



**MINUTES**  
**EDC-VC EXECUTIVE COMMITTEE MEETING**  
January 9, 2018

- Location:** EDC-VC, 1601 Carmen Drive, Suite 215, Camarillo, CA 93010
- Attendance:** Haider Alawami– Economic Roundtable Representative, City of Thousand Oaks  
Cheryl Heitmann, *Chair* – City of Ventura  
Chris Meissner, *Vice-Chair* – Meissner Filtration Products  
Roseann Mikos – City of Moorpark  
Sim Tang-Paradis – City National Bank  
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Absent:** Harold Edwards – Limoneira Company  
John Procter – City of Santa Paula  
Carmen Ramirez – City of Oxnard
- Legal Counsel:** Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner
- Guests:** None
- Staff:** Ray Bowman, SBDC Director  
Kelly Noble, Office Manager  
Bruce Stenslie, President/CEO
- Call to Order:** 3:05 p.m. Chair Cheryl Heitmann thanked everyone for attending the meeting.
- Roll Call:** Kelly Noble
- Amendment to the Agenda:** None
- Public Comment:** None
- Approval of Executive Committee Minutes** **Executive Committee Meeting, December 12, 2017**  
Chair Heitmann requested a motion to approve the minutes from the December 12, 2017 Executive Committee meeting. Peter Zierhut moved to approve and file the minutes from the December 12, 2017 Executive Committee Meeting. Chris Meissner seconded the motion. All Executive Members listed in attendance in favor, motion carried.
- Administration** **Consideration of a Program Related Income Loan Agreement and Note with the Gene Haas Foundation, in the Amount of \$200,000, for the Term January 9, 2018 – December 31, 2021, Capital for a Micro-Enterprise Loan Fund for Businesses Impacted by the Thomas Fire. Recommendation to Approve.**  
Stenslie noted for the Executive Committee that the EDC-VC has operated business loan programs continuously and successfully since 1997, maintaining

capacity through a full-time Loan Officer on staff and working in collaboration with banking and finance professionals serving as our Loan Board.

Our sources of capital have long included the U.S. Department of Commerce, matching funds from the cities and county, and federal Community Development Block Grant funds. Currently, these funds are for the most part available for lending countywide, with the primary objective being job creation.

EDC-VC also manages a loan program capitalized through California Proposition 10 Tobacco Tax funds, through First 5 Ventura County, for lending to support the expansion of early child education capacity.

The total amount of loans made from all funds is more than \$17 million, with a current open portfolio of approximately \$6 million. Our loan loss ratio is under 7%, which is extremely competitive in our field considering our niche is lending to firms denied access to commercial credit.

Stenslie asked the Executive Committee to refer to the copy of the Loan Agreement and Note that was forwarded by separate distribution and advised that there are copies available on the table.

A more thorough estimate of the fire's impact to business will be difficult and will take some time to generate. For a quick and informal estimate, however, citing data for just Ventura County, consider the following:

- We are experiencing an unprecedented holiday season business interruption, especially in Retail & Other Services but also extending to supply chain disruption across all sectors and potentially extreme impact to the Agricultural sector.
- Data from the National Retail Federation indicates that fire zone and adjacent retailers may lose 20% of their annual revenue in 2017, with continuing impacts into 2018.
- Retail & Other Services sectors alone represent some 14% of the fire zone jobs, with more than 10,000 workers potentially impacted in west Ventura County alone.
- Extrapolating from regional economic data for Ventura County, the loss in Retail and Other Services sales in the fire impacted areas could be as much as \$175 million.

*(Retail and Other Services together represent 7% of the region's \$50 billion economy. The Thomas Fire impacted area overlays about 25% of the county's Retail and Other Services footprint. The \$175 million figure is arrived at by assuming a 20% loss to the Retail and Other Services sectors in the fire impacted areas.)*

- For the Ojai Valley specifically, the Accommodation and Food Services sector represents 31% of all jobs, with Private Education accounting for more than 16% of local jobs. Both sectors have been severely impacted, resulting in retail sales and commerce across all sectors in the Valley at a near complete standstill, with the city's lost tax revenue impacting the community in 2018 and beyond.
- An informal but conservative calculation of Ojai Valley *lost hotel room rental income* will be more than \$3.6 million, with the Valley's two major hotels planning to be closed until mid-January for cleaning up smoke damage. The lost TOT revenue to the City may be over \$400,000.

