



America's SBDC Board of Directors
Board Meeting
Morrison House
116 South Alfred St., Alexandria, VA
November 20-21, 2013

Call to Order:

Chairman Jim King called the conference call meeting to order at 8:30 am Eastern Standard Time (EST).

Board Members Present:

Tee Rowe, CEO	Allan Adams, Member
Jim King, Chairman	Christian Conroy, Member
Georgianna Parkin, Vice-Chair	Diane Howerton, Member
Janice Washington, Treasurer	Greg Panichello, Member
Mary Peters, Secretary	Mark Petrilli, Member
	Mike Young, Member

America's SBDC Staff: Donna Ettenson, Brett Thibodeau, April Youngblut, and Betsy Kaufman.

Non-board members participating by phone: Bill Cummins, Bruce Strong

Approval of the October Board Minutes: The minutes of the October meeting were presented by Mary Peters and reviewed by the Board. A motion to approve the minutes as presented was made by Jim King and seconded by Janice Washington. The minutes were approved.

Treasurer's Report: Janice Washington reported that we are in a very strong financial position. She had questions about the accreditation contract, which has diminished from approximately \$180k to \$100k. SBA is holding to the joint travel regulation policy that the accreditation team only be reimbursed at the federal lodging rate, which is not always feasible. Tee Rowe indicates that waivers should be available. This will be explored with Tameka Montgomery, along with a reasonable rate for association expenses (currently \$40/hr) along with the disposition of the remainder of the \$500K line item balance for allocation to accreditation, the advisory board, and SBDCNet expenses.

Motion: Greg Panichello made a motion (which was amended by Mike Young after discussion by the board) for America's SBDC to advise OSBDC of our concerns regarding renegotiation of the ASBDC/SBA Accreditation contract, to include full reimbursement of direct costs, flexibility to exceed per diems where appropriate, application of unused funds for other authorized SBDC purposes, and the ability to recover indirect costs up to the negotiated rate of 29%. Motion was seconded by Christian Conroy. Motion was approved.

Mike Young requested a review of the receivables. The status of several items were reviewed.

Greg Panichello asked a question about the profit and loss statement with regard to the expenditure rate and the overall budget and assurances were given that the "burn rate" is tracking appropriately for the year.

Jim King explored conference revenues. The conference cleared \$142,214.26, including America's SBDC staffing costs. A revenue amount of \$188,000 was forecast/budgeted. The positive and negative aspects of the conference logistics were discussed from the 2013 conference as they relate to the 2014 conference.

Janice Washington explored the nature of our legal and financial relationship with the Foundation for Small Business Development, which is a separate entity.

Chairman's Report:

Jim King informed the board of recent email contact made by Michael Chodos.

Brett Rogers contacted Jim King regarding two field center closure recommendations made by SBA and congressional interaction. The relationship between his university president, the state director, OSBDC and

congressional representatives regarding use of excess funds (overmatch) was explored. He does not desire official ASBDC intervention at this time.

President's Report

Legislative Update: Tee Rowe provided an overview of the recent and current legislative status. A top-line budget number on which to base allocations is desired. A ten year/\$968 billion disparity exists between the house and senate budgets. A December 2 deadline has been set, but may not be realistic. Tee does not feel there will be a "grand bargain" reached. The CR and sequestration situation will remain the same, which means that the 8% cut issue vs. the standard 5% cut with SBA will need to be addressed.

Tee will be doing a general briefing to congressional staff about how SBDCs are funded and how SBDCs operate as a result of the interest generated by the 641 issue. The date will be determined after the Thanksgiving holiday. The duration of the acting role of the SBA Administrator was explored, along with the SBA Administrator nomination process.

The board position for the upcoming SBA Update interaction was reviewed and discussed (SBDC service to debarred contractors, IG audits on use and sources of match funds after negative IG audits of WBCs and the SBA/SBDC relationship since OSBDC reviews/monitors us, the accreditation contractor report, handling of sequestration, the EDMIS/641 requirement, the OSBDC examination process SOP due to perceived oversampling CO SBDC desk review, National Impact Survey status after Jim Chrisman's eventual retirement, the SBA Economic Impact Study, operation HOPE collaboration, crowdfunding due diligence requirement monitoring by SBA, transparency of SBA District goals, ruling on advertising/marketing cost ruling, State Dept overseas establishment of Direct Line initiative as it relates to SBNA, SBA webinar involvement/role on AARP and other topics).

