



BOARD OF DIRECTORS

MEETING MINUTES

June 14-15, 2018

Supporting the Success of its Members – America’s SBDCs

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.

The meeting was hosted on WEBEX.

CALL TO ORDER The Chairman called the ASBDC Board of Directors meeting to order at 8:30 a.m. EST on Thursday, June 14, 2018.

ROLL CALL The Secretary completed the Board of Director roll call; quorum present.

PRESENT	BOARD MEMBER	NOT PRESENT
✓	Michele Abraham (South Carolina)	
✓	Allan Adams (Georgia)	
	Vacant	
✓	Bill Cummins (Alabama)	
✓	Jennifer Deamud (Michigan)	
	Mark Langford (Texas)	✓
✓	Michael Myhre (Florida)	
✓	Greg Panichello (Kansas)	
✓	Linda Rossi (Vermont)	
✓	Lisa Shimkat (Iowa)	
✓	Tee Rowe, America’s SBDC	

APPROVAL OF THE MINUTES – Meeting minutes of the May 21st BoD meeting were sent out by e-mail. Linda asked for a motion to approve them as presented. Motion to approve from Greg, with a second from Mike. The Board voted unanimously to approve.

BOARD ELECTION UPDATES – Allan gave an update on the nominations received and Linda reviewed the time line from now until the vote in September. Mike mentioned a possible update could be made to the by-laws for 3-year versus 2-year terms. There was some discussion on the process to handle the Sept 2018 board elections for both 2-year and then 1-year openings.

PRESIDENT'S REPORT Tee provided an update as follows.

Legislative: The Senate has marked up 6 of 12 bills and they appear to be serious about getting bills through. Included in the six that haven't been marked up, are: Financial Services, Defense, Homeland Security. Tee has spoken with the Senate about authorizing language on SBA and feels the recommendation about a set-aside of 10% appropriation is 'dead on arrival'. They haven't accepted the language on goals, or on a cap for Portability, and we don't know why yet. Since this is only the Senate version it will be going through Conference. Paul (new State Director in Maryland) is interested to join Legislative committee, as he is well plugged in.

Two items have been added to the Defense Authorization. An amendment by Sen. Shaheen asked for research work with NIST and SBA to take actions related to Cyber Security, and to make using SBDCs a priority. The Department of Defense may reimburse SBDCs for Cyber training. The other amendment by Sen. Jones was related to mentorship and matchmaking to support Veterans. There is a bi-partisan working group on budget & finance. Tee plans to talk with them about the challenge of the Continuing Resolutions and 2-year money. The chair of House Financial Services supported the \$130m funding for SBDCs. We have had good results from members signing letters, which makes it easier to go forward.

Mike asked Tee for a reminder to State Directors about dos and don'ts with regard to any perception of endorsement for those running for office in mid-terms. ACTION: Tee to send something out to membership.

National Impact Survey – The introductory email is going out today, and the survey will go out on Tuesday. It was more complicated than we originally thought. However, we have a good solid plan from here forward.

Conference – The SBA Administrator has agreed to speak on Thursday; Tee is still working on the Secretary of Agriculture for Thursday also. VISA wants to sponsor the Thursday program. We have 742 registrations thus far.

CHAIRMAN'S REPORT

National impact survey - Mike reiterated that clients will receive an announcement email today with a subject line of "SBDC needs your help". Surveys will go out every 14 days, on Tuesdays and the survey closes on Friday, July 27th. NBRII will send us a list of non-respondents. Respondent information will come in the data set and state-by- state we will have the ability to see a dashboard of aggregated responses. There was a question about the revised cost. We are awaiting that adjustment given we are surveying 268,000 clients (down from the first estimate of 400,000).

Strategic Initiatives Position – Mike shared the member survey responses to these questions:

1. Do you believe such a position is necessary and the Association should provide management assistance to the Members?
2. Would you and your network benefit from such a resource and use it?
3. Would you support this as a full-time position, or as a contract specialist?

Twenty four non-board members responded. With the exception of four, there was resounding support to the proposed position. Those with concerns said too much was included and the scope of work needed to be more focused on increased member services and support to new State Directors, including performance and goals. There was some discussion around selecting the contractor, and the benefits of a transparent process. Members stated that once their liaison states understood the situation, and saw the focus of onboarding new SDs and member services, there was greater urgency and interest in moving forward. **ACTION:** Revise the work plan document to illustrate priorities & focus areas. Make a contractor position and test for a period of time. A motion will come later in Board – meeting on this special consulting contract.

