

**Business Enterprise Program Council for Minorities,
Females and Persons with Disabilities Meeting Notes**

MONTHLY COUNCIL MEETING MINUTES

100 W. Randolph
Room 9-040
Chicago, IL 60601

401 S. Spring St.
Room 500 ½
Springfield, IL 62706

Monday, June 22, 2015- 1:30 PM

COUNCIL MEMBERS IN ATTENDANCE

Perry Nakachi, Corinne Pierog, Denise Barreto (Phone), Jesse Martinez, Edward McKinnie, Fred Coleman, Larry Ivory, Karen Eng (Phone)

COUNCIL MEMBERS NOT IN ATTENDANCE

Kacy Bassett, Rodney Lewis, Susan Shaw, Lynne Marie Turner, Samantha Hufnagel, Kim McCullough, Charisse Witherspoon, Beth Doria, Hedy Ratner

COUNCIL CHAIR

Tom Tyrrell, Chairman

COUNCIL SECRETARY

Paul H. Cerpa

CMS STAFF IN ATTENDANCE

Elias Ricks Ngwayah II, Harry Reinhard, Ben Jones, Michael Basil, Irma Lopez, Carlos Gutierrez,

OTHERS IN ATTENDANCE

Gustavo Geraldo, Stan Luboff, Bruce Montgomery, Dean Alonistiotis, George Huff, Michael Smith

**PUBLIC NOTICE
STATE OF ILLINOIS**

***Business Enterprise Council for Minorities, Females, and Persons with
Disabilities***

100 W. Randolph
Room 2-025
Chicago, IL 60601

401 S. Spring St.
Room 500 1/2
Springfield, IL 62706

AGENDA

June 22, 2015

1:30 p.m. – 3:30 p.m.

- I. Welcome
- II. Call to Order
- III. Roll Call
- IV. Approval of Minutes of Council Meetings held on April, 27, 2015, and May 26, 2015.
- V. Chair's Report
- VI. Posted Business
 - Stan Luboff, Capital Manager, DCEO
 - Intergovernmental Agreement – Recognition Certification
- VII. Committee Updates
 - Procurement Committee
 - Business Development Committee
 - Capital Access and Banking Committee
 - Certification Committee
 - Policy, Rules and Enforcement Committee
- VIII. Old Business
- IX. New Business
- X. Public/Vendor's Testimony
- XI. Adjournment
 - Next Council Mtg. – July 27, 2015

Please note: In case you need to connect to the meeting via teleconference, please use the following number and access code:

Teleconference Number 888-494-4032
Access Number 2587213722

I. Welcome

Chairman Tom Tyrrell welcomes all.

II. Call to Order

Chairman Tom Tyrrell called the meeting to order at 1:40pm. He asked Secretary Cerpa to conduct the roll call.

III. Roll Call

Roll call conducted. Quorum was not established.

IV. Approval of Minutes

Approval of Minutes was postponed due to the lack of quorum however there were corrections of the minutes cited by member Pierog requesting correction of the spelling of her name.

V. Chair's Report

Secretary Cerpa informed the Council of the IT Resource Multi-Step RFP Notice to members on 6/12 of a two phased RFP in order to alert them and their constituents. The first phase of the RFP is actually establishing the pool of vendors for via pre-qualification. Once the pool is established, it will kick into phase 2 which will allow those firms that have been selected and have reached the level of pre-qualification to actually be solicited for the bids relating to the State Information Technology as well as the development, maintenance, and enhancement needs. He said this is an excellent time to take a look at firms on the list that have not participated in the past but also provide them opportunity to serve as prime contractors. He also said that there was a strong goal established for phase 2 of 20% for BEP and 3% for Vets respectively. Secretary Cerpa mentioned that none of the firms will have to be certified for phase 1 consideration but they will have to be certified for phase 2 BEP commitments being made thereafter. He stated that Mr. Craig Holloway is the point of contact on this bid.