A discussion ensued regarding PTAC's recent ruling against use of program funds to attend board meetings (a new DLA rule). Other very limiting DLA/PTAC funding policies were explored.

SBA Update

SBA Associate Administrator for Economic Development Tameka Montgomery and SBA Deputy Associate Administrator of OSBDC Chancy Lyford were present for the meeting.

Tameka presented several high-level issues, to include her recent meetings with resource partner outreach, visits with clients, and specific interaction with SBDC.

EDMIS and the 641 issue: About 700 comments were received. They are being incorporated into changes/revisions later this week, and then forward the package will be forwarded to OMB. The board made her aware that we have received no notification of the call for the meeting with Eric Won. Christian Conroy asked for the agency's vision about the changes. She responded that EDMIS revisions/updates were closely tied. More real-time information is desired by the agency, and the common language to be used on the form from resource partners. Mark Petrilli asked for more information about future of the quarterly upload status, and she responded that the new system would have a dashboard to improve data analysis on their part. Mary Peters asked about the fundamental decision to gather extensive data from training attendees. Tameka responded that the agency is attempting to validate their investment in the activities of their resource partners. Christian Conroy asked about the feasibility of capturing data associated with large events. Greg Panichello raised the concern about the database software vendors and their ability to respond to the changes, anticipating a 90-day window necessary. We also noted that we anticipate increased vendor costs and administrative costs for data entry. She indicated an April target timeframe, and received overwhelming response that a fiscal year start would be more appropriate. Janice Washington underscored the importance of focus on data integrity.

Sequestration – Tameka stated that she will advocate that the 8% cut "not happen again". She indicated that it sent a very negative message to all the resource partners.

Co-Sponsorships – Tameka acknowledged the frustration because of the difference between district office and OSBDC interpretations and stated that bringing clarity is a high priority issue being addressed by a group at SBA. The board expressed that transparency with to district office goals would be of assistance. Some districts are not sure if they can share that information.

Feedback – She is working with Carroll and "going down the list" of our responses. Priority issues include communication between Field Ops and districts, collaboration with resource partners (positive and negative). She will share that report with the board.

SBDC Service Restriction to Debarred Contractors - The statutory basis for the program announcement clause was explored by Tee Rowe. This is impractical for SBDCs to verify and problematic for SBDCs to apply, especially where debarred contractors are seeking assistance to address that situation. Chancy will explore and mitigate with OGC.

IG Audits on Matching Funds – SBA just had the entrance briefing. The process seems to be sort of a training exercise for new IG staff, so there are concerns that they may not understand the grant function. Tameka indicated that the trigger was the fact that they haven't done this since 2004/2005. They may begin with "smaller and local SBDCs" due to travel budget limitations and then compare SBDC findings with OSBDC findings of a regulated SBA process. Carroll Thomas will engage in education about the dynamics of SBA oversight and the oversight of the state/host institution, accreditation, and other audits.

Jobs Act - Chancy underscored the importance of spending Jobs Act (non-matched funds) by the end of the no-cost extension period. He will share a list of those SBDCs with ASBDC leadership. The Jobs Act amended the Small Business Act as it relates to maintaining CGBP/SBA certifications.

Desk Audits – The depth of the review depends on risk level and findings, but there are no basic guidelines on the logistics of the sampling methodology. Tameka suggested that the FEU group present their processes and standards to the board. ASBDC is not aware of a formal grievance process exists to mitigate issues other than working through OSBDC.

Allowability of advertising/marketing costs – Still waiting for advisory memorandum from Carroll Thomas to clarify the issue with host institutions.

Operation HOPE – The organization offers financial literacy services. SBA has MOU (SAM/Strategic Alliance Memorandum) nationally with them. The scope is very general and does not obligate SBDC to any specific activity. ASBDC would like to be made aware of headquarters-level in advance of a public announcement.

Direct Line – Dept of State/OIT program encouraging SBDC participation is another area for which ASBDC desires clearer communication.

Accreditation Process Review Contract – Very positive, final report ready before the first of the year. Four individual centers were involved.

