



**MINUTES**  
**EDC-VC BOARD OF DIRECTORS MEETING**  
**February 16, 2017**

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

**Guests:** Caitlin Brooks, Sespe Consulting, Inc.  
Stephanie Caldwell, Ventura Chamber of Commerce  
Linda Swan, City of Simi Valley

**Call to Order:** Chair Cheryl Heitmann called the meeting to order at 4:07 p.m. Heitmann welcomed everyone and had the Board introduce themselves.

**Roll Call:** Kelly Noble

**Amendment to the Agenda:** None

**Public Comment:** None

**Minutes:** Chair Heitmann asked if there were any comments on the January 19, 2016 Annual Meeting minutes. With none, Heitmann requested a motion to approve the minutes from the Annual Meeting of January 19, 2016. Dee Cavanaugh moved to approve and file the minutes from the January 19, 2016 Annual Meeting. Nancy Mayerson seconded the motion. Member Mike Morgan entered after this item. All remaining board members listed in attendance in favor, motion carried.

**Financial Report:** **November 2016 Financials**  
Financials in packet. Bruce Stenslie asked to skip discussion on November 2016 Financials, concentrating instead on December for year-end as part of the budget discussion and the January detail.  
**Preliminary December 2016 Financials**  
Financials in packet. Stenslie noted that the preliminary December detail will be included in our discussion on the 2017 budget.  
**January 2017 Financials**  
Stenslie commented that Shalene is out today on vacation. Stenslie briefly reviewed the January 2017 Financials. Chair Heitmann asked if there were any questions. With none, Heitmann requested a motion to approve and file the November 2016, December 2016 and January 2017 Financials. Peter Zierhut motioned to approve and file the November 2016, December 2016 and January 2017 Financials. Nan Drake seconded the motion. All board members listed in attendance in favor, motion carried.

**Administration:** **Consideration of the 2017 Business Plan Executive Summary and Supplement. Recommendation to Approve.**

In late 2008 and early 2009 our Executive Committee and full Board spent considerable time in reviewing and updating our Business Plan. For final action, we concentrated on developing an up-to-date Executive Summary and Supplement on Priorities in Regional Economic Competitiveness, rather than on a long and detailed plan.

In each year since, we have updated the Plan's "Objectives and Work Plan" to remain current with program and service activities and priorities.

The Business Plan Executive Summary is used primarily for internal purposes, to document our annual work plan priorities. The Business Plan is useful for grant applications and for sharing with other stakeholders our operational priorities. The Supplement, by contrast, is used more as an external document, to highlight larger regional economic priorities.

Both of these documents are supplemented by numerous professionally developed outreach materials, program service overviews and success stories. The collateral

materials are targeted to clients that may benefit from our services and to partner organizations that serve as referral resources. All of these materials in combination may be mixed and matched, customized to purpose and to the particular stakeholder or client target.

Stenslie stated that there are two recommended changes, one each to the Business Plan Executive Summary and to the Supplement:

The first is in the Executive Summary, Section C, Program Delivery, *item* §5, in a highlighted box, relating to “Workforce Training.” We completed the work on Market Based Groundwater Trading, so we have deleted that specific reference, and replaced it with this new reference and paragraph relating to work prioritized this year by the California Stewardship Network. The new paragraph states:

“Initiate a new concentration of activity to enhance the connectivity of local business and the region’s network of workforce training resources, toward improving our region’s competitiveness in skilled labor.”

Also motivating our highlighting “workforce training” this year is our intent to increase our activity in providing business access to California’s Employment Training Panel funding, for investment in training the incumbent workforce.

The second is in the Supplement, bottom bullet in the left hand column, relating to our interest in establishing this year a Quarterly Indicator Report. We have added a bullet to the Supplement for expanding our work in providing data and commenting on the local economy. Still in its developmental stage, this is envisioned as a partnership including EDC-VC, for commentary on the regional condition and our competitive position, CLU’s Center for Economic Research & Forecasting for data and interpretation, and the Pacific Coast Business Times, for formatting and distribution. Partial funding for this has also been included in our proposal to the Morgan Family Foundation, as an initiative consistent with the priorities of the California Stewardship Network. The new item states:

“Monitor, comment on and interpret the evolving Ventura County economy, focusing on economic needs and responding to emerging regional trends.”

Chair Heitmann requested a motion that the Board approve the Executive Committee recommended updated 2017 Business Plan Executive Summary and Supplement. Roseann Mikos motioned to approve the Executive Committee recommended updated 2017 Business Plan Executive Summary and Supplement. Kelly Long seconded the motion. All board members listed in attendance in favor, motion carried.

### **Consideration of EDC-VC 2017 Budget. Recommendation to Approve.**

Stenslie stated that at its February meeting the Executive Committee reviewed our 2017 draft budget and is recommending approval today by the full board.

