Welcome to AI & Revolving Loan Funds (RLFs)

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RLF Community of Practice

EDD CoP
Economic Development District Community of Practice

NADO Research Foundation

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Agenda

About the Revolving Loan Fund (RLF) Community of Practice (CoP)	
About the Economic Development District (EDD) CoP	
What is AI?	Dr. Don Fuqua
Using AI for Lending	Ryan Richardson
Guardrails and Reminders when using AI	Jai Sen
Q&A	Facilitated by Mary Louk

RLF CoP Objectives

Increase the capacity of revolving loan funds (RLFs) to meet the needs of their local economic develop strategies.

1. Increase organizational capacity.
2. Increase the volume of loans and loan capital.
3. Establish a peer-to-peer group of RLFs to collaborate on needs, strategies, capacities, and program impact.
4. Increase understanding of broader economic development strategies through training and curriculum.

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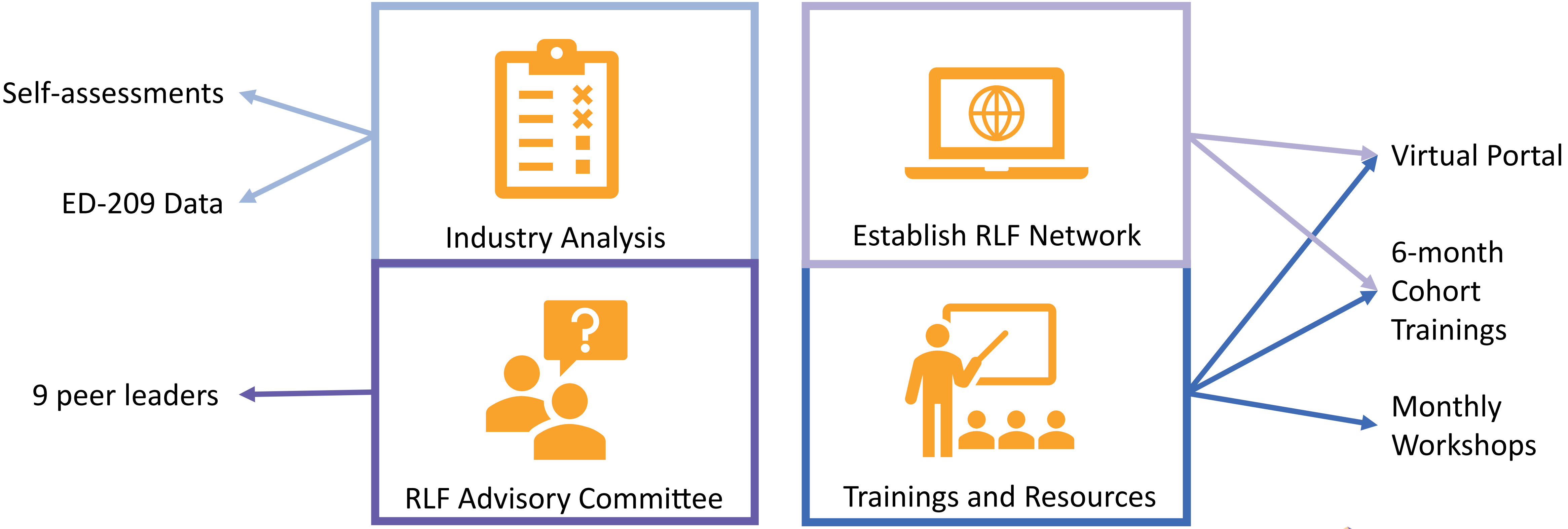
RLF CoP Activities