- The loss to the Farm sector is also significant, but we defer to the Agriculture Commissioner's office for a more informed assessment and calculation. That noted, even a 5% impact to the sector's \$3.54 billion footprint—inclusive of production, processing and distribution—would result in a loss of \$177 million to the local economy.
- Owing to the nature of the disruption, the employment impact is nearly impossible to measure. For example, Retailers don't lay off workers, rather they assign reduced days & hours, so lost incomes are not widely reflected in unemployment insurance claims data. Similarly for Agriculture, workers kept out of the fields for several days owing to unsafe air quality likely did not produce significant claims for unemployment insurance.
- *Ventura County is not well positioned to absorb the impact, with 0% GDP growth over the last four years and a minus 2.7% in 2016. Looking at GDP alone, Ventura County's economic performance is in the bottom 10% nationally of all the nation's Metropolitan Statistical Areas.*

While as noted, we don't know the full impacts of the fire, we are seeing interest and demand for access to capital as a form of recovery assistance.

Stenslie stated that the recommended action immediately establishes our access to new funds dedicated to assisting businesses impacted by the fire.

Moving forward, we will continue to be vigilant on the following:

- seeking additional funds from local banks and other potential contributors, helping to assure we have adequate capital to support demand,
- seeking contributions to a loan loss reserve for what we perceive may be higher risk lending than our general portfolio,
- seeking first to assist clients to access commercial credit or other state or federal assistance that might be optimally suited to their circumstance, and
- providing lending assistance through other, existing sources for capital for firms that are seeking loans larger than the \$15,000 we've identified for an upper limit per loan in this fund.

Peter Zierhut recused himself for this action.

Chair Heitmann asked for a motion that the Executive Committee:

1. Approve a Program Related Income Loan Agreement and Note with the Gene Haas Foundation, in the amount of \$200,000, for the term January 9, 2018 through December 31, 2021, to capitalize a micro-enterprise loan fund for businesses impacted by the Thomas Fire.
2. Delegate authority to the President/CEO, subject to legal review, to sign the Agreement and Note, and any related documents, required to secure the loan fund contribution for business recovery from the Thomas Fire from the Gene Haas Foundation.

Hader Alawami motioned to:

3. Approve a Program Related Income Loan Agreement and Note with the Gene Haas Foundation, in the amount of \$200,000, for the term January

9, 2018 through December 31, 2021, to capitalize a micro-enterprise loan fund for businesses impacted by the Thomas Fire.

4. Delegate authority to the President/CEO, subject to legal review, to sign the Agreement and Note, and any related documents, required to secure the loan fund contribution for business recovery from the Thomas Fire from the Gene Haas Foundation.

Chris Meissner seconded the motion. All Executive Members listed in attendance in favor, motion carried.

Peter Zierhut returned to the meeting.

**Consideration to Ratify Approval of a Contract with the California Employment Training Panel, \$101,820 for Employed Worker Training, for the Term December 18, 2017 through December 17, 2019. Recommendation to Approve.**

Stenslie stated that for the past several years EDC-VC has been a recipient of funds through the California Employment Training Panel, to offset the costs of local employer incumbent worker training. We are just now closing out the prior agreement for \$98,000.

The curriculum is customized to each employer that participates in the program, though concentrates on continuous improvement. The larger purpose of the program and training is to improve the competitiveness of local employers and their employees in the face of out of state and global competition. We largely concentrate the service for manufacturing firms.

The way the program works is that ETP funding pays for the costs of training, primarily for front line workers and generally not to exceed 80 hours, which may be spread over several weeks. The employers make an "in-kind" contribution by providing paid release time for the employees that attend training, usually on-site at the business location.

Our roles are to promote the availability of the state funding, help firms identify training needs, identify trainers and pay the training expense. We deliver this service largely as an extension of our Small Business Development Center services.

