



**MINUTES**  
**EDC-VC BOARD OF DIRECTORS MEETING**  
**April 20, 2017**

- Location:** Hampton Inn, 50 West Daily Drive, Camarillo
- Attendance:** Al Adam – City of Thousand Oaks  
Haider Alawami – City of Thousand Oaks, Liaison, ED Managers Roundtable  
Gerhard Apfelthaler – California Lutheran University  
Will Berg – City of Port Hueneme  
Gary Cushing – Chambers of Commerce Alliance  
Kristin Decas – Port of Hueneme/Oxnard Harbor District  
Harold Edwards – Limoneira Company  
Amy Fonzo – California Resources Corporation  
Cheryl Heitmann, Chair – City of Ventura  
Kelly Long – County of Ventura  
Nancy Mayerson – Mayerson Marketing & Public Relations  
Chris Meissner, Vice Chair – Meissner Filtration Products  
Roseann Mikos – City of Moorpark  
Susan Mulligan – Calleguas Municipal Water District (liaison)  
John Procter – City of Santa Paula  
Carmen Ramirez – City of Oxnard  
Jim Scanlon – Gallagher, SBG-NIA  
Cari Shore – Rabobank  
Tony Skinner – IBEW Local #952  
Sandy Smith – VCEDA  
Tony Trembley – City of Camarillo  
Celina Zacarias – California State University Channel Islands  
John Zaragoza – County of Ventura
- Absent:** Mark Austin – City of Fillmore  
Dee Dee Cavanaugh – City of Simi Valley  
Henry Dubroff – Pacific Coast Business Times  
Nan Drake – E.J. Harrison Industries  
Rebekah Evans – VCLA (liaison)  
Ron Galaviz – Lead Builders, Inc  
Laurel Shockley – Southern California Edison  
Sim Tang Paradis – City National Bank  
Maria Ventura – Southern California Gas Company  
William Weirick – City of Ojai  
Peter Zierhut – Haas Automation
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner
- Staff:** Marvin Boateng, Loan Officer  
Ray Bowman, EDC SBDC Director  
Shalene Hayman, Controller  
Kelly Noble, Office Manager  
Bruce Stenslie, President/CEO

<b>Guests:</b>	Linda Swan, City of Simi Valley
<b>Call to Order:</b>	Chair Cheryl Heitmann called the meeting to order at 4:05 p.m. Heitmann welcomed everyone and had the Board introduce themselves.
<b>Roll Call:</b>	Kelly Noble
<b>Amendment to the Agenda:</b>	None
<b>Public Comment:</b>	None
<b>Minutes:</b>	Chair Heitmann asked if there were any comments on the March 16, 2017 minutes. With none, Heitmann requested a motion to approve the minutes from the March 16, 2017 meeting. Nancy Mayerson moved to approve and file the minutes from the March 16, 2017 meeting. Al Adam seconded the motion. Tony Trembley abstained. All remaining board members listed in attendance in favor, motion carried.
<b>Financial Report:</b>	<p><b>March 2017 Financials</b></p> <p>Shalene Hayman explained we are busy getting ready for our audit. Hayman reviewed the March 2017 Financials. Chair Heitmann asked if there were any questions. With none, Heitmann requested a motion to approve and file the March 2017 Financials. Will Berg motioned to approve and file the March 2017 Financials. Chris Meissner seconded the motion. All board members listed in attendance in favor, motion carried.</p>
<b>Report on International Business, Advising &amp; Analysis</b>	<p>Stenslie noted that staff last provided a full update on our activity in business advising and analysis relating to international trade in October 2015.</p> <p>As we have continued to expand on our concentration in global business, it is important to share with the Board an update on that activity.</p> <p>Ray Bowman gave a presentation on:</p> <ul style="list-style-type: none"> <li>• the breadth, scale and significance of international trade activity in Ventura County;</li> <li>• our service as the lead for SBDC international trade advising for Los Angeles, Ventura and Santa Barbara Counties;</li> <li>• our partnership with the Port of Hueneme and California Lutheran University, School of Management, specifically in analyzing local global trade activity in the food and agriculture sectors;</li> <li>• the growing significance of e-commerce for international trade.</li> </ul>
<b>Administration:</b>	<p><b>Membership Report and Consideration of New EDC-VC Private Sector Membership for AeroVironment, Inc. Recommendation to Approve.</b></p> <p>Stenslie stated that our previously identified priorities for filling vacancies have included additional manufacturing firms, globally engaged businesses, defense contractors and firms based in the east county. AeroVironment, a manufacturing firm with concentrations in unmanned aerial vehicles (UAV) and energy technologies, meets all of those markers.</p> <p>The firm employs some 500 workers in Simi Valley and has been growing in Ventura County. It is currently diversifying its product lines in response to the rapid commercial expansion of UAV applications, electric cars and renewable energy systems.</p> <p>The Executive Committee's recommended action is to add AeroVironment to our Board of Directors, as represented by Trace Stevenson, VP and Deputy General Manager, Unmanned Aircraft Systems.</p>

