companies fully utilize our policies. And
9 make sure that they're brokered with insurance,
10 brokered to make sure they have the best
11 servicing.

12 The next area is our Field Operations,
13 our field offices. That's run by Sean Luke.
14 They assist small businesses throughout the
15 country on how trade finance products can help
16 them through exporting.

17 And then lastly, our Operations Group,
18 which is our internal support group. That's run
19 by Tomeka Wray.

20 She manages all, and her team manage
21 all the administrative functions for the Bank.
22 Whether it's the call center where clients' call

1 into. Or training, which is the training around
2 the country, and also the training we do here at
3 headquarters. And also the logistics within the
4 group.

5 The next slide is just quickly small
6 business products really break into two
7 categories. Pre-exporting financing with our
8 Working Capital Program, and post-exporting
9 finances through our insurance, our export credit
10 insurance and our guarantee program.

11 This next slide is a busy slide. But
12 it orchestrates and it tells a few things. As
13 the lender of last resort, EXIM authorizations
14 tend to run counter-cyclical to the U.S. economy.

15 This chart covers fiscal year 2012 to
16 '18. Starting with a time when the United States
17 was coming out of a recessionary period.

18 The economy has continued to improve
19 since then. And as such, the economy with the --
20 as the economy improves, financing is more
21 readily available in the markets. And demand for
22 EXIM programs continues to decline.

1 The availability of the private sector
2 parties is also shown in how the average size of
3 EXIM small business transactions have declined.

4 In 2012, fiscal year 2012, when
5 financial markets were tight, the average
6 transaction size for small business was about
7 1.85 million compared to one million last year.
8 This holds true across all product types.

9 The next chart is an interesting
10 chart. It shows the -- however the decline in
11 yearly authorizations that we saw in the first
12 chart, and how this runs counter-cyclical to the
13 national economy.

14 This doesn't tell the whole story. We
15 believe that the lack of a Board quorum tied to
16 the loss of our authority that occurred in 2015
17 had a chilling effect on EXIM's portfolio.

18 The slide demonstrates some of the
19 effects. If you look at the green and the red
20 bar, as you can see, prior to losing our
21 authority and our Board, we were averaging about
22 274 small business transactions a month.

1 Afterwards, the red chart, shows that
2 we dropped to a steady 211. So that's over a 20
3 percent decline.

4 With some of these attributable to the
5 available financing by other means, we have heard
6 that both objectively and subjectively that the
7 anxiety around the agency's existence has led to
8 the customers and partners holding back with
9 EXIM.

10 So I want to close with what we are
11 doing to improve our outreach. These fall into a
12 number of categories.

13 The first is, we're going to do more
14 outreach to rural and urban America. We're going
15 to increase our participation in trade events
16 across the country.

17 For fiscal year '19 we're on track to
18 doing about 600 events. We should be doing more.
19 And we will do more.

20 We'll be building partners with state
21 and local governments. We'll be expanding our
22 footprint with the -- with -- throughout the

1 United States to try to reach American small
2 businesses through our focus on our multiplier
3 networks, particularly the Regional Export
4 Promotion Program and our alliance partners.

5 We'll be doing a better job of
6 interagency cooperation and teamwork through
7 events and data sharing. We had mentioned the
8 Department of Commerce, and we thank you for
9 that. But also working with the SBA, the U.S.
10 Department of Agriculture, et cetera.

11 We'll also be leveraging data
12 engagement, better data engagement through our
13 website, our redesigned website. Making it more
14 accessible to small businesses, and more easy to
15 navigate. We'll also be doing more on social
16 media, blogs and search engine optimizations.

17 We'll also be looking at the client
18 experience through improvements and upgrading the
19 technology. We'll be expanding, like I mentioned
20 earlier, our virtual data room, our VDR for
21 working capital clients.

22 And we'll also be looking into our

1 existing EXIM online systems that we use for
2 insurance in other parts of the Bank to see where
3 there are better opportunities to improve there.

4 And then lastly, we'll be improving
5 our relationships with our lenders, our brokers
6 and our multiplier networks. And then lastly, I
7 wanted to end with what will our field offices
8 look like?

9 We have 12 field offices throughout
10 the United States actively meeting with our
11 multiplier networks on a daily basis. But also
12 working with our -- with businesses throughout
13 the United States to make sure that we're there
14 as a resource tool in the toolkit -- toolkit,
15 box. That we're there to help them.

16 And then also at the end, we also use
17 our website as an integral tool. Our comms
18 department at EXIM is constantly looking for ways
19 to improve that.

20 And then if you want to go in and
21 visit our website, you can also consult and get a
22 consultation request online through our website.

1 CHAIRMAN REED: Thank you so very
2 much. So, we had asked our visiting external
3 agencies if they had any questions on this part
4 of our Board meeting.

5 And we received back no comments from
6 other agencies, but I do have some comments. We
7 care about small businesses.

8 Board Member Bachus is doing great
9 work on our outreach across the country. You
10 attended the June 29 Senate Banking hearing on
11 our Export-Import Bank reauthorization.

