

Governor's Supplier Diversity Council

October 17, 2017 Meeting

Minutes from October 17, 2017, Governor's Supplier Diversity Council Meeting

Video Conferenced Meeting in Department of State, Division of Small Business Development and Tourism in both Wilmington and Dover

Attendees:

Present in Wilmington: Ken Anderson, Dean Stotler, Theresa Brown Edwards Esq., and Michelle Morin

Present in Dover: Devona Goeins Williams PhD.

Present on the phone (non-voting): Loren Hopkins Taylor, Wendy Brown, Kimberly Jones, Brian Leahy, and Karen Davis Williams.

Absent: Nick Callazzo III, Sakthi A. Vel PhD, Givvel Marrero, Jayshree Moorthy, Anas Ben Addi, Ron Frazier Esq., and Ralph Truitt,

Public Present in room in Wilmington: none at the start of the meeting. At 10:13am a person from the public joined the meeting and was identified at the end of the meeting where she offered public comment.

Public Present in room in Dover: none

Public Present on the Phone: none identified

Meeting Opened:

Meeting Called to Order by Ken Anderson, GSDC Chair, at 10:06am.

Quorum:

A quorum (currently requires 6 of 11 members) was not reached at the start of the meeting, with four members present.

Prior Meeting Minutes:

At the start of the meeting, without a quorum established, the meeting minutes from the September 13, 2017 meeting were available for review, no comments or corrections were offered.

October 17 Meeting Notes:

Under New Business,

- Chair Ken Anderson asked for new business.
 - Ken Anderson shared an update regarding the Division of Small Business, Development and Tourism (DSBDT) and the Delaware Prosperity Partnership (P3); both of which replace what was formerly the Delaware Office of Economic Development Office. (DEDO). DSBDT is hiring Business Development staff members for Kent and Sussex counties and share that Governor Carney is

focusing business development in both counties. Ken shared news of financial contributions made from DSDBT to two entities:

- \$500,000 to First state Community Loan Fund (FSCLF) to support their revolving loan fund program, of which he reported supports small businesses and that 44% of their loans have historically been for African American businesses, 7% to Hispanic businesses, and the rest to other businesses. HE shared that the most unique part of the loan fund is that a limited amount goes to qualified applicants for a proof-of-life concept and that this is a funding gap, to take some risk to loan to businesses to produce a minimum viable product; and
- \$500,000 to West End Neighborhood House for the “Grow Delaware Fund” and the “Launcher Program”. Ken shared some historical knowledge regarding the Grow Wilmington Fund, which had \$2.5M and shared that had dried up. The cash infusion will grow the \$5M Grow Delaware Fund, which also has the support of Discover Bank and other funds to grow small business in the lower income communities.

Ken indicated that these two funds, DSDBT will have impact on small businesses and in lower income communities in a manner that had never been done in Ken’s 10 years in his role.

- Michelle Morin asked if DSBDT required or requested that both fund managers give a lower or marker interest rate to the businesses receiving the loans, as at least one of these lenders charged well above traditional rates. Ken indicated the decision for the financial hydration did not include such requirements. Ken indicated he accepts a higher interest rate to receive funding for businesses who have not previously been able to secure a loan, as that covers the risk of the lender. Michelle mentioned that the risk is resolved as the funds came from the state.
- Dean Stotler inquired if metrics and reporting will occur as a result of the financial hydration to both entities, such as the number of businesses who apply, how many are approved and denied, the reasons for any denial so that we can understand where training and support for the denied businesses may be necessary and appropriate? Dean also asked if reporting will show if the business are in ongoing principal payment mode and not in interest-only payment status, to learn how this community is best being served and if other assistance may be necessary? Ken indicated that quarterly reports are required with the engagement to be disclosed to the Council who makes the financial decisions, including a semi-annual disclosure to support any further funding. Ken indicated this is a report he does not see any Code preventing him from sharing with GSDC and is willing to do so in his current role. He also indicated that these are published reports and that anything is FOIA-able. Dean thanked Ken and asked how can other entities help West End make businesses aware of the Grow Delaware Fund capital opportunity? Ken indicated that West End has a person in

place to do the outreach, Ms. Deepah Singh. Michelle Morin shared that OSD has established a relationship with Deepah and that she and SBDC and OSD will share some outreach information to the diverse and small business community.