Chair Heitmann asked for a motion that the Board of Directors approve an EDC-VC membership for AeroVironment, represented by Trace Stevenson, Vice President and Deputy General Manager, Unmanned Aircraft Systems. John Procter motioned to approve an EDC-VC membership for AeroVironment, represented by Trace Stevenson, Vice President and Deputy General Manager, Unmanned Aircraft Systems. Roseann Mikos seconded the motion. All board members listed in attendance in favor, motion carried.

**Consideration of an Agreement with Farber Hass Hurley LLP for Annual Auditing Services, \$23,000 for 2016 Financial Reports and Exempt Organization Returns. Recommendation to Approve.**

Stenslie explained that as required by our bylaws, Section 7.2, and per the conditions of our several grants and contracts, EDC-VC contracts with an outside CPA firm for the annual audit of our financial statements. To assure alignment of the financial details and for timely submittal, we include in that contract the preparation of our exempt organization returns.

In prior years we contracted with Poindexter & Company for these services. We have had an effective working relationship with Mr. Poindexter, but we are moving on with the selection of a new auditor, given two key considerations.

- Mr. Poindexter, as a small firm, has become disinclined to continue the costly and time-consuming certifications required to complete our Single Audit as prescribed by OMB Circular A-133, for organizations in receipt of federal financial assistance over \$500,000.
- We have for several years been considering the benefit of changing auditors as a matter of due diligence and assuring a fresh perspective on our finances and internal controls.

With that background, we developed and released a Request for Proposals (RFP) for the audit services earlier this year. The RFP was distributed to several local and regional CPA firms.

Our interests were to secure cost-effective bids, prioritizing local firms, and developing an engagement with the highest level of technical and professional assistance available.

Stenslie informed the Board that we received only one formal proposal, with two other firms indicating an interest but given current workloads and time frames for the completion of the 2016 audit expressed a disinclination to bid. As anticipated, Poindexter & Company did not submit a proposal.

The proposal from FHH met all of our conditions and standards. That noted, the original proposal was for a range at \$25,000 to \$28,000, not including the exempt organization returns. In negotiation, we secured a firm price of \$23,000, inclusive of the returns.

While \$23,000 is considerably higher than the \$18,375 we had paid in 2016 for the 2015 audit and returns, we anticipated an increased cost in our 2017 budget. Still, the negotiated amount of \$23,000 is higher than the \$21,000 that we budgeted. Given that our budget anticipates \$26,365 in net income, the price is not problematic. Moreover, we believe the proposal is fully within a reasonable range, given the unfamiliarity, and uncertainty, of a new auditor engagement.

Farber Hass Hurley, <http://fhhcpas.com/>, is a highly regarded local firm, with main offices in Camarillo and Chatsworth and satellites in Oxnard, Valencia and Phoenix. FHH is widely considered the region's top audit firm, with 75% of its revenue derived from audit services. FHH possesses the deep experience in Single Audits and non-profit organizations that matches our needs. The lead staff for the audit are identified on page 2 of their proposal, attached.