12 And thank you for being there with me.
13 Time was limited at that hearing. Senator Tester
14 of Montana and I had a brief dialogue, given our
15 five-minute limitation, on small business in
16 part.

17 Because this is now a meeting where we
18 can talk a little bit more in-depth, what would
19 you like to add to the dialogue that I started
20 with him there? Anything that you'd like to add?

21 MR. BURROWS: I think the most
22 important thing is that we need to be accessible

1 to the American small business public. That we
2 have the products and services.

3 And we're going to meet them where
4 they do business. Whether it is on the phone or
5 in person or at events around the country, that
6 EXIM is skating, able, willing and ready to
7 assist exporters where they need our assistance.

8 CHAIRMAN REED: We are so committed to
9 transparency as part of my chairmanship here.
10 And so I would like to ask that our wonderful
11 communications team please post Mr. Burrow's
12 remarks that he has presented today, under the
13 speech section of our website, along with the
14 slides and to hyperlink those comments and slides
15 in our press release that we will send out
16 following this meeting. We really appreciate
17 this. And we're going to also transmit this to
18 the Hill. So, thank you so very much.

19 Now I would like to ask my fellow
20 Board members if they have any comments?
21 Director Bachus?

22 DIRECTOR BACHUS: I have tried, well,

1 I shouldn't start anything with I, should I?

2 (Laughter.)

3 DIRECTOR BACHUS: Traveling around the
4 United States, I met with many of our small
5 businesses. And Ms. Hazelton is posting many of
6 the good stories out there of companies.

7 As a result of EXIM's work, I visited
8 one company in south Florida, which said they
9 would not be in business if EXIM had not turned
10 down their request for a guarantee for insurance.

11 As a result, they avoided a severe
12 financial loss. That doesn't show up in the
13 amount of guarantees, the amount of exports we
14 support. But it saved the jobs of 75 employees.

15 You recall the Chilean mine disaster
16 that captivated our minds for years. The company
17 that we supported and really, from their
18 inception, developed a drill bit.

19 And they went to Chile and drilled the
20 shaft that the miners escaped from. And they
21 credit EXIM with much of their success.

22 If you go in a kiosk at McDonald's,

1 here and overseas, you see a -- you see the --
2 and if you go into McDonald's you see that kiosk.
3 And I'm pretty big on punching deals.

4 You can actually get two double
5 cheeseburgers for three dollars.

6 (Laughter.)

7 DIRECTOR BACHUS: But, that is a
8 Washington, D.C. manufacturer. Now did -- I had
9 not realized that D.C. But they're probably one
10 of the larger, fastest-growing manufacturers here
11 in the city.

12 They credit EXIM with being able to go
13 into foreign markets. So, I don't know about
14 Mozambique, but you may, if you go in a kiosk, if
15 you go in a McDonald's in Mozambique and there is
16 a kiosk, it comes from Washington, D.C.

17 (Laughter.)

18 MS. KELLEY: I'll make sure I do that
19 next time I go.

20 (Laughter.)

21 MS. KELLEY: I will report back to the
22 Committee if the Chair will allow.

1 (Laughter.)

2 DIRECTOR BACHUS: But, it's just
3 amazing stories. And let me say this, Jim, the
4 agency, there's been talk on the Hill sometimes
5 about the agency and some criticism.

6 But your combination of energy and
7 enthusiasm, intellect, knowledge, it is
8 wonderful. And when I visit, you know, in these
9 states, they always compliment our
10 representatives in those districts.

11 They all say how important Jennifer is
12 or how important Karen is or how important these
13 people are to them.

14 And I'll close with this. There's a
15 rural county in North Carolina, near Henderson,
16 that has not attracted a manufacturer in 20-
17 something years.

18 Right now, a company that we -- and
19 they credit us, they do pet supplies. And they
20 export to 40-something countries.

21 They also, a tractor trailer truck
22 almost every day pulls up and delivers stuff

1 either to Amazon, Walmart or Target. They're the
2 most expensive pet products in most stores.

3 But they credit EXIM with about half
4 of their business. And they've come from a
5 garage 15 years ago to they're going to open in
6 this rural county a facility that will support
7 200 jobs.

8 And that county is one of the few
9 counties in North Carolina that's below the
10 poverty level.

11 So, we're, you know, and as I tour
12 these plants, and I see the people in the plants,
13 we talk about inclusion and diversity, let me
14 tell you, there's a lot of working moms, single
15 working moms that are working in those small
16 businesses.

17 And they are thankful for their jobs.
18 And their employers are thankful for EXIM. And I
19 just wish we could take members of Congress and
20 Senators on some of the visits I've made.

21 It's a -- it's really an inspiring
22 thing to get out and do something. Thank you.

1 MR. BURROWS: Thank you.

2 CHAIRMAN REED: Thank you very much
3 Director Bachus. Before we turn to Director
4 Pryor, I have a question for counsel.

5 This is an open session. Could we
6 please have a camera in here to take a photograph
7 to memorialize this meeting? Is that
8 permissible?