SBA Executive Leadership meeting - Mike shared highlights of the May 31st meeting which included Michele, Mike, Tee plus Andrew Coffield, Allen Gutierrez, Lori Gillen, Adriana Menchaca-Gendron, and Vicki Mundt. Bruce Purdy did not participate. SBA confirmed that the recent staff changes are permanent assignments. Adriana to Deputy AA for OED; Lori to AA for OSBDC; Bruce to Deputy AA OSBDC; and Vicky to Director for SBA EEO (Office of Entrepreneurial Education). Lori understands that she needs to be an advocate for SBDC, and will balance that with her reporting to SBA leadership. We are looking forward to working with Lori for greater understanding on SBA's directives, and working together under our Cooperative Agreement. Mike said this is an opportunity to build trust, support and understanding while working together. Board members discussed their recent interactions with new Regional Administrators.

Other:

*An update on the Pennsylvania SBDC; the host is Kutztown University, with an interim director (Ernie Post).

*To date, SBA has not responded to our letter with goal recommendations.

*Mike showed the Congressional appropriations chart over the past seven years. Board members questioned that, if this (SBA and SBDCs) is a Cooperative Agreement, then why isn't the Agency helping us go to Congress. Mike also showed a slide on what is within the FY2019 CBJ Report. Tee is working hard to combat these recommendations.

*The 2019 SBA Program Announcement has still not been released to SBDCs.

*All programs should have their final 2018 NOAs, by June 27th.

Board discussion that there is a formal grievance process for the Federal Government, which we would be reluctant to engage in, however it is good to be aware of it, and there is the potential for positive attention that might come simply from just filing it.

The board then prepared for this afternoon's discussion with SBA leadership; stating that we should ask them what their position is on goals. It is important as representatives of the membership, that the Board document our position, and show that there has been a real negotiation. According to statute (Small Business Act) we need to have a negotiation.

TREASURER'S REPORT

Lisa shared that all Accounts Receivable is from six states that need to pay dues. All other financials are in line. Lisa is willing to go over the budget presentation (from February) with any State Directors. The Conference budget is tracking on target. Joel offered some discussion topics related to virtual participation, and a future model and fee structure according to participants/states, along with its potential impact on the venue and their fees to ASBDC. Accountability for the financial side of conference is on the Association, while the Conference committee focuses on the content side.

Donna requested that all regional annual professional development programs communicate to ASBDC so they can be shared for future use by other SBDCs, as well as for national conference content. When SBDCs are interested in their consultants having certifications, the ASBDC conference can offer it, however, they can also promote other locations where that specialized training is offered.

LUNCH

BOARD LIAISON ENGAGEMENT UPDATES

Jennifer shared that the Associate Directors had a webinar in May with 35 participants. Their discussion focused on conference, interest sections, and ideas for the AD group to tackle during their bi-monthly conference calls, including an AD toolkit, housed at SBDCnet. The next one is scheduled for July. They are looking to develop an AD mentoring program, for those coming on board, as well as those who are fairly new in the position. Some of the interest groups haven't been formally launched, and they are working toward re-activating those.

Mark provided a Board update to his liaison group. Lisa shared feedback from three states in particular that were interested in the Association revenue model. Greg said that his states gave feedback that was mentioned earlier on the Strategic Initiative position. Bill shared that Mark Petrilli hosted a regional meeting last week via Web-Ex with Tee, Mike, Joel and Beth joining to contribute to agenda items. Michele shared that the southeast group had similar feedback as has been mentioned about the Strategic Initiative position. Allan shared that the search in CA Merced is underway. Linda gave an update on the New Hampshire SD search, the New England annual professional development last month, and comments on the strategic initiatives position were similar to others, specifically with regard to an open and transparent process in selecting the person to do this work.

BOARD COMMITTEE REPORTS

Accreditation – The committee provided accreditation training on February 13th. They are currently scheduling a time with new OSBDC leadership on the Accreditation process. Co-chairs are working on team assignments for 2019. They will have another meeting on Sept 1-2 with reports and committee business. They expect to onboard another committee member. Sept 5th is the tentative accreditation training date.