Stenslie noted that the Executive Committee reviewed the proposal at its meeting on April 5 and recommends the full board's approval. Based on that direction, we secured from FHH the attached engagement letter. With the board's approval we anticipate having a draft audit to present to the board at its June meeting, or July at the latest. Also attached is a copy of the audit proposal, which identifies the firm's qualifications.

Chair Heitmann asked for a motion that Board of Directors delegate authority to the President/CEO to sign the engagement letter dated April 7, 2017, securing Farber Hass Hurley LLP to provide audit services for our financial statements for the year ended December 31, 2016, and to prepare the exempt organization returns, for a total amount of \$23,000. Amy Fonzo motioned that the Board of Directors delegate authority to the President/CEO to sign the engagement letter dated April 7, 2017, securing Farber Hass Hurley LLP to provide audit services for our financial statements for the year ended December 31, 2016, and to prepare the exempt organization returns, for a total amount of \$23,000. Kelly Long seconded the motion. All board members listed in attendance in favor, motion carried.

**Consideration of the 2017 Small Business Development Center Network Service Center Agreement. Recommendation to Approve.**

Stenslie stated that the Long Beach Community College District serves as the regional "Lead Center" for federal Small Business Development Center services for Los Angeles, Ventura and Santa Barbara Counties. Long Beach secures the core funding from the U.S. Small Business Administration, then sub-contracts to local direct "service centers," or "sub-recipients," of which EDC-VC is one.

Our service area is all of Ventura and Santa Barbara Counties. For service delivery in Santa Barbara County, we partner with Santa Barbara City College (SBCC) and its Scheinfeld Center for Entrepreneurship and Innovation.

We have successfully operated this program since 2010, consistently exceeding performance benchmarks, earning contract renewals. Copies of our year-end 2016 performance reports are attached.

Though the contract is coming late for our consideration from Long Beach, we had received on January 13, 2017 a letter of commitment. Though we would prefer more timely receipt of the contract, we have been up and running since January 1, based on the letter of commitment. This delay in contract delivery has been constant since we began working with the Lead Center in 2010.

We anticipated the award of these funds and included the revenue and expenditures in our approved budget for this year. We had anticipated, however, a slightly larger contract, at \$460,000, based on our performance and on an annual surplus of funds at the lead center. Given uncertainties in federal appropriations, the Lead Center has so far declined to increase the contract, though we continue to inquire. Not securing the increase has slowed our process for adding staff.

The contract as delivered includes an SBA share of \$425,000, requiring a local cash match of \$162,500 (a summary of sources is outlined below).

The contract requires that we provide 100% in matching funds (with an exception noted below). Not less than half of the match must be in cash, the other half may be in-kind. We meet the in-kind obligation through such items as waived costs for access to operating and consulting space at SBCC, in-kind marketing, and "waived indirect" costs incurred by EDC-VC for "hosting" the SBDC operation.

Our budget projects cash match through several sources (though actuals may vary, and we anticipate additional revenues that would allow us to match our budgeted contract level of \$460,000):

- Cuesta College: \$20,000
  - Santa Barbara City College: \$15,000
  - SBCC Scheinfeld Center: \$ 5,000
  - County of Ventura: \$35,000
  - Cities of Ventura County, BEP: \$87,500
- \$162,500

These figures may fluctuate, though we have a high level of confidence in securing the cash match. EDC-VC operates, to our knowledge, the only, or one of the only SBDC's in California that are *not* stressed for securing cash match. The other Centers are continually at-risk for leaving SBA funds on the table owing to the lack of matching funds.

The Lead Center has designated the EDC-VC Small Business Development Center to serve as the region's coordinator for all international trade consulting. That share of the contract is \$100,000, requiring no cash match.

Our service delivery is through the provision of direct, one-on-one professional consulting, using a corps of some 30 contract consultants. Our strategy is to develop direct consulting relationships with business clients, customized around specific scopes of work responsive to their needs for growth and profitability.