9 MR. BARLOON: Yes, certainly.

10 CHAIRMAN REED: So, Jennifer. Thank
11 you so much. Okay.

12 DIRECTOR BACHUS: I failed to say one
13 thing. And I would like to add this.

14 As I visited Florida and Texas, both
15 places, our offices are also located with people
16 from the Department of Commerce. They're usually
17 side by side. And SBA too.

18 And they come in and say, we're so
19 thankful that EXIM's here. And EXIM says, you
20 know, we really couldn't do without the
21 Department of Commerce and the SBA.

22 So, there is a really -- there is a

1 good working relationship. And we'll see later
2 on our, some of those, as you mentioned
3 Mozambique, there are important projects there
4 that Commerce and we are working on. And also,
5 one of the things we'll consider today.

6 MS. KELLEY: Well, Commerce certainly
7 enjoys and is very grateful for the relationship.
8 As you indicated in the data sharing and in some
9 of these places where we coexist, it just makes
10 the work even easier, because we're right there
11 together.

12 So, it's been a wonderful
13 relationship. And we're very glad to be back in
14 business.

15 CHAIRMAN REED: Thank you. Director
16 Pryor, you have it.

17 DIRECTOR PRYOR: I would just say that
18 I think EXIM is really glad to be back in
19 business too. And it's great to have Commerce's
20 help. I've heard the same thing in the field.

21 So, thank you, Jim, for your report.
22 As you know, I've traveled to Tampa with some of

1 your folks, and it was quite an experience.

2 From training a new community bank, to
3 meeting with brokers and some small businesses,
4 it was very encouraging to me. Not only do you
5 have dedicated people on your team here in
6 Washington, but certainly the field staff.

7 And then in our meeting, when Director
8 Bachus and I met with your team that were up in
9 the regions. It's clear that they're supporting
10 the mission.

11 And I just want to add that I'm very
12 grateful to Chairman Reed, who of course, is
13 laser-focused on small business. We know its
14 importance and significance.

15 It's, you know, the driver of economic
16 growth in our country and around the world. And
17 helping them take advantage of international
18 markets is what we're in the business to do.

19 So, thank you for your report. And I
20 look forward to working with you and your team on
21 initiatives moving forward.

22 MR. BURROWS: Thank you.

1 CHAIRMAN REED: Do our ex officio
2 representatives have anything else they would
3 like to add on small business report entry?

4 MR. BARLOON: Thank you very much for
5 that report. It is very instructive, very
6 helpful.

7 And, you know, the work that you're
8 doing really spreads out in so many different
9 ways. It appears that it has sort of a
10 leveraging effect.

11 So, that's great. And nothing
12 further. But thank you for the report.

13 MR. BURROWS: Thanks for your comments.

14 CHAIRMAN REED: Ms. Kelley?

15 MS. KELLEY: Again, as I said, thank
16 you for your report. Thank you for the
17 relationship.

18 The work together from ITA, from MBBA,
19 we appreciate it greatly.

20 MR. BURROWS: Thank you.

21 CHAIRMAN REED: And I would just like
22 to conclude by thanking your team for really

1 stepping up. We have a lot of great initiatives
2 planned in the weeks to come.

3 And I was delighted to have my very
4 first official event here at EXIM, a round table
5 of small businesses from Pennsylvania, Maryland,
6 and West Virginia.

7 MR. BURROWS: Yes.

8 CHAIRMAN REED: And heard loud and
9 clear the role that we play in the world of small
10 business.

11 And I also was very happy to be able
12 to create a video with the U.S. Chamber of
13 Commerce that is being shared with their three
14 million members globally. And a lot of those
15 members are small business.

16 Because we really need to get the word
17 out that we're going to do all we can to help
18 support small business in our country through
19 exports.

20 So, thank you again.

21 MR. BURROWS: Thank you, Chairman.

22 And I'm excited to have my small business on the

1 Board agenda for consideration later. It's set
2 this morning.

3 CHAIRMAN REED: Absolutely. Thank you
4 so much.

5 MR. BURROWS: Thank you.

6 CHAIRMAN REED: As this presentation
7 is for information only, no vote is required.
8 May I have a motion to consider item number two
9 on the agenda?

10 DIRECTOR BACHUS: A motion to consider
11 item number two, the proposed economic impact
12 procedures. And I'll make that motion, the
13 undersupply list.

14 CHAIRMAN REED: Is there a second?

15 DIRECTOR PRYOR: I second the motion.

16 CHAIRMAN REED: Thank you. Scott
17 Condren of EXIM's Office of Policy Analysis and
18 International Relations, please present item
19 number two.

20 MR. CONDREN: Chairman Reed, Director
21 Pryor and Director Bachus, ex officio Board
22 Members, thank you for your time. I'm Scott

1 Condren, a Senior Analyst in the Office of Policy
2 Analysis and International Relations.

3 And I am presenting staff's
4 recommendation to remove the undersupply list
5 from the economic impact procedures. I will give
6 a brief summary of the memorandum, and then I'll
7 be happy to go into any further details you may
8 ask for.

9 The undersupply list was developed to
10 allow the Bank to screen out early in the process
11 certain transactions wherever its economic impact
12 was clearly not a concern.

