

G6 Partners Meeting Notes

March 14, 2014

Karen Landry welcomed the attendees and each was introduced. Each spoke of their role in small and minority business development and their expectations for the meeting.

Margo Moehring, Executive Director of the Northeast Florida Regional Planning Council greeted the attendees on behalf of the Council and provided an overview of the Regional Planning Councils and their role relative to economic development. She also provided specific information about the programs of the Northeast Florida Regional Planning Council and the Regional Community Institute of N.E. Florida, Inc.

Peter Harris gave a brief overview of G6 and its select membership before each member of G6 provided an update.

FCMD

Our host provided an overview of the coalition and introduced the roundtable panelists and the expected outcomes for the day.

FACSMBD

Cheryl Gonzalez provided an update on the status of two upcoming reports from the Council:

- The State Comprehensive Plan Report
- Public and Private Sector Working Group Report
- Capital Access Working Group Report

The working group reports will be merged and forwarded to an advisory committee comprised of the CFO, DMS Secretary, DEO Secretary and the EFI CEO. She also advised on outstanding issues with EFI.

FAMBEO

Pamela Hart Frazier provided an update on FAMBEO and the fact that they are celebrating their 28th year. She circulated information about their upcoming events

HBIF

Juan Pulido provided information about HBIF's new Seminole County Extension Office and their desire to provide more services to their target market in the area.

Peter Harris explained that Beatrice Louissaint was unable to attend because of the **SFMSBDC** is short staffed and working on the upcoming Business Expo. In addition, Veronica Anderson was unable to attend because the **FLCBB** was coordination a Bus in and Black Business Expo in Tallahassee. Both G6 members have provided information which was shared in previous e-mails or as a part of the meeting packet.

EFI

Bill Spivey reviewed EFI initiatives and provided updates of progress since the December 13 meeting including MaSBEC/GrowFI mentoring project and the EFI Performance Bonding Project, which has 3 elements:

- Business Training/Technical Assistance
- Credit Enhancement (cash to grow)
- Working Capital

Bill briefed the group on EFI Capital Programs. On the capital side he gave an overview of the requirements of EFI's bond financing, venture capital and loan support programs. He also discussed the recently launched website and the need for substantive content before turning the floor over to David Rodriguez, who provided details on EFI Loan Support Programs, which is accomplished through guarantees and participation agreements.

Round Table Discussion

Gar Kelley, SVP of the Association for Enterprise Opportunity (AEO) began the discussion with a power point presentation on the economic impact of micro business in the United States. That presentation is attached. AEO is the national trade association for microfinance in the United States and their goal is to increase the flow of capital to micro business, which they define as enterprises with fewer than five employees, including the owner. There are over 25.5 million of them or 92% of all businesses in the United States. AEO research has found that major constraints facing these businesses include:

1. Inadequate capital and other finance/investment tools
2. Insufficient services, products or opportunities
3. Currently available resources and solutions are inaccessible.

There are tremendous opportunities for collaboration on the state of micro business in Florida. This led to the roundtable discussion on:

- Creating access to capital through CDFIs and micro business development;
- Tools Florida can Use; and,
- Effective Advocacy; and Innovative Strategies for micro business

Ron Reuss, President of Gulf Coast Business Finance agreed that in Florida, access is not there and provided information on a suite of accessible solutions that his non-profit provides. He also spoke of the advantages of lender discretion in designing products and services as well as collaboration among economic development organizations to underwrite and service loans.

Grover Brown of Community Enterprise Investments continued the discussion on solutions to the capital access problem such as the various SBA back programs, USDA Intermediary Loans and tech support over time as a full service. This led to a group discussion on whether business development service providers should charge fees and create other mechanisms to finance their business development services. There was also significant discussion on the latitude given the lender to make and service loans as well as determine deficiencies and tailor training and technical assistance services to meet these needs thereby making the training directly relevant to the client.

Elliott Rittenhouse of Goodwill Industries of Southwest Florida provided an overview of their business model and services including their technical assistance programs and collaboration with the SBDC. He discussed their microenterprise division and their Jumpstart based model in which coach mentors are critical. On the finance side they use every conceivable tool to build capital from CRA credits, CD backed low interest loans to private fundraising. There was group discussion on creative ways to build funds that gave the lender discretion on making loans to micro business.

Rodrigo Cerviera provided an overview of ACCION in Florida and their success leading to expanding their footprint in central and north Florida. In addition to finance, their technical assistance includes learning, changing improving and making their clients bankable. They provide direct coaching assistance by the loan consultant who works with the client from the beginning, thereby solidifying the relationships. The primary issue they face is raising awareness of their products and services and those of their partners such as HBIF and Hispanic oriented banks.