Member Nakachi asked if there was a chance to pre-qualify down the road. Secretary Cerpa said he believed there was an annual enrollment period. However he did say he will seek confirmation regarding member Nakachi's question. Member Nakachi asked whether the firms will have to qualify down the road again. Secretary Cerpa said that once they are prequalified, they will remain pre-qualified for 60 months. Member Nakachi asked whether it includes subcontractors. He said subcontractors do not have to prequalify to participate as subs only primes.

Member Ivory asked if there will be a mandatory meeting for this bid. Secretary Cerpa said yes but will confirm the date with the council. Member Nakachi asked when the bid is due. Secretary Cerpa said July 15. However further questions on the RFP should be directed to Craig Holloway

VI. Posted Business

Mr. Stan Luboff, Capital Manager from DCEO, was invited to speak to the Council. Mr. Luboff has been working with the Capital Access and Banking subcommittee and will be talking about Advantage Illinois. Mr. Luboff said he and Sarah August are the ones running the program which could be used as alternative funding for BEP vendors. He said the program is reaching out to minority, females, and Veteran owned entrepreneurs.

Mr. Luboff stated that the State of Illinois has plenty of money for small businesses. He said it comes from the federal program, American Recovery and Reinvestment Act 2009. He said in 2010, President Obama signed the Small Business Jobs Act which took 30 billion out of the 787 billion that was the American Recovery and Reinvestment Act and created the Small Business Jobs Act. Title 3 which is the Small Business Credit Initiatives applies to this program. The government then took 1.5 billion from the 30 billion and divided it among the states and 6 territories based on population and experience with unemployment between years 2008 and 2009. Illinois allocation was \$78,365,264. The money is to be used to convince banks to do loans that they would not do without the program's money. It is to be used to help small businesses with fewer than 750 employees, and to help loans or investment of 20 million or less. As of June 17, 2015, the program has been involved in loans/investments of over 533 million dollars. This money is solely gear toward creating jobs. So far 68 million has been used out of the 78 million. Although 10 million of the original allocation is still available, the program has received 15 million of recycled money. The program has retained or created 4200 jobs.

Advantage Illinois' website is under the Illinois Department of Commerce website. Go to small Business Assistance; then you will be led to a table that says financing your business; under financing options there will be Advantage Illinois. A description of the program can be found here.

Member Ivory wants to know what level of participation is being experienced. Mr. Luboff said in the general market, this have had good reception. However, going to minority banks to access minority vendors have not worked. Most of them are under strict guidelines from the Federal Reserved and Treasury while others have been sold to out of state interest.

Secretary Cerpa wanted to know if a minimum credit score is needed for participated. Mr. Luboff said "no". Secretary Cerpa further said that BEP is willing to work with Advantage Illinois to make sure the money is going to certified minority firms.

Member Nakachi asked how many companies are they been doing business with. Mr. Luboff said about 200 firms.

Member Pierog asked whether this money was available short term and will be taken away soon. Mr. Luboff said no, it is ours. He further said this money is under the Treasury control until March 31, 2017. After this date, it belongs to the State of Illinois and can be used by the State of Illinois as it seems fit. Member Ivory said he would put the Illinois Black Chamber of Commerce financial team in touch with the Advantage Illinois team so that they can work toward bringing in more minority participation.

Secretary Cerpa asked if it was only banks that could participate. Mr. Luboff said no, credit unions, revolving loans funds, and CDFIs can also participate. Secretary Cerpa wants to know who to refer vendors to if they wanted to participate in the program. Mr., Luboff said either he or Sarah.

*See attachment below for Mr. Luboff's presentation.

Secretary Cerpa talked about the Intergovernmental Agreements between the State of Illinois and other governmental and assists agencies agreements. He said we are working on getting them all back by September 1, 2015. These include: City of Chicago, Cook County; Pace, Metra, WBDC, CMSDC, IDOT, and CTA. Two others that are being considered for inclusion are: Metropolitan Water Reclamation District of Greater Chicago and Mid-States Minority Council. Secretary Cerpa also noted procedures changes are being made through JCAR to reflect other entities so that once you are certified; you will remain certified until you are decertified. This change to our overall BEP program procedures will greatly help BEP firms to remain eligible for contract participation.

