

MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
July 19, 2018

- Location:** 4001 Mission Oaks Boulevard, Camarillo 93012
- 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
 - Dee Dee Cavanaugh – City of Simi Valley
 - Carole Davis – Rabobank
 - Henry Dubroff – Pacific Coast Business Times
 - Amy Fonzo – California Resources Corporation
 - Greg Gillespie – Ventura County Community College District
 - Cheryl Heitmann – City of Ventura
 - Kelly Long – County of Ventura
 - Nancy Mayerson – Mayerson Marketing & Public Relations
 - Chris Meissner, *Chair* – Meissner Filtration Products
 - Roseann Mikos – City of Moorpark
 - John Procter – City of Santa Paula
 - Carmen Ramirez, *Vice Chair* – City of Oxnard
 - Jim Scanlon – Arthur J. Gallagher and Co
 - Laurel Shockley – Southern California Edison
 - Sandy Smith – VCEDA
 - Cam Spenser – Port of Hueneme/Oxnard Harbor District
 - Tony Trembley – City of Camarillo
 - William Weirick – City of Ojai
- Absent:**
- Gary Cushing – Chambers of Commerce Alliance
 - Victor Dollar – VCLA (liaison)
 - Nan Drake – E.J. Harrison Industries
 - Harold Edwards – Limoneira Company
 - Ron Galaviz – Lead Builders, Inc.
 - Susan Mulligan – Calleguas Municipal Water District (liaison)
 - Alex Schneider – The Trade Desk
 - Tony Skinner – IBEW Local #952
 - Trace Stevenson – AeroVironment, Inc.
 - Sim Tang-Paradis – City National Bank
 - Ysabel Trinidad – California State University Channel Islands
 - Ernie Villegas – City of Fillmore
 - John Zaragoza – County of Ventura
 - Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner
- Staff:**
- Marvin Boateng, Loan Officer
 - Ray Bowman, EDC SBDC Director
 - Clare Briglio, Communications Director
 - Shalene Hayman, Controller
 - Kelly Noble, Office Manager
 - Bruce Stenslie, President/CEO

Guests:	Bill Bartels, Ventura County Film Commission Lisa Branton , VCCCD Paul Stamper, County of Ventura Alexandria Wright, VCCCD
Call to Order:	Chair Chris Meissner called the meeting to order at 4:07 p.m. Meissner thanked everyone for being here today.
Amendment to the Agenda:	None
Public Comment:	None
Financial Report:	<p>June 2018 Financials Shalene Hayman reviewed the financials from June 2018.</p> <p>Chair Meissner asked if there were any questions. With none, Meissner requested a motion to approve and file the June 2018 Financials. Henry Dubroff motioned to approve and file the June 2018 Financials. Kelly Long seconded the motion. All board members listed in attendance in favor, motion carried.</p>
Presentation, Draft Indicator Report, Alexandria Wright, Ventura County Community College District	<p>Stenslie stated that our 2017 and 2018 work plans have prioritized the development of a Quarterly Indicator Report. Guided by the work of an ad hoc committee and Executive Committee, we have completed the identification of what we're referring to as the "draft elements," and are ready to share today an initial run of the report.</p> <p>Earlier this year, at our February Board meeting, we approved a Memorandum of Understanding with the Ventura County Community College District (VCCCD), Workforce & Economic Development Division, for the development and operation of a Center for Competitive Economies and Workforce Innovation.</p> <p>The idea is to leverage our separate and shared resources in research and analysis and to share capacity and responsibility for distributing and maintaining such resources on-line. The quarterly indicator report will be the first product under this partnership, with EDC defining the product and its elements, with VCCCD preparing the data reports.</p> <p>Our purposes in developing the indicator report are several:</p> <ul style="list-style-type: none"> • to assure that our work is fully informed by regional economic data and trends; • to help us identify our comparative and competitive standing relative to our surrounding counties and California or nation as a whole; • to improve the degree to which stakeholders and partners throughout the region are informed by a common set of information, toward informing our collective action for economic growth and prosperity. <p>It is important also to emphasize that our purpose is not just to publish data, but equally it is to establish a foundation for convening discussions on what the data tells us about our economic circumstance.</p> <p>Bruce Stenslie introduced Alexandria Wright from Ventura County Community College district. Alexandria advised the Board that she welcomes all input on the Quarterly Indicator Report.</p> <p>Alexandria provided an overview of the draft report. Following discussion it was noted that the first formal release of the report will be this Fall.</p>

Administration

Consideration to Ratify a \$165,000 Contract with the County of Ventura Workforce Development Board, for Business Retention and Layoff Aversion Services, for the Period July 1, 2018 through June 30, 2019. Recommendation to Approve.

