

HUB Advisory Council Meeting Minutes

Virtual Teleconference

Wednesday, August 26, 2020

10:00 AM

Attendees: Council Members

Kristen Hess	Lenwood Long, Sr.
Dorrine Fokes	Mary Williams-Stover
Annette Stevenson	Greg Richardson
Latif Kaid	Aaron Thomas
Iris Reese	Kimberly Leazer
CC Lamberth	Doug Morton
Terrence Holt	Vinnie Goel
Jeremy Collins	Valerie Jordan
Odessa McGlown	
Calvin Stevens	

Absent Council Members: Russel Parker, Tiffany Peguise-Powers

Additional Attendees: Catherine Rivera, *Secretary's Office, Department of Administration*; Mabelle Sanders, *Secretary, Department of Administration*; Patti Bowers, *Chief Procurement Officer, Department of Information Technology*; Tammie Hall, *Director, HUB Office*

HUB Office Staff Attendees: Alicia Lyon, LaShona Johnson, John Guenther, Traci Herrod, Alisha Puckett, Melissa Terrell, Jamahl Greene, Sharonetta McIntyre, Nicole GyeNyame

Guests: Betty-Marrow Taylor, *Deputy Secretary, Department of Administration*, Marqueta Welton, *Deputy Secretary, Department of Administration*; Michele Clark-Jenkins, *Senior Director, Griffin & Strong*

- **Call to Order**

- CC Lamberth, Advisory Council Chair, called the meeting to order and welcomed all in attendance.

- **Roll Call**

- The Council Chair asked for roll call and indicated a quorum was present. The Council Chair asked for a motion to move and accept the minutes. The minutes were approved and accepted unanimously. The Council Chair asked for a motion to approve and accept

the agenda. The agenda was approved and accepted unanimously by a motion from Jeremy Collins and seconded by Kimberly Leazer.

- **Catherine Rivera, Secretary's Office, Department of Administration**

- Update on reporting rules for virtual meetings:
 - Identify who is speaking and turn on cameras when speaking if possible.
 - All voting must be done by roll call only and recorded.
 - Members of the public need to have access.
 - Any recording, chat, or messages sent through the virtual meeting are subject to public record.
 - Voting members of the board must be live on the virtual meeting to vote.
 - Additional updates can be found on the Boards and Commissions website.

- **Secretary Machel Sanders, Department of Administration**

- Secretary Sanders formally welcomed all guests and commended the current work of Director Hall, the HUB Office, and Deputy Secretary Betty Marrow-Taylor for their commitment to HUB during this time. She notes that the HUB Office has and will continue to host virtual outreach trainings and remain committed to addressing the needs of HUB businesses.
- On June 4, 2020 Governor Cooper announced Executive Order 143: Addressing the Disproportionate Impact of COVID-19 on Communities of Color. This also established the Andrea Harris Social, Economic, Environmental, and Health Equity Task Force and the inaugural meeting was held on August 5th. All the task force meetings are open to the public and the task force includes 5 sub-committees. The sub-committees consists of: access to health care, economic opportunity and business development, environmental justice, education, and patient engagement. The next task force meeting will be held on September 2nd and the next sub-committee meeting will be held on September 16th.
- COVID-19 continues to impact North Carolina and especially NC HUB businesses. The pandemic has only emphasized the need for small businesses and local resources in the wake of so many lives being impacted. The Department of Administration is continued to work with the HUB Office to ensure plans are in place so that small businesses have access to economic recovery funds and contracting opportunities.
- A new job retention grant program for businesses and non-profits was recently created by Governor Cooper that will allow those that have experienced hardships due to COVID-19 to receive up to \$250K in funding. Governor Cooper also issued an emergency declaration following Hurricane Isaias, which the SBA granted that will provide up to \$2M in disaster relief funds for businesses that need repairs.

- The 2020 Census deadline has now been moved up to the end of September 2020 and it is critical to encourage all North Carolinians to complete this. As of August 11th, over 40% of households in the state have not responded which equates to about 4 million residents. Many of these are in rural communities and in areas with limited access to internet.

- **Michelle Clark Jenkins, Senior Director, Griffin & Strong**
 - A PowerPoint presentation was provided entitled “State of North Carolina – 2020 Disparity Study” that provided updates as Griffin & Strong are working diligently to finalize the results.
 - The biggest challenge is missing data collection from one community college (Roanoke-Chowan) and UNC hospitals. It is critical that this data be captured to be included in the final recommendations. Since this data collection is still ongoing, the study has decided to divide up the findings into Volume 1 and Volume 2 for the remaining data.
 - Volume 1 includes cabinet agencies, council of state entities, and support agencies. Volume 1’s results show underutilization statistics across the board. There was only one area showing overutilization in the category “other services” -which was for Asian American firms.
 - Prime plus subcontractor data results also show underutilization statistics across the board. A challenge that was identified was that non-minority subcontractor data is not readily available.
 - The next step in the study is to determine if the findings are statistically significant and then to determine if the cause of the disparities are from something else besides race and gender. A regression analysis is being completed to evaluate this.

Question by Kristen Hess: What falls into other services?

Answer by Michelle Clark Jenkins: Janitorial services, IT, lawn care and any services not requiring a specific license.

Question by Valerie Jordan: Can we break out the data for prime and subs?

Answer by Michelle Clark Jenkins: That is hard to do as we do not know the non-minority numbers since there has not been tracking for this type of data.

Question by Annette Stevenson: Is the lack of tracking of non-minority subs a best practice and will this be something the study recommends we do?