13 This was applied to transactions that
14 resulted in the production of commodities that
15 the United States was in very short supply of.
16 Due to the United State's heavy import and lack
17 of such commodities, it could be assumed that any
18 foreign production of these commodities would be
19 of net benefit to the United States economy.

20 The list in 2002 consisted of oil and
21 gas, and well as diamonds. It has remained
22 unchanged since then.

1 While reviewing the status of the list
2 in 2016, it was discovered that the referenced
3 list was inadvertently deleted from the 2013
4 economic impact procedures.

5 While staff had continued to operate
6 as this listed existed since 2013, the status is
7 currently unclear. Clarifying the status of the
8 list is necessary to effectively process cases
9 going forward.

10 Given the wealth and the changes in
11 the domestic oil and gas industry, such as the
12 net export of natural gas and refined petroleum
13 products, and becoming a drilling exporter of
14 crude oil every day, it is no longer appropriate
15 for oil and gas to remain on the list.

16 If oil and gas were removed, that
17 would mean the list contained only diamonds. The
18 Bank has not done a transaction that resulted in
19 the production of diamonds since the list was
20 established.

21 Therefore, the staff believes for
22 simplicity it would be best to just remove the

1 list entirely from the undersupply -- from the
2 economic impact procedures.

3 If the Board were to choose to keep
4 the list, staff would recommend removing oil and
5 gas from the list.

6 Thank you. I'm happy to answer any
7 questions or go into any more detail you may
8 require.

9 CHAIRMAN REED: Thank you very much.
10 We have no comments from other agencies. Do my
11 fellow Board Members have any comments? Director
12 Bachus?

13 DIRECTOR BACHUS: I have no comment.

14 CHAIRMAN REED: Director Pryor?

15 DIRECTOR PRYOR: No. Thank you for
16 your report.

17 CHAIRMAN REED: And in addition to --
18 before we call the item for vote, I would say
19 that in addition to doing this measure to
20 increase simplicity, which is very important as
21 we have government programs in place.

22 But we also want to protect the

1 American taxpayer. And so I have asked that this
2 be presented as part of our reform initiative.

3 And it's a step toward reviewing our
4 economic impact analysis and increasing
5 transparency. So, thank you very much.

6 I now call this item for a vote.
7 Director Bachus?

8 DIRECTOR BACHUS: I vote aye.

9 CHAIRMAN REED: Director Pryor?

10 DIRECTOR PRYOR: I vote aye.

11 CHAIRMAN REED: I vote aye. Number --
12 item number two is approved. Thank you.

13 May I have a motion to consider item
14 number three on the agenda?

15 DIRECTOR BACHUS: A motion to consider
16 item number three, the appointment of EXIM's
17 Banking Advisory Committee of 2019.

18 CHAIRMAN REED: Is there a second?

19 DIRECTOR PRYOR: I second the motion.

20 CHAIRMAN REED: Thank you. Luke
21 Lindberg, EXIM Senior Vice President for External
22 Engagement, please present item number three.

1 MR. LINDBERG: Chairman Reed,
2 Directors Pryor and Bachus, ex officio members of
3 the Board. Thank you for having me today.

4 As Chairman Reed articulated, my name
5 is Luke Lindberg, Senior Vice President for
6 External Engagement here at the Bank. It's an
7 honor for me to present Chairman Reed's
8 recommendations for the Advisory Committee, and
9 subsequently the Sub-Saharan Advisory Committee
10 to you today.

11 By way of background, the Bank has two
12 congressionally chartered committees that advise
13 you, the Board on how to -- how the Bank can
14 improve loan guarantee insurance programs and
15 better support for American exporters.

16 On June 21, of this year, Chairman
17 Reed announced in the Federal Register and on a
18 variety of other platforms, a nomination process
19 by which individuals and organizations could
20 nominate perspective members to the Board, or to
21 this Committee, excuse me.

22 We were overwhelmed by the positive

1 response we received from the community. Over 90
2 applications were received for the two
3 committees.

4 And the quality of the candidates in
5 our opinion was exceptionally high. Chairman
6 Reed and her staff have narrowed down the list to
7 the recommended group you'll see before you today
8 in your handouts.

9 I'd like to start with the Advisory
10 Committee, it's agenda item number three. The
11 Committee consists of 17 members and is required
12 to have representation in the following
13 categories: agriculture, commerce, environment,
14 finance, labor, production, services, state
15 government and textiles.

16 At least three members of this
17 Committee must also represent the small business
18 community.

19 In addition to its role of advising
20 you, the Board, the Advisory Committee also
21 prepares comments on the extent to which the Bank
22 is meeting its mission of supporting U.S. jobs by

1 financing the export of American goods and
2 services. Those comments are included in EXIM's
3 annual report to Congress on global export credit
4 competition.

5 I'll now read the names, titles,
6 locations and represented industry of Chairman
7 Reed's proposed Committee Members.

8 The Chair selected for this Committee
9 is the Honorable Steven Pearce, Manager of LFT
10 Limited, former member of the U.S. House of
11 Representatives and New Mexico House of
12 Representatives from Hobbs, New Mexico. Chairman
13 Pearce will be representing state government.

