



## **Investment Capital Advisory Committee | Summary of Inaugural Meeting**

October 25, 2023

The Investment Capital Advisory Committee (ICAC) convened its inaugural meeting at 9:00 a.m. on Wednesday, October 25, 2023, in the Administrator's Main Conference Room at the U.S. Small Business Administration's headquarters building in Washington, DC.

SBA Administrator Isabella Casillas Guzman kicked-off the inaugural meeting with opening remarks, and Bailey G. DeVries, Associate Administrator for the Office of Investment and Innovation (OII) facilitated introductions of the ICAC members and SBA staff in attendance.

In accordance with the provisions of Public Law 92-463, the meeting was open to the public from 9:30 a.m. to 3:00 p.m. The meeting was closed to the public for a scheduled lunch break from 11:45 a.m. to 12:45 p.m.

### **ICAC members present:**

Arjun Gupta (Chair)  
Carl Kopfinger (Vice Chair)  
Alice Beverly Cole  
Brett Palmer  
David Corpus (virtual)  
Derek Schmidt  
Jane E. Veron  
Maria Kim  
Melissa Bradley  
Michael Staebler  
Samer Yousif  
Sharon Heaton  
Stacy Swider

### **ICAC members absent:**

JoAnn H. Price

### **SBA staff attending:**

Jennifer Shieh, ICAC Designated Federal Officer  
Tom Morris, OII Director of Patient Capital Investments  
Brittany Sickler, OII Director of Ecosystem Development

**Others present for all or a portion of the meeting were:**

Shalei Holway, OII Senior Advisor

Gretchen Kittel, OII Director of Policy

Paul Salgado, Director, Investment Portfolio Management Division

Lyn F. Womack, Director, Fund Administration & Fund Accounting Division

Alison Evans, Investment and Innovation Ecosystem Developments

Rikki Jones, Ecosystem Development Specialist, Investment Lead

Louis Cupp, New Markets Policy Analyst

Katy Sly, Marketing and Communications Specialist\*

Chad Houston, Financial Specialist Fund, Administration & Fund Accounting Division\*

Erick Page-Littleford, Acting Director and Program Manager, SBIR/STTR\*

Nathaniel Putnam, OII Policy Analyst\*

Terry George, Analyst, Secondaries and Liquidation Division\*

Steve Sinha\*

\*Virtual

## **INTRODUCTIONS**

ICAC members introduced themselves with brief background information on areas of expertise and areas of interest pertaining to the ICAC.

## **Q&A WITH ADMINISTRATOR GUZMAN**

Administrator Guzman provided background information on the formation of the ICAC, highlighting many administration accomplishments, success stories, and goals, before providing insights on her expectations from the ICAC. This was followed by questions and interactive dialogue with the ICAC members. Among the recurring topics, included: the Agency's appetite for market risk; emphasis on being customer-centric and technology-forward; more early stage and venture; more diverse emerging managers; more representation across critical technologies; increased recruitment of Small Business Investment Companies (SBICs); staffing and budget levels (particularly related to OII processes); meaningful data collection (particularly related to returns on investment and jobs created/sustained); bank investments in SBICs (particularly related to Community Reinvestment Act); marketplace competition; and SBA debt financing programs.

## **SBA INVESTMENT PROGRAMS**

OII Associate Administrator Bailey DeVries and Director of Patient Capital Tom Morris provided overview of the SBIC program with historical highlights on pivotal developments and statutory authorities, including recent and directionally correct improvements to SBIC regulations, SBIC investment tools, OII standard operating procedures, and streamlined licensing processes. As part of interactive dialogue, the AA/OII asked ICAC members to bring their expertise to benefit further development of the SBIC program. ICAC members asked specific questions related most keenly around profits and losses (on both individual SBIC and SBA/taxpayer levels) and quantitative/qualitative measures of job creation and business development.

## **ICAC CHARGE/SCOPE OF WORK DISCUSSION**

Arjun Gupta, ICAC Chair, and Carl Kopfinger, ICAC Vice Chair, provided additional introductory remarks with thoughts on the work before the ICAC, to include background/experience related directly to the SBIC program, prior dealings with the SBA, and areas where each saw room for enhancements. Of note, emphasis was made on the importance of data to potential investors; licensing priority for applicants that have private capital raised; and the differences in reporting using SBA accounting standards versus FASB-GAAP (Financial Accounting Standards Board – generally accepted accounting principles). OII Associate Administer Bailey DeVries and Director of Patient Capital Tom Morris spoke to each recommendation as related to SBA’s efforts in recent rulemaking, the implications of moving too fast, and the need for educating the public, legislature and executive branch to move beyond statutory boundaries.

SBA Deputy Administrator Dilawar Syed added in his afternoon session remarks that he was partnering with Administrator Guzman to educate the public on how SBA can play a front-end role and drive awareness of the SBIC program. He also commented that part of the ICAC’s role would be to assist them on delivering the broader mission.