Our bylaws call for the board’s annual adoption of a budget, which, given our January to December fiscal year, would better have been approved prior to the end of 2016, though staff has delayed its presentation until early in the year the last five years, better to capture year-end information and a cleaner read on revenue and expense projections. In the absence of a regular December meeting, and the busy Annual Meeting agenda in January, our budget adoption has fallen to our February board meeting.

Please note that the left hand column in the presented budget display is for our projected

year-end for 2016. These figures remain preliminary, though we expect no major changes prior to our audit conducted annually each spring. *We are projecting a robust 2016 net income of approximately \$67,000.*

In addition to the year-over-year changes addressed below, the following addresses several major policy considerations.

- Net income is projected at \$26,365, lower than our budget target in 2016 of \$41,123.
- No Changes to Membership Dues: Membership Dues Were Increased in 2015 by 10%. No additional changes are recommended for 2016 or next several years. Prior to 2015, our last *private* sector dues (line 4300) increase was in 2008, when we moved it from \$6,000 to \$6,250, and our last *public* sector dues (line 4200) increase was in 2006.
- In-kind Membership Dues Continued for Three Members, lines 4600 and 5400: Our bylaws stipulate that the Board may allow for not more than *five* members to be relieved from the payment of dues, in lieu of their providing in-kind services to the EDC-VC, at a value of two times the cash contribution for voting Board membership (Article VI, Section 6.2). As noted above in the recommendation, we have three in-kind members renewing in 2016.
- Outside Consulting Continues as a Major Expenditure (Outside Consultants, line 5800 and Instruction Consulting, line 5758): A significant expenditure continues to run through our consultants and business/workforce trainers, providing the lion's share of our direct services. Our combined projected consulting and training expense is \$588,000, or 33% of the budget. These are all projected to be locally based consultants.
- New Business Development Director Staff Position (Economic Development Management, line 5000): We have long had a priority to increase our professional staff capacity. Current staff are doing extraordinarily well, though are largely funded and responsible for specific service areas (e.g., lending, or Small Business Development Center management). Where we are short-staffed is on new project development and management; relationship development for promoting our services to key sectors, particularly relative to Employment Training Panel services which are revenue generating for EDC-VC; coordination with regional and state partners on business attraction; industry sector organizing and support. Further, with additional professional staff capacity, we could improve our existing program integration, such that assures more efficient service delivery for better outcomes and improved reporting of the results.

Anticipated expense, inclusive of wages and benefits, is projected at \$100,000. Funding will be drawn from the following sources in these approximate shares:

- 40% SBDC, out of existing and anticipated increased grant revenue in 2017;
- 20% Employment Training Panel;
- 20% existing revenues, various, reduced from year-end net income;
- 10% City and County existing grant matching revenues;
- 10% redirected from existing expenditures in our Marketing line item (reducing our marketing expense from approximately \$70,000 to \$60,000 annually, though also see item below).

Our projected total income for FY 2017 is \$1,808,648, up by \$33,603, or 1.9%, over prior year budgeted revenue. Budgeted revenue for 2016 is up \$220,000 over projected 2016 year end, owing to the re-establishment of some \$40,000 for the broadband consortium, an increase by an estimated \$30,000 in operating income for lending activities, an increase by \$34,000 resulting from more aggressive membership recruitment, \$20,000 from more active Employment Training Panel activity, \$80,000 for a one-time California Workforce Development Board grant for improving layoff aversion services, and a small increase in Small Business Development Center funds.

The primary items for discussion in revenue include:

- Line 4300, Private Sector Dues. We are projecting a conservative net three (3) new members, for \$20,250. Our budget goal is to fill 22 of our private sector seats, with three in-kind; our management goal is to fill all 24 seats.
- Line 4474, State Capital Infusion Assistance. We were awarded this \$45,000 by the Governor's Office of Business and Economic Development in late 2016. The funding runs through June 2017. We are not certain this funding stream will continue past June, so assumes only the funding already awarded.
- Line 4475, Small Business Development Center (SBDC) Revenue. The \$460,000 budgeted here includes the continuation of \$100,000 for our Small Business Center to serve as the lead on international trade for the Los Angeles region, plus a small increase for our on-going activity for Ventura and Santa Barbara Counties.
- Line 4600, In-Kind. We anticipate recording some \$120,750 in in-kind contributions, 100% offset by line 5400, In-Kind Expenses. We record these on our financials as several of our grant agreements require documented commitments of in-kind value. The revenue is fully offset by an "in-kind expense."
- Line 4893, Film Commission. The \$58,000 in revenue is consistent with 2016, though given more activity and success in this work, we are optimistic for a small increase in revenue. That noted, our expenses—primarily in consulting, line 5811—remain conservative. As a matter of policy and priorities, we continue to see this activity as a high value proposition.