Our contract goals for the recommended agreement follow below. All outcomes (or "milestones") must be documented by signed agreement from the businesses served.

<u>Performance Goals</u>	<u>Outcome Target</u>
Long Term Clients (5 hours or more consulting):	320
Capital Infusion	\$25,000,000
Business Starts	62
Long Term Clients, International Trade	80
Capital Infusion, International Trade	\$14,500,000

The goals and targets are assigned by the Lead Center. For 2017, as compared to 2016, we are seeing only small target increases for Long-Term Clients and Business Starts, no change for Capital Infusion. The Lead Center's calculations are based on the SBA's expectations for the Lead Center and its three county service area. Our share of the regional obligation is driven by our share of the general population and number of businesses, adjusted per prior year performance. Based on our high-end performance, we are contracted to carry a larger share of the outcomes than is proportional to size of population or numbers of firms.

Chair Heitmann stated that it is recommended that the Board of Directors approve and delegate to the President/CEO authority to sign the FY 2017 Small Business Development Center (SBDC) Network Service Center Agreement (CN99744.8), between EDC-VC and the Long Beach Community College District, for \$425,000 in U.S. Small Business Administration funds and \$162,500 local match. Harold motioned that the Board of Directors approve and delegate to the President/CEO authority to sign the FY 2017 Small Business Development Center (SBDC) Network Service Center Agreement (CN99744.8), between EDC-VC and the Long Beach Community College District, for \$425,000 in U.S. Small Business Administration funds and \$162,500 local match. Roseann Mikos seconded the motion. All board members listed in attendance in favor, motion carried.

**Small Business Development Center Quarterly Report**

The outcomes today are for the period January through March 2017, with the "outcome target" number representing the full year goal.

<u>Performance Goals</u>	<u>Outcome Target</u>	<u>Outcomes thru March</u>
<b>Long Term Clients</b> (5+ hours)	320	80
<b>Capital Infusion</b>	\$25,000,000	\$17,391,946
<b>Business Start-ups</b>	62	27

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

Through this three month period we are on track to significantly exceed the capital infusion goal and to meet year-end goals for long-term clients and business starts. We anticipate exceeding all the measures by year end. We are also substantially ahead of our first quarter marks from one year ago.

As noted, we serve as the lead for all SBDC international trade technical assistance for Los Angeles, Ventura and Santa Barbara counties. We exceeded our goals for that activity in 2016 as well. Activity and reporting for that service is coordinated with the other centers throughout the region and is not yet updated for 2017. Details will be shared as they become available.

In addition to tracking economic outcomes, we also pay close attention to the distribution of our services by region and industry sector. We continue to have an extremely diversified industry mix. Staff will update the distribution displays on time for our full Board meeting later in April.

#### **President's Report**

Provided comments relative to concerns on the federal budget, new awards from the California Competes Tax Credit, and background information on the California Stewardship Network.

#### **Committee/Liaison Reports:**

##### **VCEDA**

Sandy Smith announced that VCEDA secured a date for the Business Outlook Conference. Please mark your calendars for October 20<sup>th</sup>. The conference will focus on Reliable & Sustainable Energy for Ventura County this year and will be held at the Ronald Reagan Library.

##### **Economic Developers Roundtable**

Nothing to report

##### **Ventura County Lodging Association**

Nothing to report

##### **Calleguas Municipal Water District**

Susan Mulligan shared a water supply update.

#### **New or Unfinished Business:**

None

#### **Board Member Comments:**

Kristin Decas mentioned the Port's MAST event on May 24<sup>th</sup>. John Procter mentioned the VCOG Annual Dinner at Limoneira on June 8<sup>th</sup>. Gerhard Apfelthaler mentioned the 2017 New Venture Competition Finals, Thursday, April 27<sup>th</sup>.

#### **Adjournment:**

Meeting adjourned at 5:28 p.m. to May 18, 2017.