Accreditation Contract – The various elements of the motion above were explored for FY14 renegotiation because of changes to the contract impacting costs and associated allowable expenses. Joint travel regulation interpretations Tee received from Missy Capatani/Denver and Alanna Falcone may be in conflict with SBA travel regulations. On the issue of surplus funding, Chancy stated that the de-obligation and re-obligation of funds must be made 6 months in advance. The current timeframe of the off-calendar year contract was discussed. Chancy will arrange for a meeting between key players to work through the issue after educating them on logistics.

Impact Survey – ASBDC is seeking a high-level status update on the direction of the issue, which was tabled for the Accreditation Committee report.

Crowdfunding Congressional SEC rules – The questions was posed about the agency advocating for the interests of the small technology entrepreneur as it relates to investment. Tameka will explore the potential role of Capital Access, the Office of Advocacy, and/or the Office of Investment Innovation.

Notice of Award – Chancy asked to be notified of any problems in the field. Jim King brought up that there are some problems with oversight of subcontracts associated with the funds. Alana Chavez is the new contact for all of Sandy2, detailed from the Disaster Office.

Accreditation Committee Report

Beth Melnik (by phone) provided an overview of membership recruitment efforts. An accreditation followup survey will be beta-test in Maine. She is exploring Baldrige training on report-writing for committee member. Mike Young further explored the accreditation expense allowability issue. He also recapped efforts with regard to SBA/SBDC impact survey efforts. The Metrics subgroup is working to find common ground of measures between resource partners including startups, sales increases, capital, jobs (new and retained), attribution level, and attitudinal questions. There is consensus that certain core questions would exist, with the ability to customize by program and state. Number of vendors used is still uncertain. Next meeting will move toward fully identifying core measures (for WBCs – did they bring the client out of poverty?)

A more structured process for administering future national impact study is being formulated. Eligibility criteria for clients selected to participate is another consideration. The national conference impact study input during the best practices discussion stimulated SBA/Eric Won's concern about the credibility and integrity of the process. Mike Young suggested that attribution and survey logistics need accreditation attention and related corrective actions. Christian Conroy questions Chrisman survey methodology itself. Written logistics methodology need to be developed hrisman conducts the survey due to his imminent retirement. **Action items: Beth Melnick, Greg Panichello and Christian Conroy will lead the effort to address the issue in draft form by December 11, 2014. Jim King will notify the membership to anticipate the guidelines.** Beth suggested that SBA may desire impact data quarterly, versus annually. Allen Adams requested confirmation with SBA that ASBDC will retain control of the survey.

National branding and impact survey will be examined for basic structure within the accreditation process.

America's SBDC Website RFP Responses – April Youngblut updated the board, including early focus group work, the RFP, the related timetable, proposal evaluation process, the positive and negative summary points, and recommendation to select Reingold, Inc. This vendor's proposed cost structure, experience, and approach was outlined, as well as a sample timetable, costs, post-site add-ons, and next steps. An update will be provided at the January 2014 board meeting with a desired launch date by the Spring Membership Meeting with a deadline of Annual Conference as a backup plan. April was congratulated on the recognition of the America's SBDC blog status among the top 100 entrepreneurial blogs in the country. The vision and functionality for the "back-end" (members) area and "front-end" (public) area was discussed. Christian Conroy inquired about ASBDC staff capacity to maintain the new updated website. Assurances were made that a content management system would increase efficient staff access to the content on a timely basis. Unanimous consent was given for ASBDC to accept the proposal.

Communications and Marketing Committee – The PR recommendation marketing handout, a timetable for 2013-2015 was reviewed. Ideas about monitoring the use of the America's SBDC brand are being explored. Mark Petrilli encouraged the board to engage in this effort with special attention to each member's liaison states.

Executive Session – Convened at 3:30 pm and ended at 4:40 pm

ASBDC Strategic Planning Survey Results -

30 of 63 states responded (32 total responses) to the SBDC Activity Prioritization Survey. The dominant response (68.8%) was that the current plan lacks focus. The majority of the responses (78.1%) indicated we have too many strategies to be effective as a working group. The prioritized strategies are 1) Appropriation/Congressional, 2) Agency Relations, 3) Accreditation, 4) Branding/National Network, 5) Conference/Professional Development, 6) Communications/Network, and 7) Membership Services.

