



AGENDA

MINORITY BUSINESS AD-HOC COMMITTEE

November 10, 2015 @ 4:00pm

Conference Room 402

Peoria County Courthouse

1. Meeting Called to Order
2. Approval of Minutes
 - September 8, 2015
 - July 14, 2015
3. Update - MBE CDI Fundraising
4. Recap - Minority Business Contractor Development Center Gala
5. Discussion - MBE Committee Restructuring
 - Mission Statement
 - Committee makeup
6. Miscellaneous
7. ADJOURNMENT

DRAFT
Minutes
Minority Business Ad-Hoc Committee
September 8, 2015

MEMBERS PRESENT: Rachael Parker; Chairman, Marty Clinch, Diane Russell, Denise Moore, Charles Randle

MEMBERS ABSENT: Mike Phelan-Board Member, Don Gorman, Stephanie Brock, Mary Ardapple-Board Member; Marty Helfers-West Central IL Building Trades Council;

OTHERS PRESENT: Junior Watkins-Board Member, Mark Rothert- Assistant County Administrator

Chairman Parker called the meeting to order at 4:04pm. Due to a lack of a quorum, approval of the minutes was postponed.

MBE Contractor Development Program

Mr. Rothert gave the following update:

- Fundraising is ongoing and to-date, a total of \$40,000 has been raised. Also, Ms. Moore is asking the City for \$20,000. The goal is to raise \$100,000, and then *kick off* the program.
- Discussions have taken place with Caterpillar personnel. They are concerned about which organization is taking the lead. It was agreed that Peoria County would take the lead on the contractor's piece because the County has experience in minority contractor development. Caterpillar only focused on construction jobs insomuch as Mr. Rothert was talking to their procurement folks but he does think they are open to talking about other areas. A future meeting will be scheduled with Caterpillar. Also, Mr. Rothert will be talking to other major employers.
- There is another contractor development-related program offered by U.S. Minority Contractor Association out of Chicago. Mr. Rothert will be talking them to learn more about their pilot program to see if they are duplicating the County's model, doing something different, see if there is opportunity to collaborate, of if the program could be brought to Peoria; if so, what is the cost.

Explore those options to see if the program is viable for Peoria County. Mr. Rothert is not sure if there is a funding mechanism associated with Chicago's program. He is meeting with the group in Springfield tomorrow. CORE Construction made Mr. Rothert aware of this program. CORE supports having a program like this but does not want to see competing programs.

Ms. Parker said the Chicago group might want to do exactly what the County did and Mr. Rothert can help them. Therefore, we might be able to use some of their resources. Mr. Rothert said if we cannot raise the dollars needed; as option "B, perhaps consideration can be given to redirecting our money to an organization of this nature. Ms. Parker said her concern is that we don't lose the contractors Peoria County has already helped.

Developing a policy for small business set asides

- Mr. Rothert said part of the MBE Committee's Mission is about procurement with minority businesses. The County has a recommended guideline that we spend "X" amount with

DBE/MBE's. But there is nothing to say we will spend a certain percent of purchases on goods, services and projects with these businesses. He thinks the reason the County does not have such a requirement is because there was a Supreme Court Case that requires a disparity study. The County has never done a disparity study; therefore, a *hard and fast* percentage of minority spend is not available. To circumvent this, governments have to create small business set asides. Mr. Rothert presented a PowerPoint to explain the philosophy.

A brief discussion commenced on set asides and the following suggestions were given on how to construct the program:

- Jobs could be scaled down into smaller ones
- Projects could be broken down into as many increments possible
- Mr. Clinch suggested looking at Central Management Service set aside program
- Mr. Clinch suggested that prime contractors look at giving consideration to subcontractors on the smaller portion of a projects
- Mr. Randle said certification by agencies such as PTAB would be useful when the companies need HUB, MBE, etc. certifications

Recent changes to the County's loan programs

Mr. Rothert discussed recent changes to the County's Loan Programs. Currently, we have \$10 mil of Keystone funds in the bank. The policy is to use the funds for economic development loans. The money helps to fund Peoria County's Micro, Marco and GAP loan programs. The Micro funds are small amounts, GAP funds are up to \$150,000 and the Marco is \$150,000-\$600,000. However, the GAP Loan is funded by a different grant from the State of Illinois. The amendments will allow non-profits to apply for our loans. Also, if a project will ultimately be on the property tax roll, the organization can apply for County loan funds. Mr. Rothert mentioned a non-profit organization that approached him for a loan to build a supportive living facility that eventually would be owned by a for profit subsidiary of that organization. However, our current loan perimeters did not allow them to utilize the County's loan program. The change to our policy now allows for that project but other sources of funds are also required. Additionally, if local municipalities do not have a revolving loan fund, we will make a loan to them at zero percent interest for 10 years (\$100/capita basis) so they can loan the funds out at a higher interest rate. However, they must have a project in hand. The other change to the loan policy is to work with local banks through a participation agreement. Mr. Rothert said local banks will be made aware of these changes and can help the County find loan deals.