- Dr. Devona Goeins Williams agreed that Kent and Sussex counties need funds and shared that she has not previously known that funds were available. She suggested that PR is a way to get the information to the business community, supported that OSD has a good list for sharing that information and identified that not all businesses see those communications. Devona also mentioned that while it is typical to charge interest rates above prime for those lenders offering non-traditional lending, she supports the idea of influencing the top of the rate to be lower. She also identified that businesses with less than three years of experience and revenue find it a challenge to find capital and that diverse businesses have historically not had access to capital. She ask if the two funds have an average loan size. Ken shared that FSCLF has a wide range of offerings and they average into two groups: \$10K to \$50K and \$50K to over \$1M. Devona indicated that the \$500,000 is then covering 5 to 6 loans, and wanted to understand the perspective of what the infusion of capital means for the business community.
- Dean Stotler asked if it is know who the loan applicants are required to receive technical assistance or not, and does technical assistance allow the applicants to receive a better interest rate? Ken shared that FSCLF helps businesses be prepared to meet the gaps to be qualified for their loans or they redirect applicants for business development and of the Hispanic businesses to the Hispanic Commission for assistance.
- Theresa Brown Edwards, Esq. thanked Ken for sharing the information and for the good news that partners are providing funding to some of the business community. She suggested that Council will want to ensure that there is not predatory lending, especially as usury or exorbitant interest rates are not good for business in general. She inquired how businesses are being educated about rates and opportunities and if the state provision of funding to these lenders is on track to provide visibility about rates to Council? Ken share the credentials of FSCLF and their ingrained role with the state through DEDO and what may now be to the P3. Terri asked when the P3 may take that role. Ken shared that general timeline information including that DSDBT is still performing the former DEDO roles at this time.
- Chair Ken Anderson asked Loren Hopkins Taylor of DuPont to share recent Eastern Minority Supplier Development Council (EMSDC) and Dupont news. Loren shared that DuPont hosted the first-ever joint Council and Board meeting between EMSDC and GSDC. This was a meet and greet and brainstorm opportunity. The conversation covered current status and brainstormed some

future initiatives and possible synergies to continue the connection. Loren suggested to make this an annual event and suggested that there is opportunity to identify initiatives to collaborate on for the diversity business community. Theresa Brown Edwards, Esq. shared that she attended at the join meeting and offered her appreciation to Loren and DowDuPont for being such great hosts. She shared the value for her and Council to have has the opportunity to meet the EMSDC CEO and Board members and to hear the EMSDC Board's scope of work. Terri shared that EMSDC shares common challenges of needing to reach non-metropolitan area business communities. Dean Stotler echoed Terri's comments and welcomed future opportunities for collaboration. He conveyed some of the difference and similarities between the councils and appreciated that EMSDC is looking to expand into rural areas for further their B2B reach outside of metropolitan areas and into agriculture and tourism. Ken asked if Agriculture was a focus of EMSDC. Dean shared that business in all areas is their focus, similar to GSDC, and that the geographical focus of outreach was the discussion point between both groups.

- Chair Ken Anderson asked OSD to share any updates. Michelle Morin shared OSD FY2017 Annual Report was published to the OSD List Serve, publicly posted the report on OSD website, and offered the following highlights for Council:
 - Diverse businesses:
 - \$167M with diverse businesses in FY2017, an increase of 17.5% over FY2016
 - \$134.8M direct spend, an increase of 9% over FY2016
 - \$32.1M indirect spend (subcontracting), an increase of 67% over FY2016
 - The number of certified diverse firms increased by 129 businesses, 4.37% over FY2016
 - Small businesses:
 - \$120.5M with small businesses in FY2017; an increase of 8% over FY2016.
 - The number of certified small firms increased by 31 businesses, 32.3% over FY2016
 - 8-year changes from FY2009 to FY2017
 - Spending with the certified Supplier Diversity community (MBE, WBE, VOB, SDVOB, IWDDB) has increased by 272% from base year FY2009 to FY2017
 - 137% increase with minority businesses and a breakdown of increases by ethnicity
 - 118% increase with women businesses and a 2,626% increase with minority women