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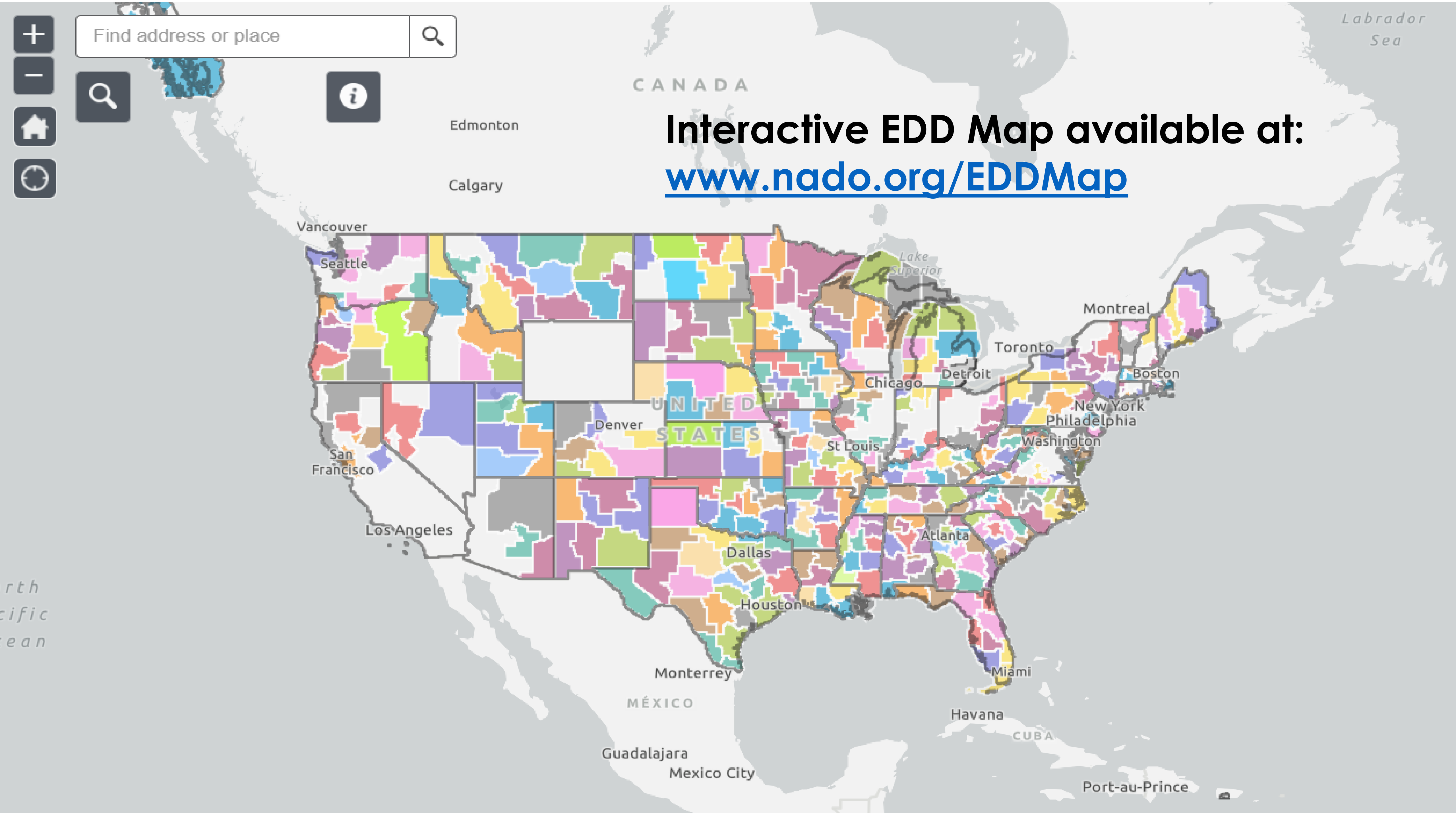
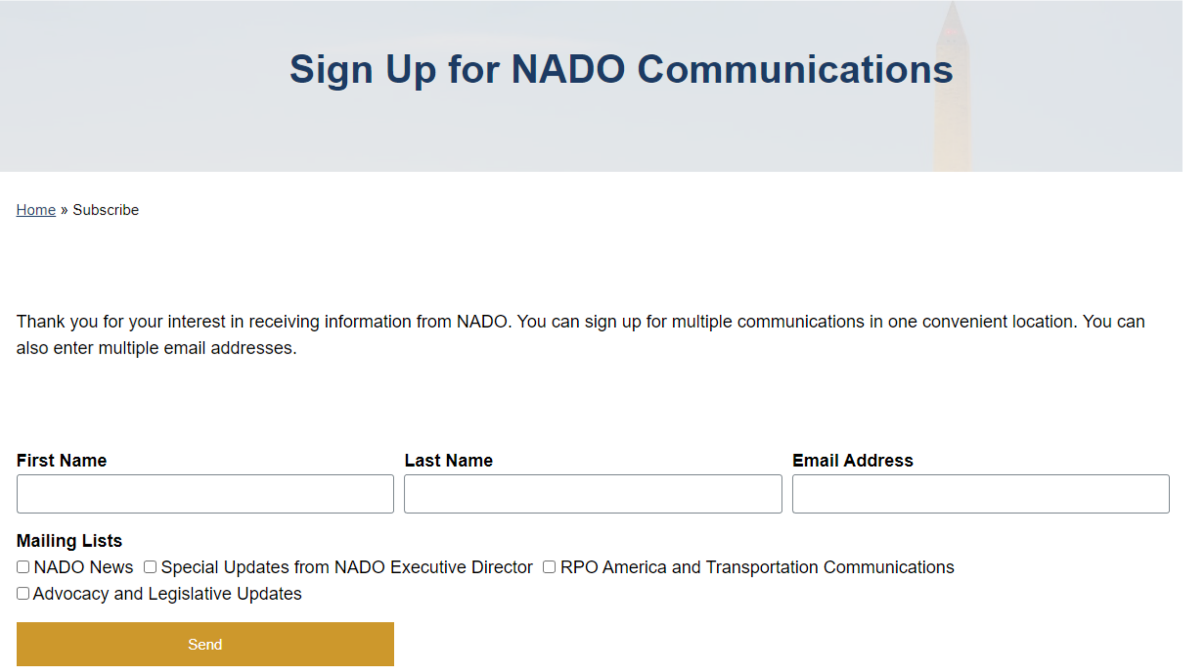
E·D·A
U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

