**Minority Business Initiative Advisory Board**

***March Meeting Minutes***

**Thursday, August 17, 2023**

1:00 PM – 2:00 PM

Held Virtually via Teams Meeting

Hartford CT, Connecticut

**Attendance**

* Board Members Present: Chairman Howard K. Hill, Avery Gaddis, George Mathanool, Deputy Commissioner Paul O. Robertson
* Quorum: Yes
* DECD Staff Present: Maribel La Luz, Sheila Hummel, Alvetta Spencer, Kerron Vernon, George Norfleet
* Guest Presenters: Kim Hawkins, Patricia Geronimo, HEDCO; Julio Mendoza, SAMA

**Welcome and Introductions:**

Chairman Howard K. Hill called the meeting to order at 1:02 PM.

**Minutes:**

Chairman Hill asked for a motion to approve the July minutes. Motion passed unanimously.

**MBLRF Presentation**

Kim Hawkins, Patricia Geronimo and Julio Mendoza presented metrics, findings and updates from the previous disbursement of the MBLRF since inception in 2017 to date. Total: $22M

* Displayed a map with geographic location, gender and race breakdown of 150 loans.
	+ Gender was pretty much evenly split. Majority is African American, then Hispanic and small percentage of white and even smaller percentage Asian and Indian.
* Displayed a second map showing geographic location, gender and race breakdown of the 814 *forgivable* loans.
	+ Majority of recipients were women. Race was white vs African American and for this loan they were engaged with other partners, the Women’s Business Development Center (WBDC) who sent a lot of white women to participate in the forgivable loan. Other agencies were supplying (recommending) businesses to be able to take advantage of the particular funds available at that time.
* COVID had a major impact. As we all know, and so we can see how that impacted the businesses over the last couple of years that we've been dealing with.
* Maribel L: Asked for confirmation that the forgivable loans had more geographic diversity according to the map. Kim confirmed that was correct.
* Howard H: Do you send any of your (HEDCO) clients or SAMA do you send into your clients to the to the women's group? (WBDC)
* Kim H: We have not, and they don't really send us clients. It was just that during this particular period of time with the loan, the grants being available, they were sending clients to us. We do have an exchange, but we haven't really shared clients in that sense. It's through this loan program.
* Howard H: I find it quite interesting that that you know the the the loans are on basically on the backs of uh, Hispanics in, in African Americans and then the grants all went to uh, you know, white women. I don't have a problem with it cause it's business at the end of the day, but it just seems a little. It seems extremely odd to me.
* Sheila H: If I if I could just add, how would this came from a Commissioner Lehman at the time he wanted it to be, and actually came, I think, from the governor's office. They wanted it to be a statewide program. They wanted to have the different organizations participate in WBDC. I think SecTER was involved, BBA they might have been involved. So it yeah, this was a little bit different. HEDCO was kinda given their marching orders of what we expected from the three million or five million too, so.
* Howard H: We can take the conversation offline about it just looks it looks extremely odd to me. That's all what we'll talk about it later.
* Kim H: So if we go to the next slide, we're talking about the impact of the jobs, the number of jobs that were impacted and so over the course of the time of this pool, we've either retained or created a one point 1115 jobs with the forgivable loans. We retained all 817 of those jobs. 1001 thousand number I always wanna say dollars but the number of jobs retained and created for industry practice impact we did a little synopsis for you to let you see where the dollars have been going in terms of the industries and so you can see here with the term loans what were impacted, food service was one of the major ones and service providers which was has been the story across the board and so you can look at the forgivable loan portion of that as well.
* Maribel L: What would what's a service besides a food service? What's an example of a service?
* Kim Hawkins: So a service could be an accountant and attorney. Typically those kinds of industry businesses.
* Sheila H: Professional Services.
* Patricia G: For delinquency rate, we pretty much well as you can see, there wasn't a spike from here 2019 to year 2020 and 2021.We know what happened then. So in your 2021 we wrote off 8 loans and that is pretty much the businesses that were impacted by COVID in year 2020. After that we were able to maintain the rate down the we did two additional charge off in 2023. Again, this is part of the 2020 loans that were impacted.
* Kim H: So, as you can see. The delinquency rate is dropping continuously. We're managing that. We stay in contact with our businesses trying to make sure that we understand what their needs are, what their concerns are, you know what struggles they're having so that we can help to mitigate as much as we can there. They're delinquency with regards to the loans and so you know we're pretty proud of that. We wanted to go lower, but certainly that's under the industry standard of around 10%. So we continue to strive to to make that happen. There's no other questions on that then. So what makes us? What makes us stand out? I think one of the things or several of the things that we think are important to remember is that as an economic development agency, we're not, we're not. Guided by the the bank ohh, they put up the wrong slide, but we're not. We're not held by bank regulations, so forgive that one. Our lending is flexible. We can lend based on cash flow projections. Uh, we do 10-year terms. Our interest rate is fixed at 4% over the life of the loan. We will look at how we can restructure loans as we go forward, where if someone needs an amortization of 10 years and a balloon of five, then they can. We can rewrite that at the end of five years, depending upon again what the need and the ability of the