Supervisor Kelly Long left the Board Meeting at this time.

Stenslie noted for the Board that this is a continuation of a program that we have successfully operated since 2002. Funding for this activity comes through the Workforce Development Board's annual allocation of federal Workforce Innovation and Opportunity Act funds, specifically the category of funding called "Rapid Response."

Rapid Response funds are used primarily by the local workforce and Jobs Center systems to assist in the re-employment of workers who have been laid off.

A parallel priority and goal—with the service provided by EDC-VC—is referred to as "layoff aversion," that is, to work with businesses at-risk of decline, to help stabilize them and to keep their workers employed.

As this program is supported with federal funds, the Workforce Development Board and County develop a solicitation for new contractors for this project every three or four years. Accordingly, the County published a Request for Proposals in August 2017. Based on a panel's scoring of our proposal, our past performance, and given that we were the only applicant, the Workforce Board and County Board of Supervisors have approved a new contract for 2018-19. Looking ahead, the procurement establishes an option, wholly at the County's and Workforce Board's discretion, to approve two additional years of program activity, based on satisfactory performance.

The primary contractual activity for 2018-19 is for the retention of jobs at-risk of layoff. The contract goal is to provide layoff aversion services to not less than 24 firms, resulting in 120 jobs retained.

A secondary goal is to work with the regional workforce partners to establish cross-organizational training and processes and tools for information sharing on business client needs and partner service offerings, coordination of leads and priorities, outcomes and follow-up needs. The idea is to help establish a more integrated set of business engagement services for the region.

An additional goal, though not in 2018-19 for service to a specific number of workers, is to assist firms and workers with securing specific skills training for their incumbent workforce, in such instance that the training is part of a strategy to help the workers and businesses improve their competitive position and the continued employment of the at-risk workers.

For this activity we pledge \$70,000 in matching funds contributed toward such incumbent worker training, through non-WIOA funding, such as California Employment Training Panel under our direct management, or through connection to other training funds, such as California Community College resources.

The budget is \$165,000, though may be subject to change based on final allocations of federal funds to the state and county. If the dollar amount changes, there will be a corresponding adjustment to the outcome goals.

We have pledged an in-kind contribution of \$89,250, of which \$19,250 is from Small Business Development Center resources, toward the initial assessment of firms to determine at-risk status, and \$70,000 in Employment Training Panel or other funds toward incumbent worker training. These funds are already secured and reflected in our adopted budget.

It should be noted that this funding was anticipated in our budget adoption for fiscal/calendar year 2018, estimated at \$195,000, based on contract performance and on-going discussions about service concentrations. Note that the budgeted \$195,000 also includes funds from the prior contract that ended June 30, 2018, so we are essentially on target.

Going forward, we project that approximately 60% of the contract will be drawn down and expensed under this agreement prior to the end of December, with the balance carried forward to our 2019 fiscal year.

Chair Meissner requested a motion for the Board of Directors to ratify the President's signature of the contract, which County staff requested prior to the Board of Supervisors' approval of the agreement at its meeting of June 19., with the County of Ventura, Workforce Development Board (WDB) for Business Retention and Layoff Aversion Services, for \$165,000, for the period July 1, 2018 through June 30, 2019.

Laurel Shockley motioned that the Board of Directors ratify the President's signature of the contract, which County staff requested prior to the Board of Supervisors' approval of the agreement at its meeting of June 19., with the County of Ventura, Workforce Development Board (WDB) for Business Retention and Layoff Aversion Services, for \$165,000, for the period July 1, 2018 through June 30, 2019. Carmen Ramirez seconded the motion. Supervisor Kelly Long was not present for this motion. All other board members listed in attendance in favor, motion carried.

Consideration for the 2018-19 Renewal of Contracts with the City of Ventura, \$125,000 Community Development Block Grant Microlending Program, and \$25,000 for Servicing a Code Compliance and Commercial Rehabilitation Loan Program. Recommendation to Approve.

