

Minutes

Board of Directors Meeting

Association of Small Business Development Centers (ASBDC)
June 29-30, 2004
Alexandria, Virginia

Board Members Present: Scott Daugherty (Chairman); Don Wilson (President); Liz Klimback (Vice Chair); Henry Turner (Secretary); Jim Hogge (Treasurer); Doug Gurley; Georgianna Parkin; Mark Petrilli; Clinton Tymes.

Others Present: Jerry Cartwright; Greg Higgins; Mike Young; Donna Ettenson; Betsy Kaufman; Dan O'Grady.

Call to Order: The meeting was called to order by Chairman Scott Daugherty at 1:00 p.m. on Tuesday, June 29, 2004.

Approval of Minutes: Liz Klimback moved that the minutes of the meeting of the Board of Directors (by conference call) on May 24, 2004, be approved. Doug Gurley seconded the motion and the motion passed by voice vote.

Treasurer's Report: Treasurer Jim Hogge reviewed the Association's current financial statements. He reported that the Association's financial position is sound, in terms of both the Association's Balance Sheet and Profit & Loss Statement. He also reported that the Association's Actual Profit & Loss vs. Budgeted Profit & Loss Statement is good, with expenses under control.

Auditor's Report: The auditor hired by the Board of Directors (Mr. Steven Collins, account executive and partner in the Virginia CPA firm of Murray & Cavanaugh, PC) presented audited financials for the Association for Calendar Year 2003. The Calendar Year 2003 audit is the third annual audit of ASBDC financials performed by Mr. Collins and his firm. Mr. Collins reported that the Association's financial position is much improved compared to a few years ago. The auditor gave the Association an unqualified audit opinion, which is the highest audit opinion possible.

Based on final audit figures, the Board directed that one-half of the Association's net income for the year be committed to the reserve account. This was done under the Board's policy to create a reserve equal to six months of operating expenses.

Chairman's Report: Chairman Scott Daugherty reported on the following:

- 1) Program Announcement -- Chairman Daugherty noted that the SBA had been very professional in the negotiations with the ASBDC on the Program Announcement, and he was hopeful that the negotiations would result in a much improved Program Announcement.

- 2) Member Connection newsletter -- Chairman Daugherty noted that feedback from members indicates that the *Member Connection* newsletter is very useful.
- 3) Committee Reports -- Chairman Daugherty stated that he had received reports from many ASBDC committees, and that the Board would review the reports the following day.
- 4) ASBDC Election Process -- Chairman Daugherty noted that the process for electing new ASBDC Board members is underway, and that Elections Committee Chair Mark Petrilli would report to the Board the following day about the nominations of candidates.
- 5) ASBDC Conference -- Chairman Daugherty noted that preparations for the ASBDC annual conference in New Orleans are well underway, and that the Board would discuss the Conference the following day.

President's Report: Don Wilson reported on the following:

- 1) ASBDC Audit -- Don Wilson noted the excellent audit results and the improving financial position of the Association, and attributed this to the strong leadership provided by Treasurer Jim Hogge, former Treasurer Mike York, the interest taken by ASBDC members, and hard work by ASBDC staff.
- 2) SBA Relationship and Program Announcement -- Don Wilson noted that the negotiations with the SBA concerning the Program Announcement were extremely professional and constructive, and would hopefully result in a much improved final Program Announcement.
- 3) Partnerships -- Don Wilson reported that the International Franchise Association will be presenting a major program at the ASBDC annual conference this year in New Orleans. He also reported that the Kauffman Foundation has awarded a grant of \$25,000 to the Association. He noted that the ASBDC had been able to strengthen existing partnerships and develop new partnerships as a result of the Association's recent participation at SBA Expo '04 in Orlando. He thanked Jerry Cartwright for his financial contribution to the ASBDC trade show booth at SBA Expo '04, and he thanked Henry Turner and Jerry Cartwright for assisting at the ASBDC's trade show booth at SBA Expo '04.
- 4) Legislation -- Don Wilson reported that the SBA Reauthorization bill has still not been considered by the House of Representatives, and, despite having passed in the Senate last year, the bill might not be completed before the adjournment of the current Congress at the end of this year. He also reported that the House might consider the Commerce-Justice-State appropriations bill (which funds the SBDC network) in July.
- 5) Veterans Corporation -- Don Wilson reported that the Veterans Corporation has indicated that it is willing to sign an MOU with the Association, committing the Veterans Corporation to working with the SBDC network to train veterans, except

in locations where the Veterans Corporation already has agreements for training veterans.