Staff is recommending "ratification" of this agreement as the President/CEO has signed its approval, returning the agreement to the state so as to expedite the start of training for clients in wait.

The two year agreement does not preclude us from spending down the funding sooner and either adding revenue to the current contract or initiating a new agreement. As we anticipate having more staff capacity this year to implement training agreements we may budget the entire \$101,820 in 2018.

Chair Heitmann asked for a motion that the Executive Committee ratify approval of a \$101,820 contract agreement with the California Employment Training Panel, for the period December 18, 2017 through December 17, 2019.

Sim Tang-Paradis motioned motion that the Executive Committee ratify approval of a \$101,820 contract agreement with the California Employment Training Panel, for the period December 18, 2017 through December 17, 2019. Chris Meissner seconded the motion. All Executive Members listed in attendance in favor, motion carried.

**Consideration of President's Contract Goals for 2018. Recommendation to Approve.**

Stenslie stated that these are essentially the same goals as the past year. The president's employment agreement, Article 2, paragraph 2.07, states that: "Annually, the Employee and Board will adopt goals for each fiscal year. The goals for each Fiscal year shall be approved by the Executive Committee and attached as Exhibit A" to the employment agreement.

Further, under paragraph 2.01, the employment agreement states the President "shall implement the policies of the Board of Directors of the EDC-VC, under the control and direction of the Executive Committee with regard to the work to be performed."

Consistent with that guidance, the recommended action is for the Executive Committee's approval of the President's 2018 goals as follows:

1. Employee shall use his best efforts to establish the membership of the Board of Directors at its full complement of 36 members by the end of 2018.
2. Employee shall use his best efforts to secure the revenue essential to providing the required cash match for the Small Business Development Center program.
  - The annual goal is not less than \$150,000 in cash match.
  - A secondary goal is to secure \$50,000 of the \$150,000 from Santa Barbara County area sources.
3. Employee shall use his best efforts to improve upon the public's recognition of EDC-VC as a leading provider of regional economic development services and strategies and analysis of the region's economic condition.
  - Present commentary on the region's economic condition and/or economic development services at no less than six public forums, including before the county board of supervisors and city councils.
  - Launch a Quarterly Economic Indicator Report, profiling the region's economic condition, movement, risks and opportunities.
4. Employee shall use his best efforts to expand EDC-VC's resources and capacity to support business growth through international trade. Employee shall use his best efforts to:
  - Secure continuing resources for a sustainable regional global business technical assistance initiative.
  - Participate with the regional World Trade Center for the publication of a report on one of the region's key sectors in international trade.
5. Employee shall use best efforts to sustain funding for the Ventura County Film Liaison function and for film industry sector promotion, continuing our efforts for communicating the economic value proposition of the film industry's presence in Ventura County.
6. Employee shall use his best efforts to secure additional business loan capital and becoming more integrated with the local, statewide and national lending community for the purpose of facilitating our client's access to capital.
7. Presenting to the Board a balanced budget and ending the fiscal year with positive net income.

The President's proposed are presented as draft and as a starting point for the Committee's discussion. The Committee's approved goals for the President will go to the full Board with the employment agreement at the Board's next meeting.

Chair Heitmann asked for a motion that the Executive Committee approve the President's 2018 goals. Peter Zierhut motioned that the Executive Committee approve the President's 2018 goals. Sim Tang-Paradis seconded the motion. All Executive Members listed in attendance in favor, motion carried.

**Discussion of a Draft Memorandum of Understanding with the Ventura County Community College District, for the Development and Operation of a Center for Competitive Economies and Workforce Innovation**

Stenslie informed the Executive Committee that over the last year, and also embedded annually in our organizational Business Plan, we have had a priority to play a strong regional role for commenting on, interpreting and sharing information on the Ventura County economy.

As we have worked this past year on the development of a Quarterly Indicator Report, and through our development of the user's guide for business in accessing career education resources, we have been working closely with the Ventura County Community College District (VCCCD) as a partner providing technical expertise.