Conference – Joel reported that with 742 registered, we are on track for the second highest attended conference we've ever had. He is asking for registrations to come in, as it manages room flow and contains costs. There are several new pre-conference offerings, with three resulting in certifications. We are able to schedule some unique things due to the D.C. location. For example, there will be greater participation by Commerce & Trade, and a visit to the Patent Office. This year, committee members first reviewed and discussed workshops virtually. Then, five members met in person to finalize the decision. Joel floated a recommendation for the Board's consideration. That of reducing the registration fee by \$500 for those who review workshop

submissions; which would be a financial commitment of \$5,000 for 10 people. There was discussion around how best to provide recognition for volunteers who invest significant time (on this and all committees), and incentives that could be consistently used. The board considered how they could help recruit more volunteers. ACTION: Board members to discuss this need for more conference committee members with their liaison states.

1:30 p.m. - -Guest Patrick Kirwin, Trade Promotion Coordinating Committee (TPCC) for the U.S. Dept of Commerce. Patrick shared macro-economic trends and their research showing companies that export have greater innovation, pay better, and go bankrupt less often. He posed the question—how do we reach and help companies export? More specifically for our discussion, how do we get more SBDC advisors to take the first steps in helping new-to-export companies begin? With 62 different networks there are many variations in the approach to trade across federal, state and local partners, as was shown in a study conducted in 2015. Patrick mentioned that each State’s commerce person submits a report to the USEAC which includes a description and strategy. He believes the SBDCs can and should be involved in writing and reviewing the State’s plan, and then obtain a copy of the plan from the State’s commerce agency. The purpose of these plans is to get the partners to talk with each other. There is a “new to export” decision tool—and based on data you enter in, algorithms are run on world data—and it produces data on countries to consider doing business in. Patrick will join us at Conference in September. ACTION: Gather the list of export-certified SBDC advisors, in order to have a better handle on who does what. Jennifer will start this list, through AD group request.

Legislative Committee – Tee covered the current legislative activities.

Leadership Committee – Linda shared that the regional new State Director training may take place in late Fall 2018, hosted by New England in order to split the larger cohort of newly hired Directors between 2018 and 2019 (planned for the mid-Atlantic region). The committee is currently focused on getting mentors assigned to new SDs. There are three leadership roundtable slots for directors to attend at Conference. Brett has been given the list and they are: (1) with Congressional senior staff of House and Senate small business; (2) discuss new strategic contract position at ASBDC to leverage engagement; (3) discuss and capture actions tied to training for leadership qualities of high-performance centers, and being a thought-leader in the state (or regional) program.

Marketing Committee – Michele shared that #SBDCDay was a success with about 39 networks participating (which is an increase over last year), and the SBA Administrator made a video. We were a Top 10 on Twitter for that day. The rollout of the new SBA logo has created confusion related to formatting, file sizing since many states have videos, webinars and other success stories online, and we shouldn’t have to remove all of these as they are not easily modified.

Operations: Greg stated that they had a meeting a week ago on the Notice of Award, and that it has become a reactionary committee based on requests from SBA.

Research & Data committee: Lisa will lead this discussion tomorrow.

Interest Sections: Jennifer said there are six topics with individuals interested in them, and they were discussed on the AD calls to generate awareness. ACTION: The next step is to send out communication about these topics,

through the ASBDC newsletter and to SDs. We should remind the membership that participation can be from non-State Directors. At conference, there will be dedicated space for these Interest Section topics.

NEW BUSINESS – None

OLD BUSINESS – PTAC Program (Many people put letters together with a common message); yet when asked for feedback, they received acknowledgement of receipt, but no additional information was provided.

NON-BOARD MEMBER TOPICS – None were raised.

SBA leadership discussion (Joining the board via phone were: Lori Gillen, Bruce Purdy, Andrew Coffield, Joseph (intern), Allen Gutierrez, Adriana Menchaca-Gendron). The discussion began asking SBA if they had any meeting topics. None being offered, a general SBA update began on 2018 NOAs that are in progress, with the expectation that by June 29th all will be out. Lori stated her appreciation for the offer by SBDCs to assist in working through the 2017 program fund balances, yet felt their program managers have good communication with their states and are all set. They are looking to develop an internal culture of being proactive and going forward, Allen will be holding them increasingly more accountable. Michele asked for an update on the “unused 2017 funds” and Lori stated that SBA has been processing payments, and they are now more caught up, which will be reflected on their next list.