More info at: www.nado.org/EDDCoP

Interactive EDD Map available at:
www.nado.org/EDDMap



NADO News



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AI: The Basics

Don Fuqua, PhD

Associate Professor, Information Systems

College of Business

Center for Supply Chain Entrepreneurship (CSCE)

BE BOLD. Shape the Future.®
New Mexico State University

What is AI

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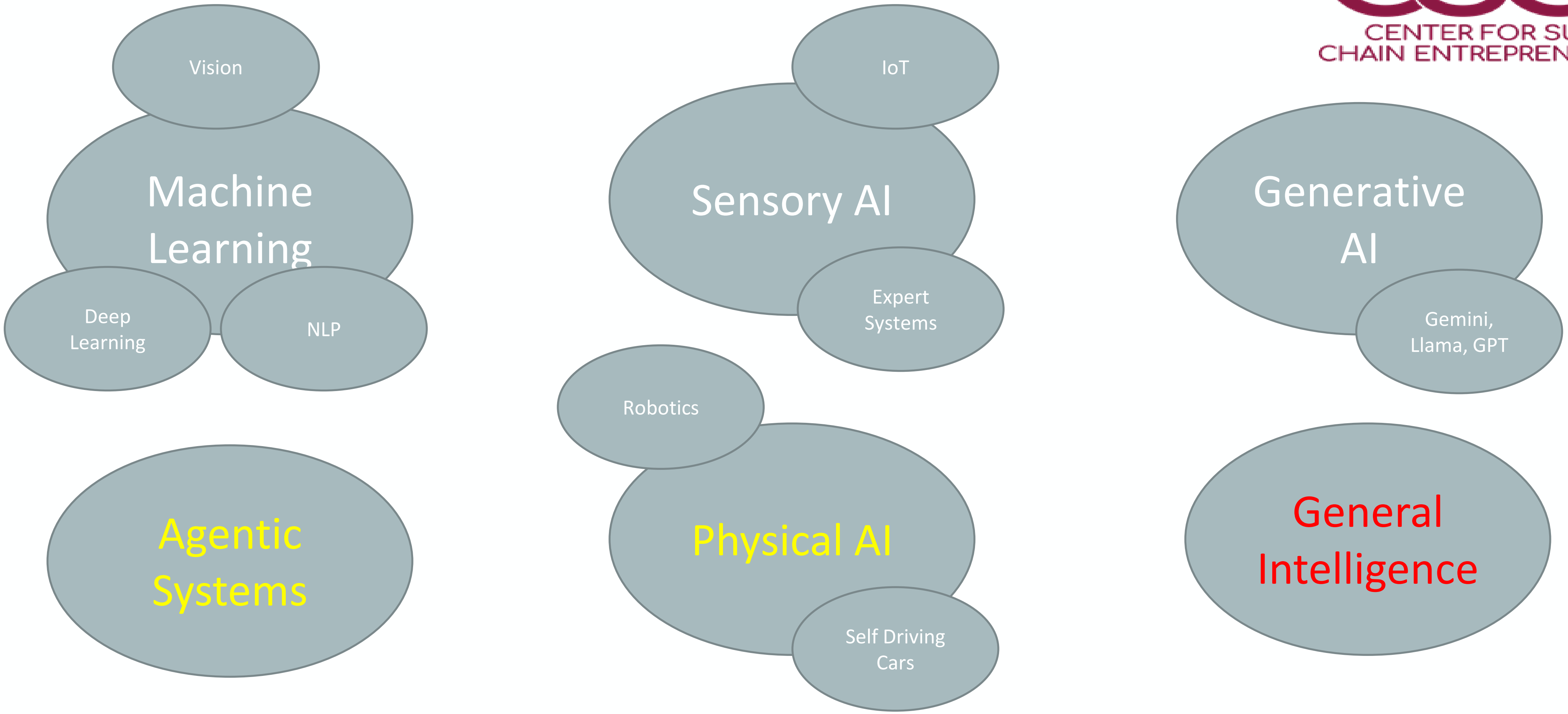
- Hot Topic (Hype versus reality)
- Ability for a computer to create new content
- Appearance of intelligent actions and thoughts
- Multiple key roles in multiple industry sectors