Minority Business Development Center (see attached document)

Ms. Moore explained the Minority Business Development Center (MBDC) project. After presenting the

Strategy plan and goals for the Center, she pointed out:

- Space in the Center can be leased by anyone.
- Data that shows minority businesses do not exist in Peoria because there are so few. The data only registers a footnote about the existence of these businesses.
- There is a concern that minority owned businesses cannot be found to give jobs to. The Center will address that need by creating a vetted minority listing. (Vetted= the business has

been checked out by the Center as having necessary business credentials/certification/ website/ bank account).

- Increase workforce development shows that small businesses employ more employees in total than large businesses.
- There will be collaborating with different training organizations so the Center is not *recreating the wheel*. (For an example, using local organization that can certify businesses.)
- Performance matrix will be provided, so at the end of the process, the Center will be able to show goals were accomplished.
- Although there is not a specific number at this time to show the number of businesses the Center will be working with, Ms. Moore said the businesses are out there.
- The Center's business model shows who, why, and what.

Ms. Moore said as a City Council person, she noticed in her district there are very few minority businesses. In the North Valley, there is a lot of Latino businesses starting up that appear to be doing well outwardly but facts show they are paying their bills but not themselves. Therefore, they are threading water.

Ms. Moore stated the official launch date of the MBDC is January 1, 2016. South Side Bank owns the property and has agreed to lease it at a very agreeable amount. One of the Center's partners is Farnsworth. The space is between 6,000-7,000 Sqft; the entire space is the MBDC. The radio station will be leasing space in the Center and continue to pay rent of \$500/month. The nearly 7,000 Sqft space is available to the Center for \$500/month. There is 1,800 sqft of space already committed for a small industrial parts assembly company for \$1,000/month. Therefore, the Center will be collecting \$1500/month in rent. Ms. Moore said utilities cost is not included but her estimate is \$250 - \$300 before the assembly company moves in. The only electricity used is for a computer and two monitors in the radio station.

Ms. Moore shared information on two other centers. One is working with small business developments and receives funding from them. The other one is receiving funding from the Department of Commerce. She also shared information on the partners of the Center and the in kind and other services they will be providing. She briefly discussed the modification and remodeling the Center needs.

Ms. Moore indicated she plans to talk to Marty Helfers and others. She said the request is for \$100,000 from the County but by the time this is packaged for the County Board, she hopes to have commitment for donated services from some of the other partners; therefore, the request will be less. Mr. Clinch feels it is a good program. Ms. Parker mentioned that she is happy to see this because a project of this nature has been on the *burner* for quite some time and no organization stepped up to bring it to reality. Although the County took the first step by putting up money to start the process, she said the Black Business Alliance is continuing on the path.

Ms. Moore said in addition to the Black Business Alliance, she is supportive of any such organization that would sponsor this effort; although, at this time there is no other organization doing this. She said any funding for the Center can be restricted. Ms. Moore stated that to her knowledge, the Keystone money is designated for economic development and this effort is for that purpose. However, if the County Board wants to keep it as a loan, then she requests that the

Board provides the Center the money from the interest on the Keystone money. Mr. Rothert said the County is already using the interest.

In reply to Mr. Rothert's question about the \$100,000 request decreasing if other in-kind services are provided, Ms. Moore said that will only decrease if it is related to the construction side. However, having some support the first year will be helpful. She has a business plan but does not have a copy. The business plan provides a fee for *contractor back office*. Larson Giles CPA will be providing accounting/book keeping service. Space will be available for rent for purposes such as classes, business meetings, etc. These are the types of revenue generating activities that will be held in the Center for sustainability. She referred to the Radio Station in Bloomington and indicated that rent and utilities are paid from the revenue generated. They have received compliments for the use of volunteers at the station. The Center will have three employees and volunteers to answer phones and write correspondence. The Center will be open to the public specific hours on Thursdays and Saturdays. Morning hours will be reserved for people to rent that want to provide counseling without interrupting noise. The business plan is much more extensive and shows all the financials. Ms. Moore said if funds come in as expected, the first year will show 18% of the Center funds being from donations and 82% from federal government. The goal in 5 years is to have 70% of funding self-generating and 30% from government/donated funds. She said it probably is a better ratio than can be found at any other economic development facility or the Greater Peoria Economic Development Center. Also, the MBDC will have memberships. Ms. Moore mentioned she will be signing a 5-year lease as the Center will be reaching out regionally. A consensus of the committee members present was supportive of Ms. Moore's project and for her to move forward. Ms. Russell said she supports the idea but would like more details. There being no further business, the meeting was adjourned at 5:40pm.