Member Martinez asked whether we needed a quorum for approval of these changes. Secretary Cerpa said yes. He said although they do not have a quorum, discussion can still go ahead.

Member Pierog wants to know if she could give a proxy vote because she will not be here for the next meeting. Secretary Cerpa said he would check on it, although a quorum will still have to be established.

Member Nakachi asked how this is different from a host agency. Secretary Cerpa said not that different. Member Nakachi asked about certification shopping after being denied by one firm. Secretary Cerpa said there is a mechanism put in to avoid that accounting for certification denials or decertification notifications.

Mr. McElroy said there was no pre-bid meeting on the IT bid. It was established that there is a pre-bid meeting on July 2nd at 10:30am.

VII. Committee Updates

a. Procurement Committee

None

b. Business Development Committee

None

c. Capitol Access and Banking Committee

Member Coleman said part of his presentation was the invitation of Mr. Luboff to talk about the Advantage Illinois. He also said he spoke with Mr. Luboff about the non-for-profit aspect of their database and was not hopeful of that information being hosted.

Member Pierog inquired as to whether we should expect to see the link of the Advantage Illinois website on BEP website. Secretary Cerpa said he will be working on that.

d. Certification Committees

Member Nakachi said the committee met this morning on TechnoSoft and voted unanimously to deny based on administrative code 10.64B.

e. Policy, Rules and Enforcement

None

VIII. Old Business

a. Secretary Cerpa informed the Council that BEP is meeting with the consultant and representative from the Governor's office within two weeks on the Sheltered Market findings after which the finding will be finalized and then presented to the Council.

i. Regarding the subcommittee's presentation, Secretary Cerpa reminded the council that each presentation has to be memorialized on paper in order to avoid violating the Open Meeting Act.

ii. Member Coleman presented the Higher Ed quarterly report to the council. The report summarizes the activities of the Higher Ed regarding increasing utilization of minority enterprises. He informed the Council that Higher Ed will be hosting a Diversity Opportunity Fair on July 21, 2015 in Champaign, Illinois.

- iii. Secretary Cerpa introduced the new BEP Outreach Manager, Irma Lopez

IX. New Business

- a. Member Ivory urged the Chairman to take a look at the Health Care spend as it relates to minority, females, and persons with disabilities. He also said he needed an update Department of corrections commissary contract.

X. Public/Vendor's Testimony

- a. Thomas McElroy, Global Solutions, said the Tollway had a technology based pre-bid meeting that was a YouTube video. It was mandatory meeting. There was no meeting of the vendors and no networking. It is problematic. It is a recent trend that is happening according to Mr. McElroy. Chairman Tyrrell promised to look into this trend. Mr. Giraldo defended the electronic pre-bid meeting because there were some international firms interested in certain aspects of the bid and could not be present.

XI. Adjournment

- a. Chairman Tyrrell called for Adjournment
- b. Member Ivory casts for a motion (moved) for Adjournment
- c. Member Pierog seconded the motion to Adjourn.
- d. Meeting was Adjourned as of 3:14pm
- e. Next Council Meeting will take place on Monday, July 27, 2015



Advantage Illinois

Stanley Luboff, Capital Programs Manager
IL Department of Commerce & Economic Opportunity
J. R. Thompson Center
100 West Randolph Street (Suite 3-400)
Chicago Illinois, 60601
Direct Phone: (312) 814-1595
E-Mail Address: stanley.luboff@illinois.gov

[http://www.illinois.gov/dceo/SmallBizAssistance/Financing/
AdvantageIllinois/Pages/default.aspx](http://www.illinois.gov/dceo/SmallBizAssistance/Financing/AdvantageIllinois/Pages/default.aspx)

Advantage Illinois (“AI”)