General AI Categories

Artificial Narrow Intelligence (ANI)	• What we **can** do now – focus on specific repetitive task. • Can replicate human action
Artificial General Intelligence (AGI)	• We **cannot** do this now. • Replication of multiple tasks; performing decision making and intelligence at human level
Artificial Super Intelligence (ASI)	• Often a narrow task where a computer outperforms a human. One example is a self driving car.


Vision
Machine Learning
Deep Learning
NLP
IoT
Sensory AI
Expert Systems
Generative AI
Gemini, Llama, GPT
Agentic Systems
Robotics
Physical AI
Self Driving Cars
General Intelligence

AI in Business

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Tech Support	Decision Systems	Financial Analysis
Predictive and Proscriptive Analytics	Human / Computer Interactions	Physical Activities

… and where do you see this heading in your line of business?

Contact Information

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Strategic Value for AI for RLFs

- Frees staff time so teams can focus on value adds
- Levels the playing field for small RLF providers in rural communities
- Builds capacity and consistency for small teams
- Raises productivity and reduces “first-draft” friction
- Empowers experienced staff by promoting learning and curiosity

Ryan Richardson

Top Questions and Concerns About AI

- Can I trust the accuracy?
- How do I protect sensitive data?
- Will this replace staff?
- Is it ethical?
- Where do I even start?

Case Study 1: Initial Loan Analysis

Preparing Underwriting Questions for the Borrower

- Step 1 – Spread the financial statements (I do this)
- Step 2 – Financial Statement Review (ChatGPT Project)
  - Generate narrative
  - Spot potential red flags
  - Generate borrower financial questions
  - Helps avoid elevator analysis
- Step 3 – Industry Analysis (ChatGPT Project)
  - Generates a report and cites sources
  - Generates specific borrower questions

Case Study 2: Credit Memo Narrative Development

Sources	AI Role	Outcome
Resume, LinkedIn, Loan Application	Drafts professional summary	Saves time, consistent tone
Loan Application, Business Website	Builds narrative framework	Clearer borrower story
PFS, Personal Cash Flow	Drafts first narrative	Faster memo assembly
Draft memo	Organizes pros/cons clearly	Streamlined decision support

Case Study 3: Using AI as a Second Reviewer

Review Category	AI Contribution	Benefit
Clarity & Readability	Highlights complex or wordy phrasing	Improves flow and accessibility
Completeness	Flags missing sections or data gaps	Ensures thorough coverage
Consistency & Accuracy	Compares facts and figures across sections	Reduces errors and contradictions
Risk & Mitigation	Surfaces potential red flags in narrative	Strengthens risk analysis
Tone & Professionalism	Suggests phrasing adjustments	Maintains professional standard

Favorite ChatGPT Projects

Professional Uses

- 📧 Draft & refine emails (military style, clarity rewrites)
- 📑 Board reports & credit memos
- 📝 Grant applications & CEDS letters of support
- 🎓 Marketing & training materials

Productivity & Learning

- 🎙️ Summarize podcasts & large reports
- 💡 Brainstorm borrower questions & ideas
- 📁 'Brain backup' for notes, prompts, and reminders