Cornell Crews of Partners for Self Employment discussed the flexibility needed as a fund developer to create finance sources for small business training and loans. He oversees the direct loan program to seasoned small businesses and the start-up program for new businesses as well as the matched savings fund. There was a lot of group discussion about effective mechanisms and the sea change need as micro lenders to continue to provide products and services. Cornell Crews is very supportive of direct loan funds and even strengthening his organization to the point where they can take out a low interest loan to make loans at rates below banks to meet the capital needs of micro business. He stressed the importance of getting SSBCI funds out and into the hands of CDFIs that can more effectively serve the client than banks.

Ann Sullivan of AEO opened the discussion on formulating an advocacy agenda with a power point which is attached. She asked the group to focus on creating a data driven business case that micro business is an effective job creation strategy for Florida and has an economic impact that is essential to Florida. Ann briefed the meeting on principles

and strategies for effective advocacy and there was discussion of the business and political climate in Florida. There was also significant discussion on SB1480 and Ann moderated a workshop on the bill as an advocacy exercise. There were numerous points raised including the intent of the sponsor, whether to oppose or fix the bill and tactics to be employed when contacting legislators. There were also some bill specific issues raised. They included:

1. The language in the bill relative to training and technical assistance is too restrictive and may not target the needs of the micro businesses that it purports to serve. The MOUs with SBDC need to be clearly defined because micro business is not currently their sweet spot.
2. Clarification needed on how much capital is being provided for the micro loan fund.
3. A three year program is too restrictive as five years may be a better time frame on the guarantee side; further, a one year term is not good for the client trying to service that loan.
4. There needs to be a triggering mechanism such as debt service level for additional technical assistance to be monitored by the lender. There is no practical reason to have SBDC in either section of the bill. The lenders are in the best position to determine deficiencies and technical assistance needs of the borrowers and the best mechanisms to meet those needs.

SB1480 represents a great opportunity for collective impact. The following members of the meeting were tasked with reviewing the bill and drafting a letter for follow-up in two weeks with Bill Spivey and Ann Sullivan:

Karen Landry
Cornell Crews
Grover Brown
Elliott Rittenhouse
Peter Harris

Dreamal Worthen and Beth Tremel were assigned to draft one pager with data on the effectiveness of micro loans and Peter Harris will coordinate with Gar Kelley on a micro business definition and other advocacy materials.

Beginning with SB1480, FCMD and G6 will continue the dialogue with Enterprise Florida on opportunities for collective impact on behalf of micro business in Florida.

Notes from the March 14, 2014 G6 Partners meeting.

- G6 Partner List follows
- Data that tells the story of what the issues are and how we are doing is a challenge.
- Lack of clarity on the definitions of small and micro business is also a challenge.
- G6 supports doing a one pager that gathers the metrics about how important small and micro business is to the State. We could use these same metrics for Northeast Florida.
- Recommendation was made that all advocacy be done using the same message and the same metrics.
- Enterprise Florida has a new website. Better format but still working on content
- Uses Florida Small Business Survey as a resource
- EF staff gave an overview of programs:
 - Grow Florida
 - Performance Bonding for Contractors
 - Bond Financing (can go up to 30 years, not for start-ups, have to be in business 3 years)
 - Venture Capital
 - SSBCI
 - Loan Guarantees
 - Loan Purchase
- Ron Reuss: Still working on a CDFI, working with COJ
- Association for Enterprise Opportunity: Trade Association
 - Looking at data
 - Mission is to create economic opportunity for underserved entrepreneurs
- Microbusiness is a clearer term than micro enterprise, give the latter's relationship to international efforts and angel finance
- Microbusiness is 92% of all US business, employs 26M and with direct and indirect jobs
- Appalachian Community Capital: central bank that dispenses to microlenders
- Community Enterprise Investment: Issues
 - Banks are no longer providing capital
 - TA funds are drying up
 - Tech companies do not have collateral for loans
- Approaches:
 - Use volunteers for TA, they can write it off business tax
 - SWFL Microenterprise Institute, run by Goodwill
 - ACCION is nationwide CDFI, in FL for 10 years. Closest office is Orlando but the loan process is online
- Advocacy:
 - Joint effort to identify the metrics and all use the same is key
 - SB 1480 pending
- Major issue for all is getting the word out (ACCION, for example)
- Self employment assistance is a need. Starting a business is job creation but the Fed Govt does not count or reward this. Self employment assistance would allow folks to receive unemployment assistance while starting a business and receiving TA. 4 states do this.

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