- 6) TAP -- Don Wilson reported that he met with staff of the House of Representatives' Veterans Affairs Committee to discuss the Defense Department's Transition Assistance Program (TAP). The TAP program provides business training to members of the Armed Forces who leave military service. The TAP program is producing a video about its services, and TAP is willing to include information about the SBDCs in the video.
- 7) Chamber of Commerce Small Business Council -- Don Wilson reported that the Chamber's Small Business Council (to which he was appointed earlier this year) is planning a National Small Business Summit in September, and ASBDC has been invited to provide a participant for a panel concerning capital access at the Summit.
- 8) Procurement Opportunities Guide -- Don Wilson reported that the ASBDC co-branded a Procurement Opportunities Guide with MasterCard. Fifty-thousand copies have already been distributed, and the Association was working to produce another 50,000 copies. The Guide is the most popular book that the ASBDC has co-branded.
- 9) Farm Service Agency -- Don Wilson reported that Dan O'Grady and he met with representatives of the U.S. Department of Agriculture's Farm Service Agency (FSA). The FSA has expressed an eagerness for SBDCs to apply to the Farm Service Agency (FSA) State Executive Directors for the SBDCs to become approved FSA Vendors for Business Planning and Financial Management training. The training is required for various FSA loan recipients. ASBDC strongly encourages its members to consider applying to become approved vendors.

Program Announcement:

Mike Young, Chairman of the ASBDC Operations Committee, reported on the negotiations with SBA concerning the Program Announcement. The ASBDC (represented by Mike Young, Chairman Scott Daugherty and Don Wilson) recently concluded negotiations with SBA on the Program Announcement and was awaiting the SBA's publication of the final Program Announcement. Mike Young stated that he believed that the Association had been successful in addressing several important problems in the Draft Program Announcement, including co-branding and goaling. In the area of co-branding, the SBA had agreed to remove the absolute requirement of co-branding; and in the area of goaling, the SBA had agreed to negotiate goaling numbers. Mike Young thanked the members of the ASBDC Operations Committee, Chairman Scott Daugherty, and Don Wilson for their hard work in improving the Program Announcement to allow the SBDC network to continue to provide effective services to small businesses and aspiring entrepreneurs.

Chairman Scott Daugherty reported that the Association made progress in its negotiations with SBA, including in the areas of goaling, client counseling definitions, and co-branding. Chairman Daugherty suggested that the Association prepare a written piece with advice for SBDC State and Regional Directors on negotiating cooperative agreements. Chairman Daugherty also suggested assembling a group of experienced state and regional SBDC directors who can advise newer state and regional SBDC directors on the negotiation of cooperative agreements.

Elections Committee: The Chairman of the Elections Committee, Mark Petrilli, gave Board Secretary Henry Turner the names of ASBDC members who have accepted nomination to run for positions on the Board. This was in keeping with the ASBDC Bylaws, which require the submission of the nominees 90 days before the ASBDC membership meeting at which new Board members will be elected. Board Secretary Henry Turner read the names of the nominees into the minutes of the Board meeting, as follows: Roy Miller (New Mexico); Liz Klimback (Texas North); Janice Rhodd (California Chico); Brenda Hopper (New Jersey); Carmen Marti (Puerto Rico); Jerry Cartwright (Florida); Jody Keenan (Virginia); Carol Lopucki (Michigan); Debbie Bishop Trocha (Indiana); and John Massaua (Maine).

Adjournment for the Day: Chairman Daugherty adjourned the meeting for the day at 5:00 p.m. on Tuesday, June 29.

Reconvening: Chairman Daugherty reconvened the meeting of the Board of Directors at 8:00 a.m. on Wednesday, June 30.

Committee and Taskforce Reports: The Board reviewed committee and taskforce reports from the following: The Manufacturing Taskforce; the Accreditation Committee; the EDMIS Subcommittee; the Leadership Development Committee; the Minority Outreach Committee; the Nationwide Needs Assessment Committee; the Regulatory Interest Section; the Veterans Taskforce; the Conference Committee; the Marketing Committee; the Strategic Planning Committee; and the Counselor Certification Committee.