14 The members of the Committee include
15 Commissioner Gary Black from the Georgia
16 Department of Agriculture in Atlanta, Georgia,
17 representing the agricultural industry.

18 Maria Cino, Vice President Americas
19 and U.S. Corporate Affairs for Hewlett Packard
20 Enterprise, Washington, D.C., representing
21 production.

22 Robert Dinerstein, Chairman, Veracity

1 Worldwide, New York, New York, representing
2 finance.

3 Rodney Ferguson, President and CEO of
4 Winrock International, from Arlington, Virginia,
5 representing the environmental groups.

6 Lawrence Goodman, President and
7 Founder of the Center for Financial Stability,
8 New York, New York, representing finance.

9 Owen Hernstadt, Chief of Staff to the
10 International President and Director of Trade
11 Globalization, International Association of
12 Machinists and Aerospace Workers, Upper Marlboro,
13 Maryland, representing labor.

14 Kathie Leonard, President and CEO of
15 Auburn Manufacturing Incorporated, Mechanic
16 Falls, Maine, representing the textile industry.

17 Brad Markell, Executive Director, AFL-
18 CIO Industrial Union Council, Washington, D.C.,
19 representing labor.

20 Richard Powell, Executive Director
21 ClearPath, Washington, D.C., representing
22 environment.

1 Thomas Raguso, Group Executive Vice
2 President, Director of Global Banking, Zions
3 Bancorporation, Houston, Texas representing
4 finance.

5 Richard Rogovin, Chairman and General
6 Counsel, U.S. Bridge, Cambridge, Ohio,
7 representing production.

8 Alejandro Sanchez, President and CEO
9 of the Florida Bankers Association, Tallahassee,
10 Florida, representing finance.

11 Christopher Smith, Executive Director,
12 Parity for Main Street Employers, Washington,
13 D.C., representing commerce.

14 Harvey Tettlebaum, Partner, Husch
15 Blackwell, LLP, Jefferson City, Missouri,
16 representing services.

17 Deborah Wince-Smith, President and
18 CEO, Council on Competitiveness, Washington,
19 D.C., representing commerce.

20 And Joanne Young, Managing Partner,
21 Kirstein and Young, PLLC, Washington, D.C.,
22 representing the services industry.

1 Additionally noted is Christopher
2 Smith, the Honorable Steven Pearce and Richard
3 Rogovin as well as Kathie Leonard all represent
4 the small business community on this Advisory
5 Committee.

6 CHAIRMAN REED: Thank you very much,
7 Mr. Lindberg. If there are no comments from
8 other agencies, I would like to say we were
9 delighted to publicize and be oversubscribed
10 immensely for the limited 17 positions on this
11 Advisory Committee.

12 I think the Advisory Committee is very
13 important. And I also heard from our senators
14 and congressmen and women, their desires to have
15 individuals on this committee.

16 And I really appreciated our
17 congressional input. Again, Congress established
18 this committee.

19 And the purpose of the committee is to
20 make recommendations to our organization, but
21 also report to Congress. The prescribed
22 categories are in statute and in our charter.

1 And Mr. Lindberg stated what those were.

2 But, as I made careful decisions in
3 the selection, given the immediate needs of EXIM,
4 after being essentially nonfunctional except for
5 deals under 10 million, and as we look at
6 reauthorization and reforms, I wanted to fulfill
7 those categories.

8 But also with the selection of these
9 individuals, have them bring expertise in
10 additional areas.

11 And so these individuals, although
12 their names and titles may not demonstrate it to
13 the public yet, their full experience and
14 biography will show that they are experts in
15 ethics, financial stability and security, best
16 practices, good governance, and one particular
17 individual, Joanne Young, I have asked her, with
18 her expertise on the subject of woman and
19 minority owned businesses and outreach, to be
20 focused on that as well, and work with Director
21 Pryor on that.

22 Our Chair, former Representative

1 Steven Pearce, sat on Director Bachus' House
2 Financial Services Committee. But he also served
3 in the New Mexico State Legislature.

4 And he, in addition to his leadership,
5 that he will bring from an outside perspective
6 now as an Advisory Board Chair, has experience
7 immensely with veterans and native American
8 issues. And so I think that that is also
9 important.

10 So, we have also stated that we have
11 representation from small business as is required
12 under our charter. But, one of our Board Members
13 who is representing Zions Bank, also is very
14 focused on providing small business services
15 financially to clients. And will bring that
16 perspective for us as well.

17 So, that's just additional comments
18 that I want to state before I turn to Director
19 Bachus for comments on our 2019 Advisory Board
20 slate.

21 DIRECTOR BACHUS: Thank you, Chairman.
22 This -- I want to stress that this is the 19 --

1 2019 committee. And we're already looking
2 forward to 2020.

3 And I think in conversations between
4 Director Pryor and Chairman Reed and myself, we
5 want to continue to reach out. The House
6 Financial Services Committee actually, one of the
7 subcommittees they've recently formed is the
8 Diversity and Inclusion Subcommittee.

9 And as we move forward, we'll be --
10 and Chairman Reed, who I think Director Pryor was
11 working towards outreach in that regard.