businesses are at that time. We have the ability to leverage money, so some of our other funding and when I speak to that, not only the state funded do we have, but we have federal dollars, we're SBA micro lender and that allows us to also be able to use those dollars or creatively to support our small businesses through that SBA program and the ability we have the ability to lend to ex-offenders. And we think that that's important. There's not a a lot of businesses that have the ability. I mean agencies, lending agencies that have the ability to do that, we do lines of credit, we work with startups. We are what we call accessible. You can walk in and sit down and have a conversation with someone. So our doors are always open and we're always accessible in person. The other things that I think are important is that we're always in the Community where out there, knocking on the doors, having the conversations, bringing back the information that we think are vital for us to be able to then create training opportunities or to then leverage resources of other partners that we have to be able to support the businesses that we're working with as a part of our goal for this year. While we're in the process now head coins Sama are of expanding our offices. The grant dollars that we received from DCD for the the grants that we're going to be doing, we've been allowed the ability to open up a two different satellite offices. So when the process of doing that, so that in turn hopefully will help in with regards of us being able to even broaden our reach in terms of being an actual statewide agency and really supporting a good number of those towns that are not being supported right now by our engagement with them. So those are the things that we think are important.
* George M (Board Member): You mentioned two other satellite offices where are you planning to set them up?
* Kim H: So we're doing one in Norwich and Waterbury. We've had, we've had conversation with a the chambers and Willimantic and in Norwich and in a New London to possibly deploy people there one day a week to be able to work in service businesses that they're working with as well. So again, we really are trying to make sure that we are able to work with some of the new opportunities that are out there with the chambers and or the existing economic development agencies or departments to be able to really say here's here, here we are here. The opportunities that we have and we hope that we're able to pull together to bring some more benefit to the businesses located in those areas, yes.
* George M: Kim, was it you? Who visited the chamber's new office in New London last week?
* Kim H: Yes it was me. Yes, it's gonna be a nice place.
* Maribel L: I visited last week as well, so maybe we were two ships passing in the night. Kim.
* Julio M: And I've had conversations with Representative Reyes from Waterbury for locations in Waterbury. And I've been talking to Hilda representative in Meriden and the Chamber in Meriden. Also, they would like us to at least have some presence. Even though we do, but to have more of a presence.
* Kim H: And then our last slide is things to consider for improvement. One of the things that you know we look at is collateral. And so as we look at how other programs are coming on board the boost program, how the, how the banks are doing things, one of the things that we're we think could be up for consideration and thought processes that any loan that's under $25,000, that there's no collateral necessary, but still a guarantee from that individual where we're further streamlining our process. So right now our our processes such that they go through our application portal, does it make sense for us to do A1 pager or not? That's some of the things we're thinking about and considering, you know, again, that's things that are we know are taking place outside of of what we're doing. But does it really work to the benefit of what it is we're doing and how we are underwriting the loans that we're doing because again, we want to make sure that we are doing loans that we feel are going to be good loans because we don't want to increase, you know, charge offs and things of that nature as we go forward. We wanna make sure that we're good stewards of the money and making good loans as we go forward. I think marketing the plan again is going to be important as we've talked about expanding and touching other ZIP codes that we haven't impacted that that's going to be an important component of that. Establishing partnerships. We're doing that with some of the chambers and the others that we've already spoken about getting out and becoming more engaged in the community transparent feedback mechanism and what that is, is that there we're we're looking at how we can allow the applicants to track where their application is without necessarily having to call us for an update all the time. We don't mind sharing updates, but sometimes we get calls saying you know. Can you tell me where we are? And so how are we able to provide that kind of feedback without it being a, a stalemate for us and for them, so that there's this fluent communication that's going on that we can share with them? And then business mentorship component, what that is is you know we've talked about across the board, mentorships and what that looks like and I know that there's some out there, but maybe this is an opportunity to really identify industry specific businesses and then tie them into some of the businesses that are working very closely with us in terms of the impact that they're hoping to make. And so those are some of the things that we we thought might be up for consideration in terms of how we can strengthen our business community, how we might go about being able to identify you know, some of the other weaknesses that are out there that we might be able to bring resources to bear. But really, taking a holistic approach at providing services and resources that are going to benefit the, the, the entire state of Connecticut across the board, so that that's our presentation.