Motion Concerning the Manufacturing Task Force -- Mark Petrilli offered a motion to approve proceeding with the Manufacturing Taskforce's initiative to develop a proposal on SBDC assistance to manufacturers. The motion was seconded by Board Secretary Henry Turner and passed by voice vote.

Motion Concerning the Accreditation Committee -- Clinton Tymes offered a motion to accept Chairman Daugherty's recommendation that Liz Klimback be appointed to complete the term of Albert Laabs on the Committee. The motion was seconded by Georgianna Parkin and passed by voice vote.

SBA Update: The Chairman welcomed Ms. Cheryl Mills (Associate Deputy Administrator for Entrepreneurial Development); Antonio Doss (SBA Associate Administrator, Office of SBDCs);

and Jean Smith (Deputy Associate Deputy Administrator for Entrepreneurial Development). The Board discussed the following issues with its guests from SBA:

- 1) Role of SBA Regional Administrators -- In response to a question about information that is circulating in the field concerning the expansion of the role of SBA Regional Administrators in SBDC oversight, the Board's SBA guests informed the Board that no decision has been made on this issue at this time. Regional Administrators have expressed an interest in being more involved.
- 2) Making Financial and Programmatic Reviews More Efficient -- Discussions have been held between the SBA and Mike Young (Chairman of the ASBDC Operations Committee) to try to find ways to make financial and programmatic reviews more efficient and less adverse to SBDC productivity.
- 3) SBA Audits, Schedules and Audits of Women's Business Centers -- The Board's SBA guests confirmed that the SBA's SBDC auditors will also be auditing the Women's Business Centers (WBCs), to achieve greater quality control and efficiency. However, because of funding insufficiencies, the SBA currently lacks the resources to audit all the SBDCs during the current fiscal year. As a result, SBA audits are behind schedule by a few months. SBA hopes to complete all audits within the calendar year. In addition, the SBA does not expect to use Office of SBDCs funding, intended for SBDC audits, to perform WBC audits.

Board members informed the SBA guests of the problems created for an SBDC when an SBA audit is scheduled and then cancelled and re-scheduled, because the audits require large amounts of document and data collection. The Board's SBA guests informed the Board that the SBA understands this problem and does not expect to require SBDCs whose audits have been re-scheduled to gather new documents or data for the re-scheduled audit. The Board's SBA guests also stated that the SBA wants to give SBDCs 60 days notice of financial and programmatic reviews. Board members also suggested greater standardization of auditing procedures so that SBDC directors have a better understanding of what to expect in an audit.

- 4) Faith-Based Initiatives Office at SBA -- In response to a question about the planned Faith-Based Initiatives Office at SBA, the Board's SBA guests stated that the new Faith-Based Initiatives Office at SBA is still being developed, and the SBA will keep the ASBDC informed about the progress of this initiative. The Board informed its SBA guests that many SBDCs already work closely with faith-based organizations.
- 5) Best Practices Section on SBA Website -- Cheryl Mills informed the Board that SBA is starting a Best Practices section on the SBA website, and the SBA would like SBDCs to contribute best practices for this new website section. SBA wants to highlight the work of the SBDCs on its website.

- 6) Status of 2004 SBDC Funding Shortfall -- Antonio Doss informed the Board that the 2004 SBDC funding shortfall might not be as large as the SBA had originally calculated, because of the availability of unobligated SBDC funding. Mr. Doss indicated that SBA hopes to have a figure soon of the final amount of the shortfall in 2004 funding for state and regional SBDCs. The shortfall was caused because the SBA did not factor in Congressional funding rescissions and a Congressional earmark in the SBA's calculations of state and regional SBDC funding for 2004.
- 7) Goaling Numbers -- Jean Smith informed the Board that the Office of SBDCs is working to remove the overlap in the SBDC (and other programs') statistics that are used by the SBA to set goaling numbers, and the corrected numbers will be used in developing new goaling numbers. The Office of SBDCs is also working to consider economic impact as a part of goaling.

Adjournment: The Board adjourned its regular meeting at 12:15 p.m. and reconvened in executive session. The Board adjourned the executive session at 12:45 p.m.

Next Meetings: The next meeting of the Board of Directors will be by conference call on Tuesday, July 27, 2004, at 1:00 pm (Eastern Time). Regular meetings of the Board are held by conference call on the 4th Tuesday of every month at 1:00 pm (Eastern Time).

Submitted by Henry Turner, Secretary, ASBDC