The strategic plan will focus on the top 3-4 prioritized and consolidated areas: **funding relationships** (appropriations/congressional and agency relations), **accreditation**, and **national branding/network communications**. Tee Rowe stressed the tactical nature of national branding/communications to drive the prior strategic efforts.

Motion to adjourn was made by Mike Young and seconded by Diane Howerton. Meeting adjourned at 5:25 pm.

Meeting reconvened on Thursday, November 21, 2013 at 8:36 am by Jim King.

Global Classroom Update: CEO Burr Wayne gave the board a presentation on Global Classroom, an educational entrepreneurial based online SBDC eLearning Network. Estimates over 100 Centers engaged. Aims to expand the SBDCs national brand name, attract to subject matter experts and course sponsors (Covey as an example), increase SBDC training revenues at local or state level, and other opportunities (yet to be determined). Examples of Illinois, Vermont, New Hampshire and California SBDC uses of the platform were provided. Concerns about data collection and reporting were discussed. The value proposition and benefits were presented. Followup discussion by the board involved long-term financial viability of the company, SBDC-developed vs. other commercial curriculum, and future growth options.

Old Business:

Reserve Analysis of unobligated reserves, amount and uses: Tee has researched ASE website and is synthesizing information for making sound recommendation to the board. He stated that 58% of the annual budget is a benchmark for the available surplus funds. He will complement that analysis with data from Peter Jennings/Morgan Stanley. **Action item: Mike Young suggested that the appropriate insurance be reviewed by ASBDC.**

ASBDC Conference Budget – Historical revenues were explored with focus on conference expenses per person. The breakdown was presented to educate the board members on the detailed relative expenses. **Action item: Tee to educate general membership on these financial dynamics and relationship with sponsors.** The pros and cons of the concept of raising conference registration fees from \$595 to \$630 per person was discussed vs. using excess reserve funds to cover necessary conference costs. It will be discussed at the January meeting.

Trademark registration – completed. Graphics will be modified to include use of the registration symbol.

New Business:

1. State Director Vacancy status – Wisconsin filled (Jim Mishefske), New Mexico, and Florida (Mike Myhre still interim)
2. Rhode Island SBDC startup – Chancy will brief Georgianna, who will also meet with Emily Carter/Connecticut
3. Legislative Advocacy proposal – The Trailblazer Group submitted an unsolicited proposal for government relations support (\$10k/month plus travel expenses) as a template for considering similar engagements. Mike Young suggested that we consider using a firm to evaluate our congressional messaging. Mark Petrilli suggested raising the level of awareness through such a company.
4. Messaging:
Action item: Tee to seek access to embargoed impact study results from SBA.
Action item: Tee and Christian to further define messaging.
5. MBA – wants to explore affiliate membership with ASBDC. The concept was not accepted by the board.
6. ASBDC Strategic Plan – will be furthered by Jim to present a refreshed and reprioritized effort. The goal is to have a written draft to membership well in advance of the March meeting. The membership will identify action items within the strategies identified. Board champions as appropriate for the strategic plan areas were identified (Christian, Mike, Mark and Allen).
7. Action item: A list of prioritized messaging was requested from Tee for the membership
8. SBNA – Brett Hamseck's presence was requested as a speaker at our next meeting.
9. OMB study status was explored – unsure because of government shutdown. We will wait to see what develops.

A motion to adjourn was requested by Jim King: First was made by Mary Peters, seconded by Christian Conroy. Meeting adjourned at 11:25 am EST.

Executive Session reconvened at 11:26 am and concluded at noon.

Forecast of Upcoming Meetings:

Board Call:	December 9, 2013	10 am EST
Board Meeting:	January 27-28, 2014	Washington, DC (travel dates 1/26 and 1/29)
Board Call:	February __, 2014	10 am EST
Board Meeting:	March 23, 2014	Washington, DC
Membership Meeting:	March 24, 2014	Washington, DC
Capitol Hill Visits:	March 25-27, 2014	Washington, DC
Board Meeting:	June 17-18, 2014*	Dallas/Grapevine or Washington DC (travel 6/16)

**Tentative*