12 But I'll defer to Director Pryor. But
13 I want to compliment you. This is something we
14 wanted to -- the Chairman identified something
15 that was essential and we needed it there and
16 functioning.

17 It was an asset to the agency. And we
18 needed to get it up and running. And the people
19 like you said, she has selected, are all very
20 well qualified on that.

21 And I have limited knowledge, but I
22 know that she's been -- the only thing I've urged

1 her to do is not have a nervous breakdown,
2 because she works, you know, 24/7.

3 And eventually this was something that
4 had to be done and had to be done with a very
5 close timeline.

6 CHAIRMAN REED: Thank you.

7 Director Pryor?

8 DIRECTOR PRYOR: Thank you. Companies
9 are under increasing pressure to hire more women
10 on their governing boards. Yet women held just
11 20 percent of corporate board seats in the U.S.
12 according to a 2015 survey of the S&P 500.

13 So why isn't this number increasing?
14 In a recent paper authored by four graduate
15 program business professors from Stanford,
16 Georgetown, GW and the University of Edinburgh,
17 they identified, and I quote, there's a tendency
18 for people making decisions to continue to do
19 what they did before.

20 This group analyzed archival board
21 data from three thousand American publically
22 traded companies over a ten-year period. Their

1 analysis revealed that a woman is more likely to
2 be appointed to another woman's seat while a man
3 is more likely to be appointed to another man's
4 seat.

5 Hence, no increase in the board seats
6 for women. However this also -- this research
7 also unveiled one promising and fairly easy
8 solution.

9 Simply increasing the number of women
10 candidates improved the chances that a woman
11 would be selected to a board seat regardless of
12 who is being replaced.

13 So while this study is about gender
14 parity, I think there are broader takeaways here.
15 There were over 90 applicants for both Advisory
16 Committees.

17 On the main Advisory Committee, there
18 are virtually no minorities represented, and only
19 four of 17 are women. For the Sub-Saharan Africa
20 Committee, there are only two women, both
21 minority, and one or maybe two additional people
22 that will provide some diversity to the

1 Committee, including one from the diaspora.

2 Together, that's about 21 percent,
3 which is very similar to this study. I am voting
4 in favor of both committee slates today. These
5 are good, solid people who will advise us well.

6 A reading about women in the boardroom
7 reminds me that simply being aware that disparity
8 exists is not enough. And surely we can do
9 better.

10 I'd like to see us make a conscious
11 effort to increase this number of women and
12 minorities in the years to come as we select
13 people for these committees. That concludes my
14 remarks.

15 CHAIRMAN REED: Thank you very much,
16 Director Pryor. And I would underscore your
17 comments and our commitment to diversity.

18 And I would say, as the first woman
19 Chair of the Export-Import Bank of the United
20 States, the first woman when you walk down the
21 hall and look at men, who are very outstanding, I
22 will tell you that our President is committed to

1 diversity.

2 And I am committed to diversity. And
3 so we look forward to, if voted on favorably,
4 making that a priority for this Advisory
5 Committee, in addition to the other mandates
6 Congress has set out in our charter that we are
7 discussing today.

8 So, absolutely you have my commitment
9 on that.

10 DIRECTOR PRYOR: Thank you.

11 CHAIRMAN REED: And also as one of the
12 one hundred women leaders in STEM, I also would
13 like to see us bring more STEM leaders to our
14 Board in future years.

15 And I'm going to ask our Deputy
16 Secretary of Commerce, and our USTR
17 representative, if you have any comments on what
18 we have discussed today. It is very important.

19 MR. BARLOON: No comments. It sounds
20 like a very talented slate of candidates. And I
21 think they will serve the EXIM very well. Thank
22 you.

1 MS. KELLEY: I would make three
2 comments. Number one, to the slate, it sounds
3 like a very, very talented slate. And one,
4 again, that will help the EXIM Bank. So, I
5 absolutely concur with that.

6 The second comment I would make is
7 that, on your conversation of diversity and
8 inclusion, I think that the President has been
9 very clear that he expects us to all, all of our
10 agency bureaus, banks, to act in that way, to
11 have diversity inclusion around the table.

12 And we know that the more diversity
13 you have around the table, the better thinking
14 you get and the better outcomes you get. And
15 that is on behalf of the American people.

16 And then thirdly, that it is probably
17 not a surprise to anybody, but it is a topic that
18 is very near and dear to my heart. And I have
19 worked on affinity groups for women and diversity
20 issues on a global basis.

21 So, I commend you for that effort.
22 And if I can be of any support, I would be

1 delighted to do so.

2 CHAIRMAN REED: Okay. Thank you very
3 much. With that, may I have a motion to consider
4 -- I'm sorry. I now call this item for a vote.
5 Director Bachus?

6 DIRECTOR BACHUS: Chairman, working
7 with two women on this Board, I've found it to be
8 a very positive experience.

9 (Laughter.)

