Minutes
Board of Directors Meeting
Association of Small Business Development Centers (ASBDC)
March 2, 2008
Crystal City, Virginia

Board Members Participating: Jody Keenan (Chair); Don Wilson (President); Georgianna Parkin (Vice Chair); Jerry Cartwright (Secretary); Mike Myhre (Treasurer); Bill Carter; Becky Naugle; Al Salgado; Debbie Trujillo; Mary Lynn Wilkerson; Rich Werner.

Others Participating: Donna Ettenson; Doug Gurley; Liz Klimback; Carol Lopucki; Barbara Necarsulmer; Greg Panichello; Mark Petrilli; Dan Ripke; Dan O'Grady.

Call to Order: The meeting was called to order by Chair Keenan at 8:30 a.m. on Sunday, March 2, 2008.

Approval of Minutes: Bill Carter moved that the minutes of the Board meeting held by conference call on February 26, 2008, be approved. The motion was seconded by Becky Naugle and passed by voice vote.

Auditor's Presentation: 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 the Association's audited financials for Calendar Year 2007. The auditor gave the Association an unqualified audit opinion, which is the highest audit opinion possible.

The auditor noted that, under new, risk-based auditing standards that took effect in 2007, the auditor was obligated to note what is now considered (under new auditing standards) a significant deficiency in the Association's financial processes. Specifically, the auditor noted that, although management has the knowledge and skills to manage the Association's finances, management does not possess the technical skills necessary to detect whether there have been any omissions of required disclosures in the financial statements. The auditor noted that, to remedy this deficiency, the Association would need to hire a Certified Public Accountant, perhaps on a consulting basis, who is qualified to detect omissions of any required disclosures. The auditor emphasized that this deficiency is not an actual problem for the Association, but rather a potential problem.

Treasurer's Report: Treasurer Mike Myhre reviewed a report that he wrote to inform the membership about the details of the Association's finances. The report noted financial issues for the Association's consideration, such as the Association's dependence on income from the Annual Fall Conference, the role of dues as a component of a larger revenue strategy, and the need for increased accreditation funding. It was suggested that the Board appoint a group to work with Treasurer Myhre to address the issues raised in his report.

> **Motion:** Becky Naugle moved: (1) that the Board Chair appoint a group of SBDC network members to address issues raised by the Treasurer in his 2008 Budget Report

(such as the Association's dependence on income from the Annual Fall Conference, the role of dues as a component of a larger revenue strategy, and the need for increased accreditation funding); and (2) that the group be chaired by Treasurer Mike Myhre and include Board members and non-Board members. The motion was seconded by Jerry Cartwright and passed by voice vote. Jerry Cartwright, Becky Naugle and Rich Werner volunteered to serve in the working group.

ASBDC Technology Counselor Certification: Andrew Sherman presented a proposal to the Board for a Technology Counselor Certification program, as requested following the Board meeting in San Antonio in January. Mr. Sherman is a lawyer and author, specializing in business and the protection of intellectual property. He also teaches at Georgetown University and the University of Maryland. Mr. Sherman's proposal calls for assembling an academic advisory board, consisting of well-known experts in the field, to serve as the certifying entity.

> **Motion:** Bill Carter moved: (1) that the Board Chair appoint a group of SBDC network members to work with Andrew Sherman to develop a Technology Counselor Certification business proposal for the Board's consideration, with the goal of administering a technology counselor certification test at the ASBDC Annual Conference in Chicago; (2) that the group include the Board Chair, the Association President, the Chair of the Technology Counselor Certification Taskforce and the Chair of the Counselor Certification Taskforce; (3) that the group consider issues such as the relationship between technology counselor certification and general counselor certification, the roles of the Association and state/regional networks, the cost of a certification program, and issues concerning the assessment of qualifications; and, (4) that the group submit a business proposal to the Board of Directors by Tuesday, April 1. The motion was seconded by Jerry Cartwright and passed by unanimous voice vote.

President's Report and Legislative Update:

> Legislative Policy Advisory Committee: Don Wilson thanked Georgianna Parkin, Chair of the Legislative Policy Advisory Committee, and the members of the Committee for their work in preparation for the Association's Spring Meeting and Capitol Hill visits.