RLFs and AI: Tips

- You must review AI's work – AI is your assistant
- Are you getting AI-generated work from your borrowers?
  - Check for inconsistent fonts, color scheme, spacer bars, wonky spacing, and em dashes (-)

Spotting AI-Generated Borrower Materials

Business Plans

– Overly polished, generic, or vague language with few specifics to the business or

- Prompt addition: Ask clarifying questions before beginning

RLFs and AI: How to Start Using AI

- ❑ Draft your next email or memo using ChatGPT.
- ❑ Summarize a funding notice or financial report.
- ❑ Brainstorm borrower questions based on P&L.
- ❑ Ask: “Explain EDA RLFs to a banker and how it benefits them.”
- ❑ Start with ChatGPT or Claude—no sensitive data.
- ❑ Create a Project in ChatGPT.

RLFs and AI: Why an AI Policy is Essential

AI is already being used in the workplace—often without structure.

- **Concern**: Without guidelines, there are risks (security, accuracy, compliance).
- **Solution**: Establish a policy to manage use.
    - Example provided: SHRM's Generative AI Policy. [Link](#) to 2023 article.

SHRM

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NEWS

How to Create the Best ChatGPT Policies

Weigh risk tolerance, set expectations and verify accuracy

April 27, 2023 | Paul Bergeron

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HR teams need to ask and answer many questions before setting policies to guide employees' use of OpenAI's ChatGPT and other generative artificial intelligence tools, legal experts say.

The content-producing technology is growing more popular by the day, and companies in multiple industries are excited about its prospects while also curious, if not fearful, about where it can lead.

One-third of U.S. workers believe their job will rely more on workplace automation in the next few years, according to a survey of 521 workers conducted by AmeriSpeak Omnibus for SHRM in early April. However, 91 percent said their current job duties haven't been impacted by AI at all.

Meanwhile, a poll of 62 HR leaders in February by consulting firm Gartner found that about half of them were formulating guidance on employees' use of ChatGPT, Bloomberg reported.

FEATURED RESOURCE PAGE

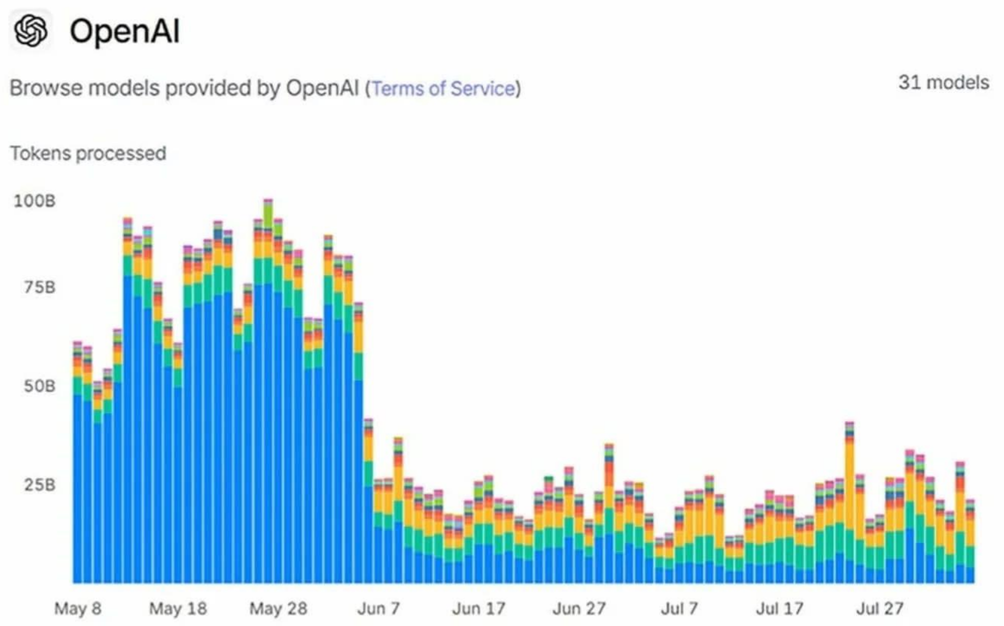
ChatGPT and AI In the Workplace

RLFs and AI: Conclusion & Next Steps

Remember to **start intentionally**—this is a tool like Excel:

- [ ] Use the SHRM policy template to govern use.
- [ ] Begin with tasks like memos, summaries, or idea generation.
- [ ] Create a Project in ChatGPT
- [ ] Follow Dell Gines on LinkedIn for continued inspiration.
- [ ] Share with me how you're using AI – ryan@scedd.org

what the freak happened to openai june 6th



AI companies are literally being kept afloat by cheating students

The philosophical dimensions

- Ethical and social risks
- Environmental and resource costs
- Public misconceptions, misinformation, and hype
- Governance, accountability, and power

Ethical and social risks

- Bias
- Discrimination
- Privacy erosion and use in surveillance
- Labor displacement

Ethical and social risks

- A 2018 MIT study (Buolamwini & Gebru) found commercial facial recognition systems misclassified darker-skinned women up to 1/3 of the time, compared with less than 1% for lighter-skinned men.
- A 2021 Pew survey found that over 1/3 of Americans think AI in hiring would do more harm than good.

Ethical and social risks

Some key voices

- **Timnit Gebru**: researcher on AI ethics and bias, founder of the Distributed AI Research Institute (DAIR)
- **Joy Buolamwini**: MIT researcher, founder of the Algorithmic Justice League; influential on algorithmic fairness
- **Shoshana Zuboff**: author of The Age of Surveillance Capitalism, on data exploitation and power

Environmental and resources

- Large carbon footprint of training/ fine-tuning AI models
- Water and energy consumption
- Rare earth mineral use in hardware

Environmental and resources

- Training a large NLP model like GPT-3 consumed an estimated 1,287 megawatt-hours of electricity. Equivalent to the yearly energy use of 120+ U.S. homes (Strubell et al., 2019 extrapolated; OpenAI disclosures).
- Google's AI operations used 5 billion liters of water in 2022 for data center cooling, raising concerns in drought-stricken regions.

Environmental and resources

Some key voices

- **Kate Crawford:** author of Atlas of AI, widely cited on AI's hidden costs and environmental impact
- **Emma Strubell**: co-author of "Energy and Policy Considerations for Deep Learning in NLP" (2019), benchmark paper on AI's energy costs

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Public misconceptions and hype

- Overhyping “AGI” or AI’s sentience
- Underestimating its limitations
- Misunderstanding that AI is mostly pattern recognition and generation, *not consciousness or creativity*

Public misconceptions and hype

- A 2023 Stanford study found 62% of Americans mistakenly believe AI systems “think like humans.”
- Emily Bender’s “stochastic parrots” metaphor: LLMs don’t “understand”; they predict words based on probability.

Public misconceptions and hype

Some key voices

- **Emily Bender**: co-author of the “Stochastic Parrots” paper, emphasizes that large language models don’t “understand”
- **Gary Marcus**: AI researcher and critic of inflated claims about AI capability and generality

Governance, accountability, power

- Concentration of power in a few tech companies
- Lack of regulation
- Global inequality in AI benefits and harms
- Weak accountability frameworks

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Governance, accountability, power

- Just four U.S. companies (OpenAI, Google, Anthropic, Meta) control the frontier of large models, raising monopoly and accountability concerns.
- Global AI investment exceeded $180 billion in 2023, yet less than 5% went toward AI safety, governance, or ethics.

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Governance, accountability, power

Some key voices

- **Geoffrey Hinton**: an AI pioneer who recently left Google, now warning about AI risks and lack of oversight
- **Abeba Birhane**: cognitive scientist researching algorithmic oppression and the sociotechnical impacts of AI
- **Margaret Mitchell:** co-founder of Google's Ethical AI team, now chief ethics scientist at Hugging Face

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Worth checking out

- **Upcoming Data & Society 4-session event** (co-sponsored by the NYPL), 9/5- 11/20 https://datasociety.net/events/understanding-ai/

- **The AI-Profits Drought and the Lessons of History** (The New Yorker) https://www.newyorker.com/news/the-financial-page/the-ai-profits-drought-and-the-lessons-of-history

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Worth checking out

- **You Sound Like ChatGPT** (The Verge)
  https://www.theverge.com/openai/686748/chatgpt-linguistic-impact-common-word-usage

- **AI doubters are having a moment. Even Sam Altman agrees** (Financial Review)
  https://www.afr.com/technology/ai-doubters-are-having-a-moment-even-sam-altman-agrees-20250822-p5mox3

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Worth checking out

- **Will the Humanities Survive Artificial Intelligence?** (The New Yorker) https://www.newyorker.com/culture/the-weekend-essay/will-the-humanities-survive-artificial-intelligence

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Thank you for attending AI & RLFs

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