Cheryl Heitmann recused herself and left the room for this item.

Stenslie commented that the EDC-VC has managed these loan programs for the City of Ventura since the year 2000. We have made 97 loans over this period, for a total of \$4,060,065, creating 328 jobs, for an average cost per job created of \$12,378. The recommended actions are to continue this service for another one year period, commencing July 1, 2018.

The programs' purposes are to advance the city's strategy for investing in business growth in its downtown and other commercial neighborhoods, to spur economic growth by assisting business owners to overcome some of the hurdles to successful entrepreneurship, and to add to the city's employment pool. A summary of the loan program parameters is attached.

The two contracts serve different lending goals for the City and augment our countywide lending resources.

- The Microloan contract is funded by federal Community Development Block Grant funds, is directed to small business entrepreneurs, and is intended to support job creation for low and moderate income workers. This year's contract establishes our access to \$100,000 in loan capital, for a minimum of two loans, not to exceed \$50,000 each. While the \$100,000 is all that is committed at this time, the City's action included direction that if additional funds become available there is a priority to increase the amount of loan capital.
- The Rehabilitation and Code Compliance Loan contract is funded by city general funds, and is intended to support the creation of businesses and jobs by lending to firms that are rehabilitating properties or addressing property code compliance issues. The total pool of funds available for lending includes an estimated \$400,000 for commercial rehabilitation and \$150,000 for code compliance.

Commercial rehabilitation loans may range from \$10,000 to \$50,000; code compliance loans may range from \$10,000 to \$25,000. Exceptions on the lower end of the ranges may be considered by the City.

In both contracts our services are to:

- provide technical assistance to loan applicants,
- develop and fund new loans in the number prescribed, and
- service the existing portfolio.

The over-riding consideration in all activities is to support job creation and retention.

The city takes the lead in identifying eligible loan recipients through its economic development program. The EDC-VC partners with the City in this outreach through our Small Business Development Center and provides all loan underwriting, servicing and general loan administration.

Maximum loan terms are seven years. Loans are currently being made at 5.50%, facilitating affordable capital through this program to the city's small business owners and entrepreneurs. Additional detail on allowable uses of funds is outlined in the attachment to this memorandum.

The goal of the lending programs is to create at least one job for each \$25,000 loaned. As noted above, the cumulative performance is one job created per every \$12,378 loaned, far exceeding our baseline goals. Along with the job creation, the lending has also contributed to the retention of more than 100 additional jobs.

The loan program has also performed well in managing risk, with less than 5% of the loan fund charged off by the loan board. Considering all loans both charged-off and at-risk of non-payment, the rate increases to 5.75%. The contracts specify that underwriting standards must be tightened if more than 25% of the loans are in collection or liquidation, with such a high ceiling reflecting the loan pool's purpose to facilitate access to capital for the purpose of job creation and for businesses unable to secure commercial credit.

We last presented comprehensive summaries of our total lending activity at our meetings in October 2016, March 2017 and October 2017. We provide such updates not less than annually. Members may request a copy of the loan portfolio at any time.

The City of Ventura approved the Community Development Block Grant allocation of funds at its meeting of May 7, 2018. We received a letter on June 5 confirming the fund award.

Because of delays at the federal level in communicating funding levels and other direction for the CDBG program, the City has not yet completed final contracts for our consideration. Drafts of the agreements have been forwarded to members under separate cover and will be available for review at the time of our meeting.

Our recommended action is to delegate authority to the President and Chair to sign the agreements when made final, subject to our legal counsel's review.

Chair Meissner asked for a motion that the Board of Directors authorize, subject to legal review, the President's and Chair's signature approvals of two contracts with the City of Ventura, for the period July 1, 2018 through June 30, 2019, for the management and administration of the City's:

1. Microloan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two loans, with loans not to exceed \$50,000 each, out of a loan pool of \$100,000, and for servicing the existing loan portfolio.
2. Rehabilitation and Code Compliance Loan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

Tony Trembley motioned that the Board of Directors authorize, subject to legal review, the President's and Chair's signature approvals of two contracts with the City of Ventura, for the period July 1, 2018 through June 30, 2019, for the management and administration of the City's:

1. Microloan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two loans, with loans not to exceed \$50,000 each, out of a loan pool of \$100,000, and for servicing the existing loan portfolio.
2. Rehabilitation and Code Compliance Loan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

Roseann Mikos seconded the motion. Supervisor Kelly Long and Cheryl Heitmann were not present for this motion. All other board members listed in attendance in favor, motion carried.