**Open Discussion**

* Maribel L: Just one question from me and thank you, Kim. That was super helpful. Really appreciate it. Especially that last part about mentorship. That's interesting. It's something that's I've been hearing a lot. Is there is there any trend that you glean from about the delinquency like any trends that have emerged of why the delinquency I meant to ask when you were presenting, but just your thoughts?
* Kim H: So during COVID, we understood what the delinquency is. What drives that delinquency is really umm, especially for most of our service providers. When you look at the restaurants and some of the personal service kinds of things, they still haven't gotten back to full speed. And so, because that revenue isn't there, that's more of the issue we we're still having in the businesses who are having issues with employees not having the employees to be able to provide the services that they need, which causes the services to drop off. So it's a, it's a combination of just being able to get the workforce back together, getting people back into the stores or provide, you know, looking for those services and then being able to deliver them.
* Julio M: I think you’re correct.
* Maribel L: And if you had a magic wand. And we're like, here's what I would do to fix this delinquency rate. And the world was full of oysters. Is there any another consideration?
* Kim H: You know, I think we've got to get, I think the workforce is important and I think that's the key to a lot of the issues that we're having. You know from a mom and pop store all the way up to organizations like ourselves being able to identify and have those employees who are there, who are gonna help to bolster the economy in terms of being able to provide the services that you're doing is important. You know there are grants and there are loans and there's funding out there, but how do we strategically make that work to be able to get them the services that they need in terms of building up their capacity. So that would be my thoughts.
* Maribel L: Human resources.
* Kim H: Human resources are so important.
* Sheila H: If I could just add, I think people's habits have changed since COVID too, so a lot of the IT won't be the same. Hummel, Sheila S 17 minutes 43 seconds So a lot of businesses kinda have to change their business model a little bit too. So maybe if you wanna talk a few minutes about this new grant program, but you guys are, you know, gonna be implement or it has it has it's up and running right now that might be helpful.
* Julio M: COVID had a tremendous effect on our businesses doing COVID. You know we we change to instead of loans to go out there and keep our businesses a float to keep them in business. You know, we distributed thousands of masks, thousands of hands, 100,000 gloves or wipes. Face Shields, you name it. We work with all the PPP's that came out from the federal government, from the restaurant. We want all of them from EIDL, the HEDCO grant all the stuff because people do not want to borrow and they couldn't. They couldn't afford to pay them. So with that, we are always have trained our merchant to to to be more automated. Our merchants do not know much about computers and all that stuff, so that was something that we have done throughout the years. But of course you can only do so much, so we notice in COVID that that was true. A lot of people could not apply. So with that, we wanted to do a different program, but it's not to pay rent. It's not to pay utilities. It's not to pay working capital, it is for our merchants to grow their businesses. So we wanna be able to provide them with computers, with printers, with a website with accounting services, with legal services, with payroll services. The there website to sell online. A lot of them are measures could not sell online during the pandemic, so that's one of the things that this program is going to do. So you know, and this will be important with the loan because we can do both things at the same time if we So, I don't know, Kim, if you wanna add more to that?
* Kim H: I'll just say that one of the one of the approaches that we're taking with this is that in the past when we've got loan Grant request, it was just kind of OK. Here's where you are. We'll give you the dollars we're taking. We're taking a step back from that and saying, OK, this is what you're asking for, but how does this move your business forward? What is the impact going to be of what you're asking us for? And so if you're buying a truck. OK. Well, what is that going to do for your business? How is that new truck and show us how that revenue is going to be generated and if they can't do that, one of the things we're doing is having them sit down with a consultant who will then go through that process with them, do a SWOT analysis, give them a sense of what makes sense in terms of their ask how it's going to be deployed. And then how does that help them to be able to then move to the next level of growth that they're identifying as what they need the grant dollars for? We don't want to just give out the grant dollars anymore and just say, OK, here's some grant dollars. Go do what you need to do. What is the impact gonna really be? And then is there a need to