Dr. Devona Goeins Williams thanks OSD and supported this as good sharing of information. Devona asked if there was duplicate count and asked about the 'purity' of the numbers. Michelle shared that is pure is the total spend numbers and then shared the industry best practice of counting every business for all that they are, using the example that minority women are counted in both Minority

spend and in women spend. Michelle indicated that the reporting provided footnotes to this effect to ensure transparent notice of the standards of supplier diversity spend reporting. Michelle added that these standards are used across government and business sectors within and beyond Delaware.

Under Old Business,

- Chair Ken Anderson opened the conversation regarding DSBDT and announced that the University of Delaware is working with DSBDT to formulate the mission and function of DSBDT for the state. Ken shared that public meetings will be held, some have already been held, and that stakeholders are asked for comment and to participate in the meetings to assist UD in gathering information. Dean Stotler suggested that the meeting minutes of this Council be considered as a supporting and good framework of a discussion of what the business community is looking for by way of support. Dean asked if a survey will be taken and will the results help shape DSBDT? Dr. Devona Goeins Williams agreed with Dean and asked if UD will be looking at where small businesses are not receiving support. Devona shared that she is a member of the National Small Business Association and shared that she believes she is the only Delaware representative. When shared that the association is looking at adding partnerships to the SBA and that they are considering what partners and resources are available.
- Chair Ken Anderson opened the conversation regarding the GSDC initiative. Theresa Brown Edwards, Esq. inquired what the end game is for Delaware and what the final product of the initiative might be. Terri asked if there is a deadline for that outcome. Ken responded that Council not need to have an end of calendar year deadline and that with the changes in the new Administration it is a positive expectation that the initiative wrap into the upcoming calendar year. Ken mentioned that an end of next year outcome to then consider sharing as a recommendation to Governor Carney, as in years past, is reasonable for this time period. Ken shared that the Administrations efforts will be broader and larger than out focus at Council. Terri asked if Council should consider a May or June 2018 deadline. Ken suggested a working committee to start the initiative conversations. Dean and Devona volunteered.

Public Question / Comment:

- At 11:25am, Chair Ken Anderson opened the floor for public comment. Ms. Erin Goldner of Hope Street DE, a not-for-profit enterprise identified herself. She commented that she was impressed with the level of discussion about state business activity and support. Her no-for-profit is looking for support in growing its mission for working with the Boys and Girls Club and with Children and Women. She shared she is looking at minutes of meetings and is interested in the Purchase of Care program and what DSBDT is doing. She wanted to understand how her entity could qualify for loans, mentioned that TD Bank has a tool kit and that she wants to participate in the diversity of childcare.
 - Ken Anderson mentioned meeting Erin at the West End Neighborhood House event the day prior to this meeting. He suggested she look at West End for possible loan opportunities.
 - Theresa Brown Edwards, Esq. thanks Erin for joining the GSDC meeting and mentioned that public rarely joins Council for our meetings and that she is grateful for the sharing that Erin brought to our meeting. Terri asked if Hope

Street DE is new and what is the size of the population it serves. Erin shared that it is as of April 2016 and that it serves the 19804 zip code area, there are 20 volunteers, and can expand to serve 200, and that 150 participants joined them at a Founders Day event.

- Erin asked for support with DANA and other state support to not-for-profits. Michelle Morin shared that supplier diversity and the Council is for for-profit enterprises. Michelle offered to take Erin to the 4th floor of the Carvel Building to gather resources regarding not-for-profit enterprises and to speak with her outside of the this meeting regarding resources that may assist Hope Street DE.
- It is unknown if any members of the public were on the phone as none self-identified.

Next Meeting:

None set at this time. Ken offered to follow up regarding a possible November meeting. The

Meeting Adjournment:

Meeting adjourned by Ken Anderson, GSDC Chair, at 11:37am upon motion by Theresa Brown Edwards, Esq. and seconded by Dean Stotler.