BOARD OF DIRECTORS

MEETING AGENDA

August 21, 2017

WebEx meeting

OUR SHARED MISSION

Deliver high-quality, professional business advice, education, and information that generates meaningful results.

OUR SHARED VISION

America's SBDCs are highly valued for driving economic prosperity.

ASBDC'S PURPOSE

To support the success of its members.

BOARD OF DIRECTORS OBJECTIVE

To establish the Association's mission, vision, strategic direction, approve the Association's budget and operations plan, and appoint and evaluate the performance of the Association's President, including setting compensation.

3:02 PM EST **CONVENE BOARD MEETING**

CALL TO ORDER (MYHRE)

ROLL CALL AND APPROVAL OF THE MINUTES - BODS' MTG - AUGUST 21, 2017 (CHAMBERS)

PRESENT	BOARD MEMBER	POSITION	TERM
✓	Michele Abraham Abraham (South Carolina)	Member	2017-2018
✓	Terry Chambers (Washington)	Secretary[1]	2017-2018
✓	Christian Conroy (Pennsylvania)	Member	2017-2018
✓	Bill Cummins (Alabama)	Member	2017-2018
✓	Mark Langford (Texas)	Member	2017-2018
✓	Michael Myhre (Florida)	Chair[1]	2016-2017
✓	Greg Panichello (Kansas)	Treasurer[2]	2016-2017
✓	Georgianna Parkin (Massachusetts)	Member	2016-2017
✓	Katie Sewell (Idaho)	Member	2016-2017
✓	Janice Washington (Arizona)	Vice Chair[1]	2016-2017
✓	Tee Rowe, America's SBDC	President	NA

1 FIRST YEAR; 2 SECOND YEAR

PRESENTATION OF CONSENT AGENDA

APPROVAL OF THE MINUTES - BOARD OF DIRECTORS' MTG, JULY 17TH.

Minutes for the July 17th board meeting were sent out by Terry Chambers August 3rd for review and comment. Michele Abraham noted a few changes and Georgianna Parkin clarified that she was on the call. Mark Langford moved to accept minutes, seconded by Georgianna Parkin. Minutes were passed unanimously.

PRESIDENT'S REPORT (ROWE)

CONFERENCE

Conference is shaping up very well. We currently have 1,263 registered attendees, over 110 exhibitors and sponsors and a full exhibit hall floor. We are in line to hit conference budget targets, which will mean the ASBDC balance sheet will be looking solid.

AUDIT

We have the draft audit and it has no findings or issues. We are rather disappointed with the slow pace of the auditors' work. They came in and got all the paperwork from us several months ago, and then tax season hit and we went to the back of the line. However, we should have the final report by the end of September.

ASSOCCIATION BUSINESS

There have been no comments received on the proposed by-laws amendments. I will shape them up for final adoption at the membership meeting.

I have added PTAC/SBDC list to the membership page of the website.

The drafting of the cybersecurity strategy is beginning, thanks to all those who helped, Katie Sewell, Mike Myhre, New York and others with the survey. Tee Rowe met with DHS and will be pulling the Cyber "task force" together so that we can have input on the drafting. Our initiative has gotten some good press including a mention from the SBA Administrator.

NEWS EVENTS

SBDCs and their clients have been featured frequently in the last month. We were prominently mentioned in television news reports on a US House cybersecurity hearing (One America News).

On Friday (8/18) Administrator McMahon spoke about SBDCs in an interview on CBS news. Several SBDC clients were featured in news reports nationwide surrounding an event at the White House on "Small Business, Engine of the Economy."

SBA

The Administration has put out a request for regulation that small business would like to see enacted. I intend to ask them to publish the updated regulation that we commented upon. OSBDC is planning to release an SOP update regarding the SBDC program, I have yet to see the draft. I am concerned because I believe our operations should be conducted openly and with public comment, not through an unaccountable process.

Christian Conoy asked for clarification between SOP and regulation. Tee said that SOP is internal to the SBA while a regulation is published in the federal register with the ability to give comment. Christian Conoy asked if there was an SOP item now? Tee Rowe said he had not seen it. Janice Washington asked if we would have an "official response?" Mike Myhre noted that the Project Officer manual was an example.

SBA is continuing to discuss the Administrator's plans for new metrics but has yet to release any details. I am continuing to push for the Association's full involvement.

LEGISLATIVE

House

The Congress will return from recess on September 5th. In anticipation of that, the House Committee on Rules will be meeting to set up a rule for consideration of the appropriations Bill Cummins. The plan is roll all 12 bills together and pass them during the first week (9/5-9/9). Representatives Velazquez, King, Larsen and Vargas will be offering an amendment to add $10 million dollars to the SBDC appropriation. I believe that, with a bipartisan amendment on a popular program it should be ruled in order. Tee Rowe will resend the legislative letter to the SDs. He noted we need to move fast on this.