say, OK, not only are you looking at a grant, but you need to now understand what it is to take on debt and how that impacts your business and how there may be a combination of a grant and a loan to support what it is you're looking to do, because we want to make sure again that you are understanding what the business acumen is behind the financial components of your business, how that works and then how that impacts you and growth? Or maybe it's just stability. Maybe you're not looking to grow. Maybe you just want to stay stable, but how does that really look? And what does that look like? So what we're doing with this grant is that consultant we're paying for through these grant dollars. So the business doesn't have to pay that consultant. We are allotting them a certain amount of money to say OK, here's the consultant. They're going to give you 10 hours’ worth of time, or 20 hours or whatever that is, they're going to help you determine what your strategies are going to be. Now come back to us for the grant and be able to explain to us what that impact is going to be so that you can grow. All businesses won't need that, and so it will be subjective to what businesses we think needed and don't because we understand it. If you've been in business 10 or 15 years, some of that is already going to be identified in the in the paperwork you sent us and in the way you're doing business. So the goal is really to be more foundationally stable with these businesses going forward to be able to concretely be able to, say, hear what the issues are here, the outcomes. And then here's how we anticipate that they're going to be able to be sustained over the next year. So so that again next year when it's time to release additional grant dollars, we understand what that process is, because I'm sure they're going to come back through the portal and say we need more money. But how has it impacted you with the first tranche that we've given you? So we really want to take hold of really looking at being more sustainable with these businesses, more foundational. What does your bookkeeping look like? Do you need a bookkeeper or someone to come in? So maybe we take these funds in for three months. We allow you to hire that person with these dollars, but now after that we want to be able to see that you can maintain and sustain them going forward. So it's those kinds of conversations that we're having and not just throwing the money out there blindly saying, OK, that's what you say we want to be able to see some action items behind what it is we're doing. And so that's the goal of this, to really try to create some sustainability and then some growth in our small businesses across the state as we're looking at deploying these dollars.
* Maribel L: Is that new approach eminent or you've started this new sort of like auditing not auditing but you know, like this conversation already with your..
* Kim H: We've started, we've started the conversation already. We’re already in progress.
* Julio M: Yes and we have done to a lot of our merchants we have done already some assessment of what they need.
* Julio M: I've had our staff out there personally doing a new intake form that we created A2 pager that brings all what they need and then we figure out and we ourselves are getting the quotes. Let's say for the computers for the printers, for a camera system for we have a list of accounting our companies that we will, you know, give them a list and they can pick who they want and what he said that we're looking for. You know we want from the accountant certain things monthly reports we want quarterly leaves. We want, you know, the the income tax return and then do the training to our merchants on all of this, that they understand what an income tax is, that they understand the importance of their accounting services. That they have on the LC's that they do their annual reports that most of them don't do so, you know it it's a lot more complicated than normally, but it's what we want to do to grow our businesses to the next level. We want our restaurant to sell online. I think that's crucial going forward.
* Kim H: If you hear complaints about us moving this process slowly, it's intentional because we're looking at the documentation we're looking at where they are and I'll just share with you all. We get tax returns and the businesses personal and business tax returns that haven't been paid well. We want to see evidence that you've paid those taxes because we don't want to deploy this money and then IRS or somebody else comes in and then takes the money away. So we are intentionally moving through this process and they'll slower pace than what has been the norm for giving out grants.
* So if you hear that we're asking questions, we're making sure we get the documentation and not that we haven't done it before, but it wasn't as intentional as it is to make sure again that we're shoring up the businesses and seeing the ability to see some growth patterns happen within them. So just wanted to share that with you.