- **Origin**
 - Small Business Jobs Act of 2010
 - Title III – “State Small Business Credit Initiative”
- **\$1.5 Billion**
 - Divided according to state/territory population and unemployment experience during 2008 & 2009
 - Illinois Allocation: \$78,365,264
 - Maximum Borrower/Recipient Size: <750 Employees
 - Maximum Loan/Investment Size: \$20MM or Less

Advantage Illinois (“AI”)

AI Performance as of 6/17/15

- Total Amt of Loans/Investments:
\$533,322,852
 - Total Amt of AI Funds Obligated/Expended:
\$68,982,947 (incl. \$1.5MM in “Recycled Funds”)
 - Total Amt of Private Sector Loans/Investments Catalyzed:
\$509,471,676
 - Total Jobs Created/Retained:
2,788 / 1,419
- Leverage (Private Sector Funds : SSBCI Funds): 7.55:1.0

•3

Advantage Illinois (“AI”)

Prohibited Uses

- **Passive Real Estate**
- **“Ownership Interests”**
 - Purchases of Shares/Stock
 - “Goodwill”, (though almost all other Tangible/Intangible assets may be financed)
- **Support of “Companion Loans” permitted**
- **Certain Industries/Purposes**

•4

Advantage Illinois (“AI”)

• Capital Access Program (“CAP”)

• Methodology

- Fee-based, Escrow Account Reserve Program
- Lender may access to offset shortfalls after Borrower liquidation
- Fee Match: 2% to 5%. Fee is paid 50%/50% by Borrower and Lender, (however Lender can debit the Borrower for its portion).
- Bank’s Loan Size: Up to \$1,000,000

• Types of Loans Covered

- Term Loans up to 5 year tenor.
- Revolving LOCs (Renewable for up to one additional year, with only one fee due.)

• 5

Advantage Illinois (“AI”)

Participation Loan Program – Overview

- Standard Participation Loan Program (“PLP”)
- Minority/Women/Disabled/Veteran-Owned Businesses (“MWDV PLP”)
- Revolving Line of Credit (“RLOC PLP”)
- SBA Supported Projects

• 6

Advantage Illinois (“AI”)

Standard Participation Loan Program

- DCEO’s Participation is subordinated to Lender’s credit exposure
- Once Lender signs Master Agreement, deal-specific documentation and loan servicing is “short and simple”.
- Maximum support is the lesser of a) 25% of the Project, b) 50% of the Loan, or c) up to \$2MM, depending on job creation/retention.
- Maximum DCEO tenor is 10 years.
- Interest Rate is “below market”.
- DCEO financial support may range up to \$50K per FTE to be created within 2 Years or “At Risk” jobs to be Retained.
- Refinancing of one Lender’s loans by an unrelated Lender now permitted. (Refinancing of a Lender’s existing exposure is possible under substantially limited terms/conditions.)

•7

Advantage Illinois (“AI”)

PLP for Minority/Women/Disabled/Veteran-Owned Businesses (“MWDV PLP”)

- Basic structure is similar to the Standard PLP, except that maximum support is the lesser of a) 40% of the “Project”, b) 50% of the Loan, or c) up to \$200K, depending on job creation/retention.
- Maximum MWDV PLP tenor is 7 years.
- DCEO financial support may range from \$25K to \$65K per FTE, (depending on Loan term).
- MWDV majority ownership, (51% or more), and “control”.

•8

Advantage Illinois ("AI")

Revolving Line of Credit PLP Program ("RLOC PLP")

- Basic structure is similar to the Standard PLP.
- Maximum support is the lesser of a) 25% of the "Project", b) 50% of the RLOC Facility, or c) up to \$2MM, depending on job creation/retention. Interest Rate on DCEO's portion is "below market".
- DCEO financial support may range from \$25K to \$50K per FTE.
- Maximum Tenor is 2 years. (Refinancing of PLP-supported Facility possible but requires reapplication and probably facility increase.)
- Refinancing of one Lender's RLOC facility by an unrelated Lender is permitted. DCEO's
- Participation in the Facility will be deposited with Lender, with Lender paying 1/4% p.a. interest on the entire amount of DCEO's Participation.