When questioned about goals and the feedback that we have asked for in response to our letter, Allen said they appreciate the report we provided and that we should keep in mind they are getting direction from the executive branch and working with the Office of Management and Budget. He said he realizes that time is of the essence with regard to the Program Announcement. Allen stated that we are “on the same page” for at least two of the expected FY19 goals, although Mike said that we cannot say that we are in agreement and he referenced the Small Business Act and Cooperative Agreement which defines a shared investment in the goal and negotiation process. As an example, Mike brought up that goals and numbers appear in the CBJ for FY19, yet we never discussed them.

With that, Allen switched topics and expressed displeasure at the ASBDC’s Congressional and lobbying activities. Unfortunately this conversation was contentious and did not result in a productive use of the time blocked for the Board to interact with SBA leadership. His comments indicated a lack of understanding that with increased federal funding, the SBDCs would add capacity in order to serve more people, resulting in greater economic outcomes.

Back to the goals--Allen said the goals committee led by Adriana with some District Directors is almost done and once it has been signed off, we can discuss it. Allen needs to make sure the Agency follows the direction of the Administrator and the President. Mike referenced the Improvements Act and a recommended change in confidentiality language, and that it just appeared; again we didn’t know about it. He said that the SBA is our most important national partner. And yet the SBA is not the only SBDC partner we balance. Allen says hopefully in the next few days, there will be a webinar to go over everything; they are working on the time line with a checklist for the rollout, with definitions, and then they will get our input.

Other topics included an update on the SBA branding and Lori said their goal is by Friday, or the latest by early next week to have more details out to all. And, lastly there is a conference call on the 20th to discuss the SBA's planned "Host Summit", for which Michele represents the Board. Allen will send the "save the date" by tomorrow. Ended call with SBA.

Re-connected with membership for debrief, which included the following key themes:

- *If national goals are met, why is SBA going after the individual state goals/performance.
- *Messaging is needed on how focused we are on small business. We need to explain how increased funding turns into more capacity and more small businesses positively impacted.
- *As a network-we have some states with fewer resources, which impacts overall results.
- *We need to prepare our Hosts with talking points in advance of the Host Summit. And, the current issues with funding cycles, stream of NOAs is negatively impacting our Hosts, including delaying the hiring process.
- *We believe that two of the 2019 goals will be: New Business Starts, and Jobs impact. We view jobs as a lagging indicator and the executive board referenced this.
- *Concern over our adversarial relationship with the SBA. We are negotiating with an entirely different group and should be cautious.

Mike believes our messaging can be delivered to show that it is in alignment with SBA's strategic plan; he has asked Michele to take the lead in communicating with Lori to see how that can present a fresh approach.

5:20 PM EST – MEETING ADJOURNED – For Day 1.

RE-CONVENE FRIDAY FOR DAY 2 AT 8:30 A.M.

RESEARCH AND DATA COMMITTEE

Lisa said that we should be on the lookout for a survey regarding EDMIS errors, and Jennifer has offered to discuss with others how they were able to get CenterIC to match 100% with EDMIS. Brian Johnson seems to know the difference in algorithms between CenterIC and EDMIS and he could join the conversation to assist others. There was a question about whether any state with Neoserra matches and Lisa will look into. Bottom line for now is to share best practices for a match on your uploads.

Dues: Lisa asked us to look at this from a fresh perspective. She described the data for capped states (14), middle states (30) and minimally-funded states (18) and their respective percentage of federal funding, and the percentage of revenue they provide to ASBDC. She said that the survey responses brought up more questions than answers, around other revenue streams to take into consideration, the value/cost of conference, as well as member value and the core functions of the Association. Tee said that looking back at membership surveys over the years – the 3 things they wanted from ASBDC: More federal funding; Conference; Relationship with SBA. Other Board discussion items included: How dues should be handled if/when a program goes away or merges and should the Association run with a deficit budget; is that a bad business practice?