In consideration of the value of that partnership, we are looking at the development of a Memorandum of Understanding (MOU) with VCCCD that puts some structure to how we might work more together and for what purposes.

A first draft of that MOU, as prepared by VCCCD, was reviewed by the Executive Committee in December. Our intent is to have agreement for a final or near-final draft of the MOU by the end of our meeting today. Owing to our busy Annual Meeting agenda in January, we anticipate taking the final MOU to the full board at its regular meeting in February.

**Update and Planning for 2018 Annual Meeting**

Stenslie informed the Executive Committee that our Annual Meeting is scheduled for January 18. Following are some considerations for planning the event. See attached a summary of prior years' income and expense and projections for 2018, along with a summary of sponsorships received and pledged so far.

Spanish Hills CC, Board Convenes at 1:30, Main Event at 4:00: We are convening early, at 1:30, for a focused conversation with Dr. Phil Auerswald, our keynote speaker and principle in the firm Xopolis, our contract partner for assessing our regional entrepreneurship ecosystem. Phil will share his initial observations to kick off the discussion, an opportunity for board input on the study and guiding its recommendations.

That discussion will run until about 3:00, when the board will take up a short business agenda. We will recess out of that by 3:20, to join the networking which opens at 3:00. The larger, public event starts at 4:00 and runs until about 5:10, followed by a buffet dinner.

We will have a year-just-ended Highlights report to share, a program with the meeting agenda, speaker bios and featuring ads from our major sponsors. We

will also have a preliminary report on the entrepreneurship study.

We have a faithful following of attendees, primarily the “usual” audience of local leadership. Attendance has generally been close to 200.

That noted, *ticket sales are not the primary revenue driver, rather, the larger share of revenue is in sponsorships.*

We are slow on sponsorships this year as we’ve been cautious on being overly aggressive in seeking donations while the larger community is in recovery mode. Several partner organizations are working hard on campaigns to raise funds for victims of the fire.

We are concentrating dialogue this year on entrepreneurship-based economic development. As noted above, Dr. Phil Auerswald is our keynote speaker. He will be followed by a panel discussion of local leaders/stakeholders in growing the region’s entrepreneurship assets.

As usual, the program will open with the Chair’s comments on the year just ended, a transfer of the gavel to the new Chair, comments on priorities for the coming year. We’re looking to keep this part of the meeting—which includes recognition of dignitaries in attendance and sponsors—to not more than 20 minutes, leaving some 45 minutes for the focus on entrepreneurship.

### **Consideration of Executive Committee Appointments for 2018.**

Stenslie informed the Executive Committee that the following summarizes the guidance of our bylaws for the annual establishment of our Executive Committee. Section 3.3 of the bylaws states that:

“An Executive Committee comprised of nine (9) Board members, including the Chair, Vice Chair, and Secretary/Treasurer with the balance selected by the Chair, subject to Board approval, shall be established each year at the first Board meeting of the calendar year. The Chair shall select one member of the Executive Committee from among the city or county economic development practitioners who participate in the Economic Developers Roundtable. This member of the Executive Committee shall also be designated as an advisory member of the EDC-VC Board of Directors, consistent with Section 2.7 of these bylaws”

In summary, there are three guiding elements for the appointments:

- 1) Except for the Officers of the corporation, the 2018 Executive Committee membership is at the discretion of the newly elected Chair, subject to approval by the full board.
- 2) The newly elected Chair’s appointments to the Executive Committee are to be made at the first meeting of the year, that is, at our Annual Meeting, January 18.
- 3) For composition, it has been past practice, but not prescribed by the bylaws, to maintain a balance of four private and four public sector members (plus the representative from the Economic Developers Roundtable).

No action on this item is necessary or appropriate today, it is for discussion only.

## **Small Business Development Center Year End Report**

Stenslie proudly reported the outcomes for January through December of 2017, preliminary data for the full program year.

The program is funded by the US Small Business Administration (SBA), through an annual national appropriation of approximately \$115 million. Our SBA-contributed funding of \$450,000 is secured through a contract with Long Beach City College, which serves as the “lead center” for Los Angeles, Ventura and Santa Barbara counties.