Consideration to Ratify a \$379,032 Contract with First 5 Ventura County, \$29,032 for Loan Fund Administration and \$350,000 in Loan Capital, for the Period 7/1/18-6/30/19. Recommendation to Approve.

Stenslie stated that the Ventura County Children and Families First Commission (First 5 Ventura County) was created by the Ventura County Board of Supervisors pursuant to the Children and Families First Act of 1998 (sometimes called "Prop 10"). The purpose and mission of First 5 Ventura County is to promote, support, and improve the early development of children from the prenatal stage through five years of age. The Commission is funded by an annual allocation of tobacco tax funds, as established by Prop 10.

In 2009, First 5 Ventura County established its "Community Investment Loan Fund," the intent of which is "to increase the capacity and infrastructure of programs serving young children and their families . . . through affordable, accessible capital for the development and maintenance of quality child care and preschool facilities for Ventura County's children." Following a competitive selection process, EDC-VC was awarded the contract for the management of the loan program.

The recommended action today is to continue the program through June 30, 2019. First 5 Ventura County approved the contract at its regular meeting on June 21.

Stenslie noted for the Board that as noted in the recommendation, our cost for operating the program is \$29,032, unchanged from the prior year and essentially even with our average years' expenditures since launching the program. Our administrative expenses are for business outreach and technical assistance, loan underwriting and the servicing of the portfolio. The technical assistance component of this contract is considerable and is augmented by our Small Business Development Center resources, which makes the project feasible.

The agreement this year includes a loan capitalization of \$350,000, which is the balance

available in the loan pool, set at \$1.3 million total.

Six loans from First 5 funds are currently open, totaling \$1,196,868, successfully leveraging an additional \$568,132 in other loan funds, for a total of \$1,765,000 loaned. The fund is extraordinarily cost effective, creating, 341 new child care slots—including 97 in the high value/tight market space for infants and toddlers—and creating 52 new jobs. For more detail, see attachment.

EDC-VC's responsibilities under the agreement include:

- Conduct loan consultation for potential borrowers.
- Conduct risk-assessment of loan applicant and the proposed project.
- Provide or identify resources for pre-financing technical assistance to loan applicants in areas such as business planning, market research and analyses, real estate and capital finance information, facilities development budget and timeline, access to other funding, etc.
- Evaluate loan applications and make underwriting decisions.
- Establish and manage a loan board that operates as a decision making body, guiding the development of loan policies and procedures and making funding decisions for loans.
- Manage and monitor the use and repayment of loan funds, ensure compliance with the loan terms and program guidelines, forecast loan repayment challenges, and provide mitigation support before challenges become serious.
- Outreach to other commercial, public and community-based lending institutions to invite and secure participation and co-investment in the Community Investment Loan Fund.

Stenslie noted that our motivations for engaging in this project are several:

1. Local analyses have identified a large gap between the capacity of the formal child care industry and community need and demand. In December 2010, the Local Child Care Planning Council reported that there are only 32,037 licensed child care slots, with capacity sufficient to serve only 36% of all children between birth and age 13 with all parents in the labor force (88,893 children, based on 59% of parents in the workforce).
2. Limited finance capacity and economic challenges within the industry—particularly limited access to capital—comprise two of the three greatest barriers to the development of facilities and to closing the gap between capacity and need (the other significant barrier is “regulatory,” that is, inconsistent local development standards, procedures and planning processes).
3. The child care industry is itself an economic driver in the economy as it enables parents to work and earn or upgrade their skills. If parents don't have coverage for their children, we lose out on the human capital contributions of these parents.
4. High quality child care and early child education help prepare our youth for entering the formal education system and for developing the skills essential for succeeding in school and work throughout their lives. *The skills of our future workforce are foundational to our long-term economic competitiveness.*

This program falls into alignment with our organization's capacity and experience for the provision of small business technical support and assistance with access to capital. Our board's approval of the agreement assures continuous service.