10 DIRECTOR BACHUS: So I vote aye.

11 (Laughter)

12 CHAIRMAN REED: Thank you. Director
13 Pryor?

14 DIRECTOR PRYOR: I second Spencer's
15 motion to consider this, Sorry. Yeah. It's a
16 motion, right? We're not --

17 CHAIRMAN REED: No.

18 DIRECTOR PRYOR: We're not voting are
19 we? I'm sorry. Then I vote yes then.

20 (Laughter.)

21 CHAIRMAN REED: And before I vote,
22 would like to say, Director Bachus, we're

1 delighted to be working with you.

2 (Laughter.)

3 CHAIRMAN REED: So, I vote aye as
4 well. Item number three, members are appointed.
5 And congratulations to each of these members.
6 And we will also share Director Bachus' and
7 Pryor's comments with them as we prepare for our
8 first Board Meeting.

9 It is, even though we have just been
10 confirmed and on the job for less than three
11 months, I want to commend the staff, particularly
12 the External Affairs function at the Bank for
13 allowing us to do outreach, get in these
14 applications, review them in a very prompt and
15 thorough fashion, so that we can host at least
16 one Advisory Board meeting before our charter
17 expires on September 30.

18 And this maybe a unique and different
19 type of board meeting then we had in the past
20 because we are bringing creative and important
21 strategic thinking to the goals that we should be
22 accomplishing between now and when our charter

1 expires.

2 We will do all we can both internally
3 and to our Advisory Board to ensure that we are
4 fulfilling our charter and communicating this to
5 the Congress.

6 So, I want to again thank everyone for
7 this and for acting so promptly to this
8 initiative that is so important to me and to all
9 of us here at EXIM.

10 May I now have a motion to consider --
11 sorry. Page three.

12 DIRECTOR BACHUS: I make a motion to
13 consider item four, the appointment of EXIM
14 Banks' Sub-Saharan Advisory Committee for 2019.

15 CHAIRMAN REED: Is there a second?

16 DIRECTOR PRYOR: I second the motion.

17 CHAIRMAN REED: Thank you. Luke
18 Lindberg, Senior Vice President for External
19 Engagement, please present item number four.

20 MR. LINDBERG: Thank you, Chairman
21 Reed. The second of our two congressionally
22 chartered committees is the Sub-Saharan Africa

1 Committee.

2 This is obviously of extreme
3 importance to the Bank and the work we're doing.
4 I'd particularly like to thank Director Pryor for
5 her leadership in this area.

6 The Committee consists of 11 committee
7 members, and their required representation comes
8 from the following categories. Banking, commerce,
9 trade, finance, and at least one member of the
10 committee must represent the small business
11 community.

12 The committee provides recommendations
13 to the Board of Directors on how EXIM can
14 increase financing support for U.S. exports to
15 Sub-Saharan Africa. And I'll now read the names,
16 titles, locations and representative industry of
17 Chairman Reed's proposed slate of committee
18 members.

19 The Chair of the Committee, Daniel
20 Runde, Senior Vice President, William A. Schreyer
21 Chair in Global Analysis and Director Project on
22 Prosperity and Development, Center for Strategic

1 and International Studies in Washington, D.C.

2 Members, Gary Blumenthal, President
3 World Perspectives, Inc., Arlington, Virginia.

4 Douglas Goehring, Commissioner of
5 Agriculture, North Dakota Department of
6 Agriculture, Bismark, North Dakota.

7 Matthew Kavanagh, Federal Global
8 Department Manager POWER Engineers in Hailey,
9 Idaho.

10 Kasum Kavia, Co-Founder and President,
11 Combustion Associates, Inc. in Corona,
12 California.

13 Florizelle Liser, President and CEO,
14 Corporate Counsel on Africa, Washington, D.C.

15 James O'Brien, Principal, Baker &
16 McKenzie, LLP, Chicago, Illinois.

17 Ejike Okpa, Principal, The Okpa
18 Company, Dallas, Texas.

19 Matthew Stewart, Consulting Partner,
20 Insurance Broker, Securitas Global Risk
21 Solutions, LLC, Wayne, Pennsylvania.

22 Paul Sullivan, Senior Vice President

1 International, Acrow Corporation of America,
2 Parsippany, New Jersey.

3 John Works, Director, Power and
4 Removal, Energy International Development
5 Services, in Arlington, Virginia.

6 CHAIRMAN REED: Thank you. I would like
7 to say a big thanks to our EXIM staff, who focus
8 on Sub-Saharan Africa, who assisted with the
9 review of the applications to ensure that we have
10 the best people on our Advisory Board to help us
11 focus on our mission in Sub-Saharan Africa.

12 And what I might mean by best is,
13 diversity. But also knowledge in business success
14 to help us guide our mission into the future.

15 I was honored to be asked by the
16 President of the United States to lead this
17 presidential delegation to the swearing in of the
18 President of South Africa at the end of May.

19 And it was an honor to meet heads of
20 state in government from the majority of the
21 countries in Africa at that event and talk about
22 EXIM's mission and all we do, and how we want to

1 be helpful through our Prosper Africa initiative
2 to make a difference in Sub-Saharan Africa.