Call to action for the Board:

Lisa recommended: Cap states be increased by \$500, which covers \$7500 loss from N. CA going from 63 to 62 programs. (Last time the cap moved was 8 years ago)

All others would be frozen at the \$130m level (to minimize the inequity). If we get above \$130m, then put a plan in place for next steps for varying funding levels.

She offered two additional recommendations:

- *Schedule webinars for deeper dive and engagement on the revenue side—with liaison groups.
- *At conference, SD breakout (Lisa will lead it) along with Chairs of R&D committee. Talk about Association “value-add”. This conversation fits in with other issues (on national licenses, etc.) Discuss Association direction to generate ideas (not a complaint session). We should look at what we use money for, to ensure greatest impact. Allan recommended we prepare a chart – showing the last few years in terms of Appropriation \$\$\$. And include what the dues levels were from then to now. We should consider SBA as the investor, Congress as the customer (along with the small businesses we directly serve).

There was some discussion around what others know and don’t know. The Board wants to be sure all members understand the environment we are operating in.

Mike—recommendations:

1. We, the Board, are way too close to this. Should we have someone on a consulting contract to work on Association models/membership structures? Take away the biases that we have.
2. A certain % or a \$ amount of the reserves should go to the retained earnings on a regular basis for continuing operations investment. Then, dues could be scaled back. Question from members on how that changes the cash position. Lisa mentioned the level of cash (liquidity). Board discussion years ago directed the Association to have this level of cash.

Donna asked how long we could maintain our programs (ie. do we need enough money in reserves to sustain our programs long enough for Tee to take action)? Bill stated that he believes ASBDC is experiencing growth pains that are typical for our stage and life cycle. If we strategically invest, the Association sustains the long-term effectiveness of our deliverables.

10:00 Guest: FED Small Business Credit Survey – Claire Kramer, Assistant Vice President, Federal Reserve Bank of New York. Bill introduced the survey, its time line and the report based on individual responses and then invited Claire to talk about the report, and SBDC participation.

She walked us through:

- *2017 survey highlights, benchmark reports, how to use the data and how organizations get involved.
- *8169 employer firms responded (those with at least one employee) and roughly an additional 8,000 self-employed respondents.
- *Weight the data to create a representative national picture (by age, industry, gender, race/ethnicity, geographic location, # of employees).

There was a special set of Q’s related to the impact on small businesses-of natural disasters.

She showed us the slides that touched on: financing challenges, demand for financing as compared with what financing was received, credit sources, lender satisfaction, firm size/age/industry and respective performance. There is a correlation between those with sales to fed/state/local gov’t and export revenues. Board mentioned that many of our clients may not think of themselves as exporters – even though they have revenue derived

from exporting. With this in mind, the Federal Reserve is interested in running language for next survey past us; and checking in with us from time to time as to how we are using this information.

Visit: www.fedsmallbusiness.org

All information is housed and updated here, and you can sign up for alerts. There was some discussion about a partner-only login, etc. We should share this with our colleagues, and discuss how we are using it. Claire is happy to do a 10 minute or longer presentation to others, such as with our Advisory Boards.

Claire walked the Board through the time line of survey launch, and how to participate, recruit others to participate. Information will include unique identifiers, and a warm-up email. Bill will stay as our point of contact. ACTION: Mike will send Claire's presentation out. There was mention of a press release/letter of thanks from ASBDC to Fed Reserve for our partnership.

Our last order of business was to return to the motion for the strategic initiative contract.

MOTION by Greg, with a second by Bill:

To create a Strategic Initiatives contract consultant, funded from Operational Reserves, for a trial period of six months (with an option to extend) in order to focus on two key priorities: Supporting onboarding of new State Directors, and assisting states with challenges in meeting their performance metrics. Reports to President and CEO of the Association. Compensation not to exceed \$50,000.00 plus approved travel-related expenses (not to exceed \$7,500). Unanimously approved. Motion carries.

MOTION TO ADJOURN BY BILL, 2ND BY MICHELE AT 11:26 A.M.

BOARD MEETINGS:

July 16, 2018 (Web-Ex 3:00 p.m. EST)

Aug 20, 2018 (Web-Ex 3:00 p.m. EST)

Sept 3, 2018 (Washington, D.C.)