



MASSACHUSETTS COMMUNITY & BANKING COUNCIL

TO: Distribution

FROM: Jean Horstman, Co-Chair, MCBC Economic Development Committee
Charles Smith, Co-Chair. MCBC Economic Development Committee

DATE: June 8, 2017

RE: Next MCBC Economic Development Committee Meeting

You are invited to attend the next meeting of the Massachusetts Community & Banking Council's (MCBC) Economic Development Committee.

The meeting will be held on **June 15th at 9:30 AM at Interise, 197 Portland Street, 2nd Floor, Boston, MA**

An agenda for the meeting is enclosed, along with minutes and materials of the last meeting.

If you wish to participate in the June 15th meeting via phone, please call # 712-432-6333, participant passcode 183421#.

We look forward to seeing you on June 15th.

Next Committee Meeting: July 27, 2017

Economic Development Committee

MISSION: MCBC's Economic Development Committee brings together financial institutions, small business assistance providers, city and state agencies and others to promote the economic revitalization of low- and moderate-income communities in Massachusetts by providing insight, ideas and information designed to encourage small business lending and growth.

Meeting of June 15, 2017

AGENDA

Time	Item	Description	Lead
9:30	1. Welcome and Minutes	Reading and Approval of April 20, 2017 Meeting Minutes	Chairs
9:40	2. Cultivate Small Business	Presentation on Santander's Pilot Program	Lane Jost, Director of Philanthropy
10:25	3. Anchor Institution Hackathon	Update	Jean Horstman
11:00	4. Small Business Lending Report	Review proposal by Stuart Ryan	Dana LeWinter
11:20	5. Other Business		Chairs
11:30	6. Adjourn		

MASSACHUSETTS COMMUNITY & BANKING COUNCIL

Economic Development Committee
Meeting of April 20, 2017

Draft Minutes

Attending: Laura Anctil, Needham Bank
Brian Clarke, Federal Reserve Bank of Boston
John Fitzgerald, City of Boston
Adam Gibbons, Community Collaborative Consulting
Donna Haynes, Leader Bank
Nathan Hixson, LEAF
Jean Horstman, Interise
Paul Horwitz, FDIC
Kenya Hudson, Positive Change, Inc.
Dana LeWinter, MCBC
Karl Renney, Eastern Bank (phone)
Ben Selden, LEAF
Jon Seward, MA Association of Housing Cooperatives
Josefina Silva, EBSB
Charles Smith, Eastern Bank (phone)
Rob Williams, MGCC (phone)

The meeting began at 9:30 a.m. at Interise, Boston, MA and was chaired by Jean Hortsman.

1. Minutes of the Meeting of March 9, 2016

Deferred.

2. Local Enterprise Assistance Fund (LEAF) Presentation of Lending Work:

Ben Selden and Nathan Hixson from LEAF presented on their lending work. LEAF is a CDFI focused on cooperatives, specifically small business lending to worker-owned cooperative businesses and community coops (think grocery coops). They are on the smaller side, established in 1982 as a loan fund offshoot of the ICA Group. Cooperatives are any organization that serves its members and is owned by its members.

They explained that there are several reasons why there are not more coops, including: 1) they are hard to understand, 2) they are often viewed wrongly as socialist, 3) they have trouble accessing capital and equity because there is no controlling equity owner, and 4) Management needs to be ok with employees electing the Board.

LEAF also specializes in assisting businesses converting to coops, often when a retiring business owner wants to sell the business to their workers. This is the preferred option to

liquidation (leads to job loss) or sale to competitor (often leads to job loss). This will typically involve some seller financing and helps if the workers can put down some equity. LEAF will require at least 3 interested employees to move forward with this option, but they can move forward if only some of the employees end up being owners.

LEAF also has a new initiative in Greater Boston doing Technical Assistance and Business Support through lending. They saw a need in certain areas and had capacity in-house. They have entered into partnership with DSNI, Project HOPE and Commonwealth Kitchen, including “Office Hours” at Commonwealth Kitchen. They are also working to connect small businesses to other potential sources of financing.