* Julio M: And this is a this is a. This is a DCD program. You know, we work with the CD tremendously, you know, since cover, you know, they're their grant programs that they have. And now this is we're part of a I think it's 11 or 12 organizations that are doing similar things, not the way we're doing it, but similarly so it's a whole group that we're working together. We're working also with the boost program. Matter of fact, I'm meeting with them soon because they want more. You know, assistance from summer, so you know it's a partnership with a lot of organizations.
* Sheila H: Yeah. And one thing I do want to mention too, we have quarterly reports that they submit, we meet with them. I don't know how many times we talk even a week. So you know, we're right on top of things too, but I think this is gonna be a great grant program. It's not just throwing money away. It's really looking at how can we get you to the next level and it's much needed.
* Julio M: Exciting, you know, and on the side like active there and married him and then the Norwich office that will take care of New London also. So, you know, we're very, very excited about that.
* Paul O: I just had a comment to say. Listen, I am really excited and really appreciate the program, especially seeing it from you know, the fortune of seeing this from the beginning and the growth. And one of the things I'm most impressed by is the execution of looking to expand and then hopefully I'm thinking through the boost program, there have been a thing or two that has come to been learned along the way and it's it looks like you guys have adapted some of that and it is it's the end product and I'm constantly hammering. I know George Norfleet is tired of hearing me say this. As is, Sheila is just constantly measuring and saying, you know, when we have money, where does it go, you know, what's the result of it? You know anything has a path to it, and I'll digress. I remember years ago I visited this church and had donated some clothing and they were able to tell me exactly where those pair of shoes were in African and I was like, it was kind of the template of like, wow, if you can track stuff like that, it it just it's meaningful that it's important. I think at the end of the day as we track things, we can start to measure the difference we're making in the communities because not we're not measuring it, you know, we know that the work that you're doing is fulfilling and we can start to, you know, kind of grow that now that we have a base to start from. Did we should be really. I mean, for someone not to be in our ecosphere, it'll be really a challenge in in Maribel's being charged to find all those people that were not hearing those voices. So I'm excited to see the year ahead and just again how we're using the money wisely. So I'll I'll get off my soapbox.
* Maribel L: And one last question for Kim and Julio, do you would you say that the businesses themselves are proactively coming to you with different with different reasons for the money, different requests? So for example, do they say well, business has changed after COVID, so I actually need this this money for training. I know we are suggesting it to them, but do you think that they are also proactively aware and asking for that for funding to like change the way that they do their operations? OK.
* Julio M: Uh, I think that a lot of merchants have realized that they cannot depend on people just walking into the into the stores that they have to bring them in in different ways that they have to sell online is a crucial going forward. We don't know what's gonna happen. There's another virus on the way. You know, I could be a disaster. So I mean this is this is crazy. So you know, they understand that number two, we when when we were doing this, you know talking to Sheila and Kim and you know we put a a line of the things that we thought that were crucial for a business. I work then so my, my my staff into their businesses and one of the first the the first thing that came out of their mouth was how about camera system. You know, we having difficulties with crime, I said. Holy crap, what do you even thought about that? OK, so now we have a looking at companies that are giving us prices on a system, a system that is not for today is for tomorrow and tomorrow after that. OK, that that they don't have to be obsolete. Same thing with the computers. We're assessing what they need and we're gonna go a lot more than that. So you know, it's something that they have for years and years to go. So you know, as you work with merchants, they tell you what they need and and and we adjust to it.
* Kim H: And I think we also tell them what they might consider and I think that's the other side of that. Sometimes they don't know what they need or what they're lacking, or where to go for it, and so this gives them an opportunity to have that conversation and for us to share that that side of it as well.
* George M: Thank you both of you for your leadership. Kim, we met last year and you shared quite a lot with me. I'm glad to hear all that is advancing forward. And Julio, my gosh, we haven't spoken since 2019 since you came to every point, uh, or was it 2018? I can't remember, but what I wanted to ask both of you what going forward do you want from the NBI board as a wish list? What would you want us to help you ohh advance for both of your organization for the next 12 months.