> New State Director Orientation: Don Wilson noted that the Association would again this year hold an orientation to the ASBDC for new state directors during the Spring Meeting. He thanked Clinton Tymes, Chair of the New State Director Orientation Committee, and the members of the Committee for putting together the New State Director Orientation program.

> President Bush's FY 2009 Budget Request: Don Wilson stated that President Bush's FY 2009 Budget request to Congress called for funding the nationwide SBDC network at $87.12 million -- $10 million less than the network received in Federal appropriations from Congress for FY 2008. However, Don Wilson noted that both Senator Kerry (Chairman of the Senate Small Business Committee) and Congresswoman Velazquez

(Chair of the House Small Business Committee) had called for significant increases in funding for SBA programs, including the nationwide SBDC network.

Funding for New Energy and Veterans Grant Programs: Don Wilson stated that the SBA was in the process of deciding how to fund the newly-enacted Energy and Veterans' SBDC grant programs. He stated that SBA had not yet decided whether to fund the new SBDC Energy program with funding appropriated by Congress for the SBDCs. However, he stated that it appeared that SBA planned to use approximately two million in SBDC appropriations to fund the new SBDC Veterans program.

Funding for SBDCs in Small-Population States: Don Wilson stated that he believes SBA is incorrectly calculating the funding that SBDCs in small-population states are entitled to under the FY 2008 appropriation. He stated that, under the SBA's calculation, SBDCs in small-population states would receive significantly less funding than the Small Business Act calls for. He stated that he had called the SBA's attention to this issue.

SBA Update: The Board welcomed Antonio Doss and Jean Smith of the SBA Office of SBDCs, who updated the Board on the following matters.

Final 2008 Award Letters: Antonio Doss stated that SBA had not yet sent out the final 2008 Award Letters because final decisions regarding the allocation of the FY 2008 appropriation had not been made by SBA. He stated that the amount of funding available for the nationwide SBDC network might be reduced if, for example, SBA decided to fund the new SBDC Veterans grant program with funding appropriated for SBDCs. Don Wilson stated that he did not believe it was the intent of Congress to fund the Veterans grant program out of funding appropriated for SBDCs in the FY 2008 Appropriations Act, given that the Veterans grant program had not yet been enacted when the Appropriations Act was signed into law. He noted that funding the new Veterans grant program out of funding appropriated by Congress for the nationwide SBDC network would not increase the resources available to serve veterans, since it would divert funding away from funding available to all SBDCs to serve veterans, and re-direct the funding to only a small number of SBDCs.

FY 2009 Budget Proposal: Antonio Doss stated that President Bush's FY 2009 Budget Proposal to Congress was prepared before Congressional passage of the FY 2008 Appropriations Act. As such, the President's Budget Proposal reflected Federal funding for the SBDC network as it stood before Congress passed the FY 2008 Appropriations Act, with a $9 million increase in funding for the nationwide SBDC network.

Program Announcement for 2009: Antonio Doss stated that the Program Announcement for 2009 will be based on a Federal funding level of $87.12 million for the nationwide SBDC network, because that is the funding level in the President's FY 2009 Budget Proposal. A Board member asked if SBA District Directors would be informed that goaling for the SBDC program for 2009 would be based on a Federal funding level of $87.12 million, as called for in the Program Announcement. Jean Smith stated that goals for 2009 would be based on $87.12 million, as called for in the Program Announcement.

Mr. Doss stated that SBA expected to send the draft 2009 Program Announcement to the ASBDC in the near future, so that the Program Announcement could be sent to SBDC networks by the end of March. He stated that most of the changes in the new Program Announcement would be technical changes, designed to make the document simpler and clearer. He stated that the Program Announcement will include a statement of the SBA's interest in moving towards a counselor certification system.

First Annual Report for Entrepreneurial Development Programs: Antonio Doss stated that SBA expected to publish the first-ever annual report on the agency's entrepreneurial development programs in March.