3. C3 Update:

Jean gave an update on C3 including two proposals for Leverage Point Experiments (see attached). The group discussed the Hackathon proposal in detail, which would use the Hackathon model to convene a cross-section of the system to design strategies and goals to which it can commit that address the challenge of “If you tell me what to do, I won’t do it.” The group agreed to move forward with the Hackathon format in the fall, hosted at the Fed. The City of Boston also committed to work on the topic. The group agreed the SharkTank format was also interesting, but will hold off until after the Hackathon.

4. Other Business:

- CITC Forum for Financial Institutions on May 16th at Boston Private
- John Fitzgerald noted that the City of Boston CDBG-funded Loan Program will be launching on their website next week
- Brian noted that the Small Business Credit Survey results are now available and shared a few highlights (<https://www.bostonfed.org/publications/small-business-credit-survey/2016/small-business-credit-survey.aspx>)
- Paul noted that the FDIC BAEI Forum will be held on June 21st and will focus on Small Business Lending.

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Phone Inclusion	
Persistence on C3 Project	
Great Speakers	
Quieter with insulation efforts	

The meeting adjourned at 11:30 AM.

The next meeting will be held on Thursday, June 15th at Interise in Boston.

C³ Next Steps – Leverage Point Experiments

Challenge: Increasing the success of local, women- and minority-owned small businesses (LWMBEs) in securing contracts with and increasing purchasing from Boston's Anchor Institutions.

Experiment 1 October/November 2017

Mental Model shared by Procurement Professionals and Small Business

Owners: If you tell me what to do, I won't do it.

Experiment: Using the Hackathon format, convene a cross-section of the system to design strategies and goals to which it can commit that address this challenge.

What is a Hackathon? People coming together to creatively problem-solve in a structured process, seasoned with a bit of fun and lots of energy.

Output: Plans, including roll-out and implementation, to incorporate into the Boston Anchor Institution Initiative that the system has designed for itself and which they committed to trying

Participants:

- Anchor Institution Teams
 - Procurement Leadership
 - CFO
 - "Power User" or high purchasing department representative
- Lenders
- Small Business Owners
 - Maybe identified by Anchor Institutions with mix of Tier 1 and Tier 2
- Capacity Builders
- Grad Students scattered throughout for experience building

Process:

- Duration: either half or full day, tbd
- Location: Federal Reserve Bank
- Groups of 6 representative of the system work together to develop their strategies. The process flow is as follows:
 - Problems and Challenges
 - Steps to overcome problems and challenges
 - Innovation and Crazy Ideas (Remember, it is an experiment!)
 - Develop Plan (Criteria)
 - Implementation Strategy (Steps)
 - Prepare Report out

- Each group will pitch their strategies to the whole group and to a panel of Anchor Institution CFOs, city and state officials, lenders, and outside experts.
- The top 3 plans will be given additional time to refine their proposals and present again to the panel. A winner will be chosen and awarded a prize.
- All other plans/proposals will be cataloged and documented for additional implementation.

Experiment 2

TBD

Mental Models:

- I don't know where to find LWMBEs, and if I can, they probably won't be able to do the job.

Experiment: Using a Shark Tank Format, have small business owners pitch to a Shark Tank Panel of Anchor Institution Procurement Professionals, Power Users, and lenders.

What is Shark Tank? Really...don't you watch TV

Output: A directory of businesses that can be used by all Anchors, and relationships seeded through a fun and interactive event. (Dr. Kevin Lyons has offered the use of a database, based on Match.com, and some grad students to adapt it for Boston.)

Participants:

- SharkTank Panel:
 - Anchor Institution Power Users
 - Anchor Institution Procurement Officers
 - Lenders
- Pitchers:
 - Small Businesses organized by category and size

Process:

- Small businesses will present their pitches to a panel of experts SharkTank-style and critiqued by the panelists.
- Business owners will need to be prepped.
- We'll need prizes!