* Julio M: Well, it if I can say uh number one is the partnership that we've had you know for so long you know the you know the new A amount of loan program that is coming in the 11 million to help us to help our merchants to grow you know and if you have any merchants that you think that will benefit from what we're doing you know to send it to us.
* George M: Ah, that we can do, but in terms of redirecting, I don't think it is in our on our bandwidth. Uh, somebody comes and knocks on my door. At least it's very rare that they come to ask me directly, but aside from that, with the state or with the governor's office, or with the ECD, if you and Kim, what do you like to have something to advance? Advance my door is open and I'm sure how it is well to reach out to us anytime to try and have a conversation and maybe even pick our brains, so to speak. I'll be most welcome to have that conversation and true enough, I'm appreciating both of you for spending time in Norwich and your London. I want to make sure that a lot of the business minority businesses here, which are basically brown and black folks, that they get some leg up and have accessibility to both of your organizations. So thank you very much for what you're doing.
* Julio M: And we will be. We'll be we will be in New London in the next couple of months.
* Kim H: I think the flowing of communication is always going to be important and so if there's, you know, questions or concerns, Sheila has been very helpful in helping us to feel those. And so you know, please feel free to, you know, reach out to us and ask us those questions so that we can stay abreast. And you all know what's happening as well as we do, you know, on the front lines because as I said, you will get folks who will say, oh, they're not moving quick enough. But again, you now understand why and so we just wanna make sure that you're aware of why we're moving, how we're moving and the goals that we have so that we can be successful with what it is we're trying to do across the state. So thank you all for everything. We appreciate the continued support that you give us individually, but also collectively as we go forward in our partnerships and we just look to hopefully continue to grow these relationships and be able to be that much more of a support system for the state of Connecticut.
* Howard H: Yeah, I know you don't have any say over what the governor decides to do, particularly around the grant program. I would be interested in in understanding how that was negotiated if it was negotiated and also you know how do we go about fighting a little harder for our people if that's something that I can do. You know, I'm pretty sure folks on some folks on the board, if not all of them will be happy to do that is one thing to have a have a grant and it's another thing to have a loan. And also in the spirit of having, we'll say a balanced portfolio, I think the Boost fund made reference to something like this from not mistaken Paul. You know, they don't want a, a, a bunch of risk in their portfolio. It seems as though we would want the same thing for head Co to balance out their portfolio even though they have. You know, that's what they're built for, but it seemed like we'd we'd wanna try to balance out their portfolio with some of the other organizations in their clients as well. So just a thought process, I don't know how that all could play out, but fair is fair and that's what what I'm trying to help some of these black and brown business businesses to achieve is fairness. So thank you all for for what you're what you're doing.
* Sheila H: I put something in the chat room. I think it'd be helpful and maybe in a quarterly basis that we bring other organizations in to kind of do the same type of thing, a presentation, because I think one of the things I'm hearing from the NBI board through the years is we need to know what's going on. And I think this was a wonderful presentation. So would that be something you would want to consider? Like maybe have BDA come maybe WBDC SBDC.
* Paul O: Yeah. No, definitely. I mean, again, definitely one of the things that I'm looking for again the key behind and be IB all these are all the organizations is to create a robust room of communication. And yeah, that would be phenomenal. And as I said, as I look to kind of Maribel’s role in this, it is weaving all of these things together and making sure that we are having that communication. We are touching people, you know, we are reaching out as I said, so that it's a simple, simple goal. But it is about communication and access. So yeah, I think you're spot on, Sheila.
* Howard H: And just, just as a point of reminder, we, we've talked about this on several occasions. You know, Maribel was not there. Paul, you weren't there either. I think we've it goes back to as far as Tony Karnes, as us wanting to you know integrate with and talk with other departments, state departments and other organizations that are doing work. So I don't I absolutely agree with that, Sheila. And I'm certainly would look forward to it and happy to work with Maribel on it as well.
* Maribel L: Thank you, Howard. Thank you for bringing that up.
* Paul O: Awesome.

**Adjourn**

Avery Gaddis asked for a motion to adjourn. The meeting adjourned at 1:40pm.