Draft
Minutes
Minority Business Ad-Hoc Committee
July 14, 2015

MEMBERS PRESENT: Rachael Parker; Chairman, Don Gorman, Charles Randle, Marty Clinch, Diane Russell, Denise Moore

MEMBERS ABSENT: Mary Ardapple, Mike Phelan, Stephanie Brock, Marty Helfers-West Central IL Building Trades Council

OTHERS PRESENT: Mark Rothert- Assistant County Administrator; Clint Drury- West Central IL Building Trades Council

Teleconference: Liz Duncan, Hayward Willis-The Cayemitte Group (TCG)

Chairman Parker called the meeting to order at 4:06pm. Due to a lack of a quorum, approval of the minutes was postponed. She welcomed The Cayemitte Group representatives who were participating in the meeting by teleconference. Ms. Duncan thanked the Committee for their involvement and the level of expertise around table. After which, she summarized the status of the CDI Program due to it ending. She said it is positive to know there are potential jobs for the contractors to bid. Also, it would be beneficial if the participants could receive continued outreach by the Committee and other partners regarding procurement opportunities so they can have more jobs to bid. It is additionally important to continue helping them to get access to capital, i.e. working with local financial institutions and organizations that can help with financing. As an umbrella statement of the program, Ms. Duncan said they believe there are a number of local contractors who made significant progress in growing their business from an infrastructure standpoint and are ready to do work. A few of the businesses are almost positioned to get bonded. Cayemitte folks are ready to talk to them when that happens.

Mr. Willis said there are seven contractors ready to move to the next level which is bidding jobs on their own as well as having the ability to track job progress. Two contractors still need some assistance with their internal process such as accounting from a construction perspective. There are others that need additional help in order to get them to the level of the first group. Responding to Ms. Parker's question, Mr. Willis said there are two levels the contractors fall; the two contractors that far exceed the others are in need of minor assistance and the other seven need financial backing.

Regarding access to capital, Mr. Rothert asked if it would be helpful for the contractors to have funding before they get a contract or should it be gotten first and we advise that our funding is based on the contract they receive. Ms. Duncan said ideally would be to have a line of credit for security if they got the contract. It gives the contractors more confidence to take on the expense and hours that go into bidding the contract. She said it would be advantageous to these contractors if Peoria County had a fund to lend for their own contracts. There are fund control programs that could be put in place, whereby, Cayemitte could control the money so it is only used for a specific project. Payments for the project are made to an escrow account in the contractor's name rather than directly to the contractor. The fund control manager pays the bills before the contractor can remove profit. This assures the project gets done on time and the

money is protected. It is also a learning process for the contractor that will eventually help them to operate without the fund control agent. She said it is an option Peoria County could consider if they have a small pot of money.

Mr. Drury mentioned a project underway on Rte 91 in Peoria that the same concept is being used. He asked if the County's revolving loan fund could be modified, and Mr. Rothert advised that policy revisions are being brought to the respective committee this month that allow for some changes of this nature. Basically, 70-80% of the contract amount could be financed through the revolving loan fund and possibly could be used and managed under a fund control program. Ms. Moore asked Mr. Rothert to check into Justine Peterson Minority Assistance program as it has a financial component that we might be able to partner with.

Ms. Duncan said Peoria County is the first that has done a program of this kind in the area. It was a learning opportunity that built a track record as well as attracted folks in Peoria and the region. There was a variety of contractors, thereby, causing visibility to the program. She said this pilot will be helpful in developing another rendition.

Mr. Rothert discussed fundraising effort, and noted there has been success with some key partners which are prime contractors (CORE and River City). He is looking for more partners to provide funds. A total of \$40,000 have been raised which includes Peoria County contributing \$20,000. He said the goal we started with was \$240,000 but does not think that much is needed because some of the foundational work was done the first phase of the program. However, the program can be scaled to the amount of money raised. He feels the minimum should be \$100,000 before proceeding. Mr. Rothert mentioned that meetings have been held with IDOT, the Capital Development Board and the Department of Commerce and Economic Opportunity. Mr. Ivory continues to connect with these officials. Also, contact will be made with other major employers in the community including architectural engineering firms.

Mr. Rothert said his goal is to have something finalized by the end of summer or early fall. He recommends another RFP process that includes some program enhancements. Also, he feels a program advisory board consisting of prime contractors, construction trade representatives, etc. would be beneficial.

Mr. Randle mentioned that small companies' weakness is in accounting and finances. He informed the Committee that his office is working on a grant for training in this area, similar to the *Quick Book* method used by Cayemitte Group. Also, his office has contacted the other non-profit partners and they appear to embrace this concept. Mr. Drury said the City is also doing some training. Ms. Moore said she already talked to Mr. Rogers, Director of City Public Works, about providing some training pertaining to the bidding process. She mentioned that the City has about 750 lots to mow during the summer which offers bid opportunities for these contractors.

The topic came up about recognizing minority businesses. Ms. Moore said she would research to see if there is a Minority Business Recognition Week.

Ms. Parker asked about the frequency of MBE meetings and if members feel every two months is sufficient. There was a consensus to meet every two months, and Ms. Parker said she would discuss it with County Operations Committee Chairman Michael Phelan.

The minutes of February 10, 2015 and April 14, 2015 were approved on motion by Ms. Russell, and second by Ms. Moore.

There being no further business, meeting was adjourned at 5:15pm.