Senate

I have met with Lauren Comeau, the staffer on the FSGG subcommittee and discussed our appropriations concerns and she was very receptive. We will need a final push with the Senate to ensure a good mark-up in the appropriations. We will be targeting Senators Moran, Manchin, Coons, Boozman, Durbin, Van Hollen, Lankford and Daines.

On the authorizing side things are less rosy. While there was an initial understanding that legislation would move via the NDAA the talks have broken down. Apparently, the House language was far more ambitious than the Senate wanted and things are at an impasse. This doesn't reflect well for our bill which is universally liked but we have become collateral damage.

While we won't get our authorization package right away I believe we are in good shape to get report language to deal with some of our funding and carryover issues.

The House appropriations language will be passed (with our amendment I trust). It will have trouble being approved by the Senate. The Senate minority has already expressed disapproval of the Defense package. I anticipate a fight to establish a CR by the end of the month and to get the debt limit raised.

That means the full appropriations package will be an Omnibus of indeterminate timing. We may have us an opportunity to add our authorization language to the Omnibus, which will depend on a number of factors. I know the Senate SB folks would like to move some legislation of their own, so I'll work on the compromise. Tee Rowe said he thought it would be good to add some language in the regulations that

would require SBA to release funds to the SBDC within 45 days. Janice Washington said she thought that PTAC was weighing in on this issue as well. Tee Rowe said that reaching out to them for support might help even though their funding is through the Defense Department. Michele Abraham said that she thought using the one page communication document would be good for all the members to gain additional support, even from those that won't sign our letters. Tee Rowe said it could be shared after Representative Velazquez office gives Tee Rowe feedback on proposed changes.

Mike Myhre thanked everyone for comments and asked if there were other questions. Christian Conoy asked where we stand if the SBDC funding amendment is not included. House is at $120MM, amendment, if adopted, would bring it to $130MM. Tee said he would work the Senate side to get to $130MM level. Christian asked if the Senate could strip the amendment out, Tee said, yes. Tee reviewed the amendment process and noted Omar working the Hill that he (Tee Rowe) may need to leave the conference to get back to DC. Mike Myhre said we would support him in any way we can so that he can be in DC, if needed.

Tee Rowe said that he had sent the lobbyist contract for review and signature. Janice Washington asked if it was similar to the contract we had with Anthony. Tee Rowe responded, yes. Mike Myhre noted that the contract was to year end. Tee Rowe said it was and that we could go month-to-month if we wanted to after that as the agreement had a 30-day notification clause.

Katie Sewell added that she had a face-to-face meeting scheduled with Senator Risch and would discuss our position.

CHAIRMAN'S REPORT

PORTABILITY GRANT

Mike Myhre noted that he believes we will continue to be challenged with things like the funding of the SBA's Portability grant in that it appears to have a lot more flexibility than in the past. The funding came from four primarily four members that did not have sufficient match to spend down the SBA funds. Tee Rowe said he thought the total funding was $1MM off the top of the SBDC funding plus the returned funds. Christian Conoy asked how the SBA got around not requiring match for the $1MM core funding being used for the grants. Janice Washington asked if it was just an SBA interpretation issue. Her bottom line was that with the funds going to the Portability grant other networks that could have used the funds did not get a chance to ask for them. Tee Rowe said that this may be contrary to congressional intent but the SBA had asked for General Counsel's opinion which apparently said it was appropriate use for the funds. Mike Myhre noted his big concern was that it now has set a president and that the Portability grant use of funds is now much more open to SBA interpretation. Christian Conoy agreed as the SBA had literally changed the Portability Grant definition and that we need to see and understand the rules. Tee Rowe said that this change also resulted in getting less bang for these dollars because of there not being any match needed thus reducing to total dollars by one-half. He noted that the association needs to keep on top of this issue. He is hoping that Vicky will continue to be responsive to questions and input.

NOTICE OF AWARD

Mike Myhre noted that there had been discussions with the SBA about going to a two-year award cycle. The Operation committee had reviewed this and had come back with several Pro & Cons: potential Pros

were -more flexibility, staff continuity, better L/t planning. Potential Cons included – an opportunity for there to be sloppy accounting, potential issues with concurrent SBA funds needing to be managed, host management issues, and no ability to re-capture and of the funds after the end of the 2-years. OSBDC has asked for feedback on the "concept". Mike Myhre specifically asked the Board to send him their feedback and that he, personally, would like to try it. He added that this process would also lower the SBA administrative costs as well.

FINANCIAL HEALTH SURVEY

Mike Myhre said that 61 networks responded, excluding Houston and Nevada. Some of the highlights are:

- 25% of networks would not spend all the 2017 funding with an avg. of $177k going to carry-over.
- 63% expected funding to be flat or decrease. 11% expected an increase.
- 50% expected host funding to stay flat.
- 85% of the 52 that responded to the $130MM funding question said they could match that level.
- 68% said they could use help with Cyber security with 7.2 of 10 noting it was a competitive advantage. The 7.2 dropped to 4.5 if it remained unfunded mandate. 80% said they would pursue cyber funding if it was available.