## **STRUCTURAL CHALLENGES TO INCREASING PRIVATE INVESTMENT IN U.S. SMALL BUSINESSES AND STARTUPS**

Discussion centered around aspects of the private capital market limiting investments in U.S. small businesses, with a particular emphasis on the needs of innovative startups. Members touched on capital stacks versus financing needs and differing sizes of capital required for particular types of small businesses where lifecycle versus growth becomes a point of delineation. Discussion included looking at special challenges of ‘mismatch’ between public and nonprofit for educating entrepreneurs in finance, providing technical assistance, and making policy decisions beneficial to small businesses. Group discussion also delved into fund structuring and ‘where’ factors limit private market investments. One point of interest centered around generational wealth, whether by means of investing in funds as high net worth individuals or as part of transfer of wealth through lifestyle businesses requiring capital for ‘innovation’ – a nexus point for retaining or growing jobs and sense of community identity. Discussion on underserved areas, including geographies, brought up larger issues with government policies affecting small business and included addressing ‘rural’ (Department of Agriculture) and Community Reinvestment Act (Federal Reserve, banking regulators).

## **DIVERSIFYING SOURCES OF PRIVATE FUNDING FOR SMALL BUSINESSES AND STARTUPS**

Discussion centered largely around fund formation challenges for emerging managers, to include hurdles of differing levels of experience and investing focus and how that plays into sources of private capital and need for returns. Criticisms of policy decisions to focus on ‘underserved’ feed into uncertainty of ‘what’ is expected and ‘who’ is to benefit. Members delved further into earlier topics discussed regarding differences between equity inclusion and geographies. Members also spoke to personal experiences and need for transparency in SBIC program regarding diversity, whether by addressing skill development for emerging managers or collecting and reporting data at both fund and portfolio levels.

## ICAC ADMINISTRATIVE MATTERS

Items placed before the ICAC and SBA staff for further consideration/development:

- Acronym Dictionary (i.e., government programs and stakeholders)
- Future Meeting Date(s)
- Subcommittee Formation/Meeting Date(s)
- Members to offer up available space(s) for future in-person gatherings
- ICAC Roadmap
- Possible Addition of New Members (i.e., representatives from the Federal Reserve, Office of the Comptroller of the Currency, Securities and Exchange Commission)

## ADJOURNMENT

The meeting adjourned at 3:00 p.m.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

Jennifer Shieh  
Designated Federal Officer  
Investment Capital Advisory Committee

Arjun Gupta  
Chair  
Investment Capital Advisory Committee

These minutes will be formally considered by the ICAC at its next meeting, and any corrections or notations will be incorporated in the minutes of that meeting.

## Investment Capital Advisory Committee (ICAC) Inaugural Meeting Agenda

<b>Date &amp; Time:</b>	Wednesday October 25, 2023, 9:00 a.m. – 3:00 p.m. ET
<b>Location:</b>	SBA Administrator’s Main Conference Room, U.S. Small Business Administration Headquarters, 409 3 <sup>rd</sup> St SW, Washington, DC 20416
<b>Virtual Connection Information:</b>	Register at <a href="https://bit.ly/ICAC-Oct23">https://bit.ly/ICAC-Oct23</a> . <a href="#">Microsoft Teams meeting link</a> ; <b>Meeting ID:</b> 264 764 929 162 <b>Passcode:</b> wz42be <b>Audio Only:</b> +1 202-765-1264 <b>Phone Conference ID:</b> 134 242 713#

8:30 am	9:00 am	Arrivals, including Security Check-ins
9:00 am	9:05 am	Meeting Call to Order
9:05 am	9:10 am	Welcoming Remarks <i>Bailey DeVries</i> Associate Administrator, Office of Investment and Innovation
9:10 am	9:30 am	ICAC Member Introductions
9:30 am	9:50 am	Opening Remarks <i>Isabella Casillas Guzman</i> 27 <sup>th</sup> Administrator of the U.S. Small Business Administration
9:50 am	10:00 am	Q&A with SBA Administrator Isabella Casillas Guzman
10:00 am	10:15 am	Overview of SBA Investment and Capital Programs <i>Bailey DeVries</i>
10:15 am	10:30 am	History of the SBIC Program with Director of Patient Capital Investments <i>Thomas Morris</i>
10:30 am	11:00 am	Q&A with Office of Investment and Innovation
11:00 am	11:10 am	Break
11:10 am	11:20 am	Remarks by ICAC Chair <i>Arjun Gupta</i> Chief Believer, TeleSoft Partners
11:20 am	11:30 am	Remarks by ICAC Vice Chair <i>Carl Kopfinger</i> Senior Vice President & Managing Director, TD Bank N.A.
11:30 am	11:45 am	Discussion of ICAC Charge
11:45 am	12:45 pm	Lunch (pre-ordered)
12:45 pm	12:55 pm	Remarks by Deputy Administrator, U.S. Small Business Administration <i>Dilawar Syed</i>
12:55 pm	2:45 pm	ICAC Scope of Work Discussion
2:45 pm	3:00 pm	Closing Remarks and Next Steps <i>Jennifer Shieh</i> , ICAC Designated Federal Officer