Advantage Illinois ("AI")

PLP Support of Small Business Administration 7-A Guaranteed Activity

This sub-program has been terminated by U.S. Treasury.

- DCEO support is now be restricted to financing purposes other than those financed under the SBA-7A Guaranteed Loan. Thus DCEO will participate in up to 50% of "Companion Loans" provided by the Lender to the same Borrower, and documented with separate, unguaranteed Notes.
- DCEO's credit exposure will be subordinated to the Lender's, and when required, to the SBA's interests as well.
- No DCEO support is permitted for the Lender's unguaranteed portion under the SBA-7A Guarantee.

Advantage Illinois (“AI”)

PLP Support of Small Business Administration SBA-504 Activity

This sub-program has been terminated by U.S. Treasury.

- DCEO support will now be restricted to financing purposes other than those financed under the SBA-504 Structure. Thus DCEO will participate in up to 50% of “Companion Loans” provided by the Lender to the same Borrower, and documented with separate Notes.
- DCEO’s credit exposure will be subordinated to the Lender’s, and when required, to the SBA’s interests as well.

Advantage Illinois (“AI”)

Collateral Support Program (“CSP”)

This Program cancelled due to a lack of sufficient market interest.

(Under this Program, DCEO established savings accounts/ C/Ds at Lenders, (up to 20% of Initial Loan amount), to supplement Borrower’s pledged collateral.)

Advantage Illinois (“AI”)

Invest Illinois Venture Fund (“IVF”) Program

Due to unexpected high interest in this product, DCEO has tentatively suspended accepting new Applications.

- DCEO invested in common stock, preferred shares, and/or other equity/quasi-equity investments acceptable to SSBCI Program Management at Treasury.
- Targeted hi-tech companies, and others with high potential for growth and the creation of high-paying professional jobs in Illinois.
- DCEO limited its equity investments in any particular company to not more than 25% of the company's equity.
- Investee had to have firm commitments from other Lenders/Investors totaling no less than 3 times the amount of DCEO's investment.

• 13

Illinois.gov | [Get Online, Government](#) | [About DCEO](#) | [Media](#) | [Contact Us](#)

ILLINOIS
DEPARTMENT OF COMMERCE & ECONOMIC OPPORTUNITY

Twitter Facebook YouTube LinkedIn Google+ Search

WHY ILLINOIS | SMALL BUSINESS ASSISTANCE | EXPANSION/RELOCATION | WORKFORCE DEVELOPMENT | COMMUNITY SERVICES

DCEO | [Small Business Assistance](#) | [Financing Options](#) | [Advantage Illinois](#)

Advantage Illinois



Enhancing business access to capital is a top priority for the administration and the Illinois Innovation Council. The Brookings Institution recently noted more than 95% of new jobs are derived from business expansion or start up activity.

Advantage Illinois will accelerate investments and ease the credit crunch for small businesses, thanks to more than \$78 million from the federal State Small Business Credit Initiative (SSBCI) of the Small Business Jobs Act of 2010. Advantage Illinois consists of three programs to spur institutional lending to small businesses and one program to leverage private venture capital in start-ups and high-growth businesses.

Illinois expects to generate a minimum “bang for the buck” of at least \$10 in new private lending for every \$1 of federal funding provided through this program, generating more than \$800 million in private investments in Illinois’ small businesses. There has never been a better time to grow Illinois ideas or business!

Small businesses are the backbone of the Illinois economy, and the Great Recession was tough on them. Advantage Illinois will be a shot in the arm to our small businesses. By working with the state’s banking community and venture capitalists, we’ll get entrepreneurs and small businesses starting up or expanding and creating new jobs at a faster rate.

[Privacy Statement](#) | [Site Privacy](#) | [Web Accessibility](#) | [Agency Webmaster](#) | [DCEO News](#)

Copyright © 2014 Illinois Department of Commerce and Economic Opportunity

• 14



THANK YOU