BOARD OF DIRECTORS AND ANNUAL MEETING AT CONFERENCE

Mike Myhre noted that the board would be meeting with the SBA's National Advisory Board during the BoD meeting. The primary topic was to discuss the SBA "Host Summit".

Mike Myhre asked for BoD and member meeting discussion topics. Janice Washington asked if Vicky will be at the meeting to which Mike Myhre noted, maybe, he'll ask. Christian Conoy said that a good topic would be to get a response to his question about who sets the SBA goals assigned to members. He said that he had asked and had gotten a bit of a run around with no real answer. He also indicated that there needed to be a review of the "negotiation process" with the Program Managers as well. He said that his PM told him if he did not agree to the SBA goals that his program would be put on a performance review and that he would not be allowed to apply for carry-over funds or any other funding. He said this tone did not represent a negotiation and that it was very adversarial, in short, you will be punished. Mike Myhre said that this was very disturbing and that he had heard a few stories from other networks as well. Christian Conoy said that if it is not a negotiation then take the word out of the language. Mike Myhre suggested the conversation be taken off-line.

Mike Myhre said that the SBA is working on new proposed metrics and that they are working on a new strategic plan. Tee Rowe noted they are doing all this stuff without input from partners. Mike Myhre said he expected us to see it when it was finalized. Michele Abraham said she is worried about not knowing until after the fact, we can't give input then. Georgianna Parkin asked when it might be done to which Tee Rowe noted there was no set date. Georgianna Parkin noted that 6 New England states are meeting with the SBA Administrator around the 28th-30th of September. There is not an agenda yet but her understanding is that one of the three days was devoted to "Partner input". Mike Myhre asked to be kept in the loop.

COMMITTEE REPORTS (ALL MEMBERS)

Mike Myhre will send out a request to committee chairs to do an in-person meeting at the conference. Katie Sewell, reports should include feedback. Mike Myhre said he would also ask for a written update on all open and closed items that can be added to board minutes.

MARKETING COMMITTEE (ABRAHAM)

Michele Abraham said that the committee had established a format for the meet-up at the conference.

CONFERENCE COMMITTEE

Mark Langford said that the conference app was already available. Mike Myhre said that Katie Sewell's request for committee feedback process was a great legacy for her time on the BoD. She had great tools for feedback. Mike Myhre said that a new page needed to be developed for new SD access. He asked Tee Rowe for the name of the person to reach out to. Tee Rowe said it was still Dan. Katie Sewell said she would work with Dan and that Christian Conoy had several great ideas as well. Mike Myhre said this was a major objective and thanked Katie Sewell.

No other committee reports were given.

TREASURER'S REPORT (ROWE FOR PANICHELLO)

Mike Myhre asked Tee Rowe to give a summary report as Greg Panichello was coming in to the meeting late.

Tee Rowe said that Accts. Recv. Should being going up due to large sponsor conference funding of $325k coming in. He also noted that three states have yet to pay their dues and that he had sent reminders to them. Janice Washington asked why they have not paid yet to which Tee Rowe noted that there were a variety of reasons depending on conditions with host processing and other things. He said that without the dues being paid they would not be allowed to vote at the member meeting. Tee Rowe also noted that there is $62k coming in for Boots-to-Biz. Mike Myhre noted that he did not see anything unusual when he reviewed the financials.

Greg Panichello came into the meeting late and asked if there were any un-answered questions on the financials. None were noted.

OLD BUSINESS

CORE COMPENCIES

A report should to coming to the Association soon.

NEW BUSINESS

FEDERAL RESERVE

Mike Myhre noted that fifty people attended the Federal Reserve webinar. Bill Cummins said that they will be at the conference doing a round-table discussion. Mike Myhre said that he thought we should participate as we get back valuable information. Janice Washington agreed that she thought it was good and that if offered a better perspective for the members. Greg Panichello noted that he thought could use the relationship to increase our overall capital infusion.

Mike Myhre asked for any non-BoD topics needing discussion. None were noted.

Mike Myhre noted that the BoD meeting is on Monday, September 4th. He reminded board candidates that we will be meeting with the SBA Administrator during the conference. Tee Rowe said he would supply needed information.

Bill Cummins added that there were three new State Director roundtables at the conference. Janice Washington asked that there be an opportunity for liaison input. Greg Panichello noted that Lisa Shimkat was working on that.

Mike Myhre asked for a motion to adjourn. Janice Washington moved to adjourn the meeting which was seconded by Michele.

4:19 PM EST ADJOURN MEETING

UPCOMING BOARD MEETINGS

Next meeting at the ASBDC Conference on Monday, September 4th in Nashville, TN.