EDMIS and Definitions: Antonio Doss stated that, in order to address questions concerning EDMIS, the SBA had agreed with the ASBDC to create a document that defines the terms that are used in EDMIS and explains how statistics are compiled and reported by EDMIS.

SalesForce.Com: Antonio Doss stated that the SBA is considering whether the services of SalesForce.Com, a data management firm, could be of use to the SBDC program. He stated that SBA is considering whether SalesForce.Com could offer services that are currently provided to SBDCs by other data management vendors, and whether using SalesForce.Com could provide more up-to-date data to the SBA and reduce data management costs to SBDCs. Board members asked that SBA keep in mind that changes to the SBA's data management systems can be very costly to SBDCs and should be implemented only if necessary.

Regulations: Antonio Doss stated that the SBA is working on new SBDC regulations, which the agency hopes to complete this year. He stated that the agency will share a draft of the regulations with the ASBDC before they are made public.

Portability Grants: Antonio Doss stated that SBA will try to post an RFP for SBDC Portability Grants by April 1.

Bylaws Amendment Update: The Board reviewed a proposed amendment to the ASBDC Bylaws, to give voting rights to the representative of the Associate State Directors' Working Group in all matters before the Board. As drafted, the proposed amendment would prohibit a state director and the representative of the Associate State Directors' Working Group from serving on the Board if they are from the same state. A Board member asked if the "same state" prohibition applied to California and Texas, which have multiple SBDC networks. Don Wilson stated that he would ask the Association's attorneys if the prohibition applied to Texas and California.

Funding new Programs from SBDC Core Funds: The Board discussed the possibility that the SBA might use funding from the FY 2008 SBDC appropriation to fund SBDC grant programs in the new energy and veterans laws.

Motion: Jerry Cartwright moved that the Board oppose SBA efforts to fund initiatives under the new energy and veterans laws out of sums appropriated by Congress for SBDC activities under Section 21 of the Small Business Act, and that the Board direct Association staff to craft an appropriate response. The motion was seconded by Jody Keenan and passed by voice vote.

Fall Conference Update: Don Wilson updated the Board on preparations for the Association's Annual Conference in Chicago in September. He commended the members of the Conference Organization Committee, and Committee Chairman John Maynard, for their work. He stated that the Committee had received an excellent response to the Conference Call for Papers, and Committee members would be reviewing the responses to select the presentations for the Chicago Conference. He asked Board members to suggest sponsors and speakers for the Conference.

Follow-Up on Archetype Learning Proposal: It was noted that the E-Tools Interest Section was tasked with reviewing a proposal by Archetype Learning (to partner with the Association in offering an on-line product called the Entrepreneur Readiness Profile), and making a recommendation to the Board.

Possible Changes to the ASBDC Economic Impact Survey by Professor Chrisman: Don Wilson stated that he will be consulting with various experts to discuss possible changes to the ASBDC Economic Impact Survey by Professor Chrisman. Jerry Cartwright stated that he knew of two individuals who may be willing to advise the Association on this subject.

Executive Session: Jody Keenan moved that the Board enter into Executive Session to discussed privileged matters. The motion was seconded by Jerry Cartwright and passed by voice vote.

Adjournment: The Board exited Executive Session. Al Salgado moved that the meeting adjourn. The motion was seconded by Mary Lynn Wilkerson and passed by voice vote. The meeting adjourned at 5:55 p.m. on Sunday, March 2, 2008.

Next Meetings of the Board:

Regular meetings of the Board are held by conference call on the <u>fourth Tuesday of each month, at 3:00 p.m.</u> (Eastern Standard Time), with the following <u>exceptions</u>:

The Board scheduled the following in-person Board meetings for the coming two years --

- June 9-10, 2008 (Monday and Tuesday)

- September 1, 2008 (Monday, in Chicago)

- October 14-15, 2008 (Tuesday and Wednesday)

- January 13-14, 2009 (Tuesday and Wednesday)

- March 1, 2009 (Sunday, preceding the Spring Meeting)

- June 9-10, 2009 (Tuesday and Wednesday)

- September 13, 2009 (Sunday, preceding the Fall Conference in Orlando)

- October 13-14 (Tuesday and Wednesday)