3 I also was delighted to have
4 substantive conversation without our U.S. Embassy
5 staff in Pretoria and with leading businesses and
6 service providers in Sub-Saharan Africa, along
7 with colleagues of the administration from the
8 National Economic Council, the National Security
9 Council and USAID.

10 I learned a lot. And I will bring that
11 knowledge and those relationships back to the
12 Bank, and encourage all of us to do all we can.

13 I also had a meeting last week with
14 Chairwoman Waters, Chair of the House Financial
15 Services Committee, where we underscored our
16 commitment to Sub-Saharan African together.

17 And Congress has a provision in our
18 charter for this Advisory Committee to report
19 back to them on what we are doing to increase
20 exports.

21 And so with that, I would like to ask
22 my fellow Board Members if they have comments.

1 Director Bachus?

2 DIRECTOR BACHUS: Yes. Roger Thurow
3 published a book two years ago. He used to be
4 with the Wall Street Journal.

5 And he left that job and really has
6 traveled throughout Africa and not only Africa,
7 but Latin America and other countries,
8 impoverished countries. And his -- the title of
9 the book is the First One Thousand Days.

10 And what he says in there, well-
11 documented science and medical knowledge, is that
12 after a thousand days, if children do not
13 receive, and that includes a pregnancy, if they
14 do not receive sufficient nutrition, they are
15 stunted for life.

16 That term stunted is something that
17 EXIM is addressing. We -- we're going to
18 consider a program today for Cameroon.

19 And it will include -- it will
20 actually include the living standards for people
21 there. It's a very good story. I wish that we
22 could do it in public.

1 But, there will be little children in
2 Africa which as a result, will by the time
3 they're two years old, your brain is fully
4 developed. And a lot of those children, there
5 are deficiencies in the brain that will last a
6 lifetime. How sad.

7 We interviewed one father in Africa,
8 and we asked him what he thought about that? And
9 the father said, I'm so ashamed that I have not
10 been able to give my child food. I'm so ashamed.

11 Well, we can help, we can help address
12 that. The USAID has started an initiative, and
13 the Senate and the House have both introduced a
14 resolution to address this.

15 And it's just a very small amount of
16 money. But, what we are -- the end goal of our
17 agency ought to be, is to make those countries
18 self-sufficient.

19 So, we need, you know, short term, we
20 need programs like the House and Senate are
21 proposing. But long term the work of EXIM, we
22 have a project in Mozambique that we're going to

1 be considering where you visited.

2 Da Gama first visited there and then
3 it was later discovered spices, and brought them
4 back to Europe. But he was first welcomed to
5 Africa in Mozambique.

6 But the projects there are going to --
7 two things, one is that undersupply list. Well,
8 those projects in Mozambique, some people may say
9 here it competes with American companies.

10 The truth is, those projects are
11 available with or without U.S. participation. I
12 mean, that's a given.

13 And we want the United States to
14 participate in the supply line and in those jobs.
15 But in Mozambique, that will double the standard
16 of living in Mozambique. It will double the
17 standard of living.

18 And I'm just very happy and thrilled
19 to be able to participate in something that
20 allows a child an even chance of having a healthy
21 body. I thank you.

22 CHAIRMAN REED: Thank you. Director

1 Pryor?

2 DIRECTOR PRYOR: I would just say I'm
3 looking forward to working with the Advisory
4 Committee and with Chairman Reed on initiatives
5 in Sub-Saharan Africa.

6 As most of you know probably by now,
7 it's the region that I will have in my portfolio.
8 I have spent quite a bit of time on the
9 continent.

10 And I'm looking forward to working and
11 meeting our representatives on the Committee.
12 Thank you.

13 CHAIRMAN REED: Thank you. Do our ex
14 officio members have any comments?

15 MR. BARLOON: No additional comments.
16 Thank you very much.

17 MS. KELLEY: No comment other than to
18 your point, when in Mozambique speaking with the
19 President of Mozambique, he is clearly aware of
20 that exact issue that you talked about.

21 And we had the opportunity as I shared
22 with Chairman Reed, to talk about things like

1 education, women's issues, nutrition, health.

2 And so those are all part of the calculus and
3 discussion that he's having.

4 DIRECTOR BACHUS: And we appreciate
5 Secretary Ross' support for, his letter in
6 support of Cameroon.

7 CHAIRMAN REED: I now call this item
8 for a vote. Director Bachus?

9 DIRECTOR BACHUS: I vote aye.

10 CHAIRMAN REED: Director Pryor?

11 DIRECTOR PRYOR: I vote aye.

12 CHAIRMAN REED: I vote aye. With that,
13 the members of the 2019 Sub-Saharan Africa
14 Advisory Committee are approved.
15 Congratulations.

16 I now -- the open portion of this
17 meeting is now finished. Will members of the
18 public please leave the room?

19 (Whereupon, the above-entitled matter
20 went off the record at 10:24 a.m.)
21
22

C E R T I F I C A T E

This is to certify that the foregoing transcript

In the matter of: Board Meeting - Open Session

Before: Export-Import Bank of the United States

Date: 07-31-19

Place: Washington, DC

was duly recorded and accurately transcribed under
my direction; further, that said transcript is a
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