Answer by Michelle Clark Jenkins: Yes, generally it is as most places do not have a program in place to track this type of data. Yes, the study will outline a detailed recommendation that this data should be tracked for accuracy.

Question by Doug Morton: Can you break down the context of the construction data? For example, the number of black contracts is only 6.07 – what does this mean?

Answer by Michelle Clark Jenkins: This means that if there was parity, that number would be 100. However, it is only 6.07 and that indicates statistical underutilization. The final report will outline ways to close the gap through best practices and go into more detail to clarify the percentage calculations.

Question by Doug Morton: We are being asked by current policy to ensure 10% of contracts are awarded to HUBs, is that what these numbers are being compared to?

Answer by Michelle Clark Jenkins: No, our study does not consider current policy. It looks at every payment made over the past 5 years to state agencies.

Question by CC Lamberth to Doug Morton: Can you tell me why you do what you do at NC State?

Answer by Doug Morton: At NC State, some of it is luck but most of it is the mindset that everyone sets up front to ensure diversity in our projects. It is so important to be intentional in using HUBs.

Question by Mary Williams-Stover: Can you break out the female only businesses?

Answer by Michelle Clark Jenkins: Data is not available for that since HUB firms are not certified by race and gender.

Follow up by Director Hall: For HUB Certification, our program certifies by race first and then by gender so that businesses are not counted twice, and our numbers are not skewed.

- **Patti Bowers, Chief Procurement Officer, Department of Information Technology**

- Update on IT procurement and Executive Order 143 – DIT is working with the HUB Office and Purchase and Contracts to look at implementing this across the various state agencies. DIT works to ensure security for the state procurement site and is charged with overseeing state term contracts and the process it entails. DIT is also charged with Enterprise Risk Management and managing overall contract performance.
- For state term contracts for IT – there are several ways to encourage participation. Contracts can be secured by pre-qualifying or through open enrollment and DIT continues to have conversations and offer advice for bidders.
- DIT is working to address sub-contracting needs as it is often hard to find HUBs to participate.

- DIT is working to streamline bid processes by breaking them up into smaller contracts and using open enrollment. Large manufacturers are encouraged to use HUBs in their subcontractor plans.

Question by Valerie Jordan: How do HUBs become pre-qualified?

Answer by Patti Bowers: They must meet our basic requirements for pre-qualification and often we work with HUBs to meet these requirements especially when it comes to their statements of work. We recognize the need for greater education for all vendors when it comes to pre-qualification expectations and selection of commodity codes and bidding.

Question by Valerie Jordan: How can this education be provided?

Answer by Patti Bowers: We have completed Meet the Purchaser events and would be happy to do another one.

Question by Annette Stevenson: With contract language, what is it specially for subs?

Answer by Patti Bowers: We work to ensure our primes are notifying us of who their subs are.

- **Latif Kaid, Director, State Construction Office**

- Under Executive Order 143, State Construction is working to ensure that compliance is met and administered. A memorandum was issued on July 28 to universities to reiterate the expectations for all construction related projects. Several questions have been asked regarding Executive Order 143 and how it differs from the current policy. The differences we have noted are:
 - Executive Order 143 mandates the requirement to comply with reaching out to obtain HUB bids. The current policy just sets in place a good faith effort.
 - When bidding on state contracts under \$30K, compliance with Executive Order 143 is now required.
 - Contractors are now targeting small HUB firms specifically instead of all HUB firms
 - If a HUB firm cannot be found for a contract, an exemption must be obtained.
- The State Construction Office is still working to identify a way to manage this new data within Interscope + that will help with tracking Executive Order 143.

- **Odessa McGlown, Chief Procurement Officer, Purchase and Contracts**

- Under Executive Order 143, Purchase and Contracts was charged to complete 3 tasks:

- Develop a Procurement Planning Survey that will be submitted to the HUB Office to increase access to opportunities for small businesses.
- To inform cabinet agencies that they will need to have at least 1 HUB certified small business to move forward with any procurement processes.
- Process all exemptions that do not include 1 HUB vendor and forward those for review by the Secretary's office
- Plans are already in motion to complete these tasks and The Secretary's office has set up a service account to receive exemptions for review. Letters to state agencies have already been issued on the changes to purchase and contracts under Executive Order 143.

Question by CC Lamberth: Can we obtain copies of any letters sent out by Purchase and Contracts and by State Construction?

Answer by Odessa McGlown: These letters are public record and available on our websites.

Question by Annette Stevenson: Are there any trends so far on the exemptions being submitted?

Answer by Odessa McGlown: The Secretary's office has just started this review process and should be able to provide that later.

- **Tammie Hall, Director, HUB Office**

- During COVID, our office has been busy with virtual webinars and online training and outreach opportunities. We have held over 15 so far with roughly 3500 business owners that have registered over the past 3 months.
- The HUB Office is excited about Executive Order 143 and is working to implement it seamlessly with the other state agencies.
- The HUB Office has closed out fiscal year 19-20 and the end of year spending results include:
 - For goods/services: 8B in total spending; up from last year
 - 5% overall participation, down from last year
 - We do have 3 agencies that have not yet reported their spend.
 - For construction: 784M in total spending; up from last year
 - 20% overall participation, about the same as last year
- We are still working to capture designer spend.
- During this time, the HUB Office is committed to ensuring our minority and women owned businesses stay relevant and have access to opportunities.

- **Open Floor Discussion**

- The Council Chair recognized and congratulated Jeremy Collings for his recent work to address racial disparities within the Governor's Office.
- The next meeting is set for October 28, 2020.

Meeting Adjourned at 12:00 PM with a motion by Valerie Jordan.

All members exited the teleconference by approximately 12:02 PM.