Our core program service area is all of Ventura and Santa Barbara Counties. Funding for that activity is \$350,000 from SBA, which must be matched 100%, half in cash, half in-kind. The cash portion comes from the cities and County of Ventura, and for Santa Barbara County from Santa Barbara City College and Scheinfeld Center for Entrepreneurship and Innovation and from Cuesta College in San Luis Obispo, for assistance throughout the region.

**State Contribution for Matching Funds:** We also receive funding from the Governor’s Office of Business and Economic Development, targeted to facilitating business access to capital. This fund may also be used as a match to the SBA contribution. The Governor’s Office contribution is on the state’s fiscal year basis. For the period ending June 30, 2017, the amount was \$45,000; the period ending June 30, 2018 it is \$105,000. The state contribution has been uncertain in past years, wholly controlled in the Governor’s budget process. We’re hopeful moving forward for a regular, legislatively authorized allocation.

**Regional Lead for International Business:** We receive an additional \$100,000 in SBA funds, to serve as the international business lead for the entire LA region. That portion of our contract does not require a match. We are not anticipating this separate allocation in 2018, though we do anticipate continuing as a regional lead for international trade, by a funding structure yet to be wholly settled.

The baseline SBDC program is focused on delivering specific economic outcomes (summarized below, concentrated on new capital infusion, new jobs created) with small business clients, generally defined as any firm with fewer than 500 employees. Most clients we serve employ fewer than 30 workers, though there is wide distribution by size.

*The primary service activity is direct, professional client advising and technical assistance, organized around scopes of work focused on assisting businesses achieve positive economic outcomes.* To deliver that service we maintain some 30 consultants on contract, available to business at no cost. The total direct services consulting budget for the core program is approximately \$246,000, or some 40% of the cash available in the total contract.

Per SBA regulations, there are three contractual performance goals, concentrating on long-term client engagement, capital infusion and business start-ups. Our outcome targets are prescribed by our SBDC lead center in Long Beach.

For this year, our target for Long-Term Clients was increased marginally, from 310 to 320; our target for Capital Infusion was unchanged at \$25 million; and our target for Business Start-ups was increased very marginally, from 60 to 62. We have absorbed higher increases in years’ past, and now are set with contractual goals at the top end for our region. In 2016, we exceeded all our outcome



measures.

The outcome data displayed below is preliminary, or “unofficial,” for the period January through December 29, with the “outcome target” number representing the full year goal. We may have the final data by the time of our meeting, including the full context of data for the Los Angeles region.

<u>Performance Goals</u>	<u>Outcome Target</u>	<u>Outcomes thru November</u>
Long Term Clients (5+ hours)	320	282
Capital Infusion	\$25,000,000	\$68,247,846
Business Start-ups	62	63

*All outcomes are documented by signed agreement from the businesses served.*

Stenslie shared that while way too early to tell the total impact on client volume, activity is clearly up since mid-December, with nearly all the new client intakes firms that have suffered losses owing to the fire. Nearly all of these losses are in sales, not in property or inventory. Staff will forward under separate cover a report specifically on fire recovery activities.

Chair Heitmann requested a motion that the Executive Committee approve nominations to the full Board of Directors for EDC-VC’s 2018 President as Chris Meissner, Vice-President as Carmen Ramirez and Secretary/Treasurer as Peter Zierhut. Cheryl Heitmann motioned that that the Executive Committee approve nominations to the full Board of Directors for EDC-VC’s 2018 President as Chris Meissner, Vice-President as Carmen Ramirez and Secretary/Treasurer as Peter Zierhut. John Procter seconded the motion. All Executive Members listed in attendance in favor, motion carried.

#### **Presidents Report**

As submitted.

**New or Unfinished Business:** None

**Executive Committee Comments:** Sim Tang-Paradis mentioned that City National Banks’ Annual Economic Forecast will be held at the Four Seasons Hotel on February 21<sup>st</sup>, 2018.

**Adjournment to September 6, 2017** Adjourned to February 2017, 5:06 p.m., date and time, tbd.

Minutes taken by Kelly Noble