We are recommending an expense budget of \$1,782,313 for 2017, as compared to \$1,733,942 for 2016, up by \$48,371, or by 2.8%.

Notable items for discussion in expense include:

- Line 5000, Economic Development Management: We are projecting an estimated 3.5% year over year increase for salary and benefits for existing staff, plus an increase for the addition of a new staff person as noted above. The year-over-year increase is projected at \$110,000 over 2016 actual. Health insurance premiums are up moderately for 2017.
- Line 5200, Office Overhead. This collection includes a broad range of expenses from marketing to rent to staff travel. We continue to hold costs down, anticipating a slight decrease from 2017 to 2016, down approximately \$12,000, or by some 4%.

In summary, total revenues and expenses continue to grow, though moderately, with our resources dedicated to our core functions in economic development services. Our bottom line remains healthy, enough so that we're confident in adding staff capacity to improve our economic impact and community benefit. We are vigilant for new program and income opportunities consistent with our mission. We also remain cautious around the discretionary nature of our funding.

Chair Heitmann requested a motion to

- approve the 2017 budget as presented;
- approve renewal of board memberships as noted for dues in Sections 4200 and 4300, respectively, for public and private sector members; and
- approve renewal of in-kind memberships, at twice the cash value for regular memberships, for Mayerson Marketing, Chambers of Commerce Alliance and Pacific Coast Business Times as allowed per our bylaws, Section 6.2.

Al Adams motioned to approve the 2017 budget as presented, renewal of board memberships as noted for dues in Sections 4200 and 4300, respectively, for public and private sector members, and approve renewal of in-kind memberships, at twice the cash value for regular memberships, for Mayerson Marketing, Chambers of Commerce Alliance and Pacific Coast Business Times as allowed per our bylaws, Section 6.2.

Gregory Glover seconded the motion. Nancy Mayerson abstained. All remaining board members listed in attendance in favor, motion carried.

### **Small Business Development Center 2016 Year-End Outcomes and Activity Report**

Stenslie stated that this month's report summarizes year-end contract performance for 2016. The SBDC program is focused on delivering specific economic outcomes (summarized below) 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 a 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.

We exceeded all of our contract goals, as noted below and in distributed materials.

<u>Performance Goals</u>	<u>Outcome Target</u>	<u>4<sup>th</sup> Qtrr Outcomes</u>
Long Term Clients (5+ hours)	310	329
New Capital Infusion	\$25,000,000	\$32,631,650
Business Starts	60	61

A comparison of our Center's performance to the larger regional performance continues to show that we contribute an oversized share of the region's outcomes. For example, while Ventura and Santa Barbara counties comprise only some 8% of the three county region's firms, we contributed 18.3% of the long-term clients, 26.2% of the outcomes in capital infusion, and 18% of business starts.

Beginning mid-year 2015 we began to serve the entire Los Angeles region as the lead for international business consulting. Our outcome activity is displayed on the third page of the attachments, again demonstrating that we have exceeded all contract goals. We continue to be particularly effective in facilitating business access to capital. Adding the capital infusion outcomes here to the data displayed above for our two counties, shows that our program contributed more than 50% of the LA region's impact in capital infusion.

The presentation also included attention to client distribution by city, with data for the last three years of activity, 2014, 2015 and 2016. We continue to work on improving not just our volume of activity by region, rather more on the *quality* of engagements, city by city. For industry sector data, staff offered up a comparison of our sector distribution in

Ventura and Santa Barbara Counties to the larger Los Angeles basin. This data confirms our higher concentration in key sectors, like manufacturing and Professional & Business Services, and lower concentration in Other Services.

**President's Report**

Stenslie stated that there is nothing additional to report at this time.

**Committee/Liaison Reports:**

**VCEDA**

Sandy Smith reported that this month, the VCEDA Policy meeting will focus on energy.

**Economic Developers Roundtable**

Nothing to report.

**Ventura County Lodging Association**

Rebekah Evans announced that she has a new event planning guide for the West County. Evans stated that they are boosting their marketing with ads and new website. Evans thanked Bruce Stenslie and Bill Bartels for presenting current information to their board on film activity.

**Calleguas Municipal Water District**

Susan Mulligan noted that as long as she has been on the EDC-VC board she has been announcing bad news. Today she is happy to bring some good news. Mulligan handed out information on the State Water Project and provided information on the current and projected situation on rain, water storage and delivery.

**New or Unfinished Business:**

Chair Heitmann announced that the Annual Meeting was a success with 27 sponsors and over 180 attended.

**Board Member Comments:**

**Adjournment:**

Meeting adjourned at 5:28 p.m. to March 16, 2017.