Chair Meissner requested a motion that the Board of Directors ratify the President's

signature and approval of a contract renewal with the Ventura County Children and Families First Commission (First 5 Ventura County), for the period July 1, 2018 – June 30, 2019, for \$379,032, of which \$29,032 is for EDC-VC's administration of \$350,000 in new loan capital for the Community Investment Loan Fund.

Carmen Ramirez motioned that the Board of Directors ratify the President's signature and approval of a contract renewal with the Ventura County Children and Families First Commission (First 5 Ventura County), for the period July 1, 2018 – June 30, 2019, for \$379,032, of which \$29,032 is for EDC-VC's administration of \$350,000 in new loan capital for the Community Investment Loan Fund.

Will Berg seconded the motion. Supervisor Kelly Long was not present for this motion. All other board members listed in attendance in favor, motion carried.

Second Quarter Small Business Development Center Report

Stenslie stated that today's report addresses outcomes for January through June of 2018, or for six months, 50% of the 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 \$475,000 (up from a budgeted \$405,000) 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 \$375,000 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. We also anticipate \$85,000 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.

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.

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 \$240,000, or some 36% 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 targets for Long-Term Clients and Business Start-ups are essentially unchanged from the prior year. Our target for Capital Infusion, however, has been increased significantly, from \$25 million to \$35 million. Our contractual goals are now at a very high level of expected performance.

The outcome data displayed below is for the period January through June 2018, or 50%

of the contract term, with the “outcome target” number representing the full year goal. The reports continue to demonstrate a high level of performance.

<u>Performance Goals</u>	<u>Outcome Target</u>	<u>Outcomes thru June</u>
Long Term Clients (5+ hours)	316	149
Capital Infusion	\$35,000,000	\$38,863,600
Business Start-ups	60	22

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

As projected, through this six month period we have already exceeded the twelve month capital infusion goal and we are on-track to reach our goals for long-term clients and business starts. We anticipate exceeding all the measures by year end.

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. See attachments for displays on clients by industry sector and location.

Update on Brand and Communications Strategy

This item is to provide a status update on our re-branding, as approved by our Board in June. For a summary of the re-brand proposal as approved by our Board in June, see attached.

In moving the action forward, so far we have:

- Obtained quotes for graphic design work and engaged Elena Trevino Designs for logo redesign
- Obtained new URL: edcollaborative.com
- Initiated update on social media handles, e.g., @edcollaborative Twitter/FB/Instagram
- Adopted new logo and sub logos (which will be shared at our meeting today)
- Email address changes and Outlook integration are underway

Next steps include:

- Website update and redesign
- Continuing clarification and definition for the roles of staff and consultants
- Update business cards and full business suite stationery
- Create new one-sheet format
- Update success story format
- Update advisor roster
- Social media update with new EDC language and branding
 - ✓ Instagram
 - ✓ Facebook
 - ✓ LinkedIn
 - ✓ Twitter

For a full launch schedule, we anticipate:

- Print ads using new logo will run in Pacific Coast Business Times in August;
- Full news release on re-brand to be let go by end of August, with updates live on website.

President's Report

Stenslie commented that we anticipate by the next meeting to have some good news about access to a new fund established by the California legislature and Governor's Office to support small business services.

Committee/Liaison Reports:

VCEDA

Sandy Smith reminded the Board that the BOC is being held on October 5th at the Ronald Reagan library. Smith stated that the 48th Annual Business Outlook Conference 2018 is titled Accelerating Value Creation: The Future of Manufacturing, Technology and Innovation in Ventura County.

Economic Developers Roundtable

None

Ventura County Lodging Association

None

Calleguas Municipal Water District

None

New or Unfinished Business:

None

Board Member Comments:

Carmen Ramirez commented that it will be important for local leadership to get behind the census count coming up over the next couple of years. Ventura County has been identified as one of the most "at-risk" counties for an under-count. Not getting everyone counted has a huge impact on the share of federal funds the County receives. There are already efforts underway to get ahead of the issue, but a lot of work lies ahead.

Adjournment:

Meeting adjourned at 5:25 p.m. to September 20, 2018, 4:00 PM, Conference Room 4001 Mission Oaks Boulevard, Camarillo 93012.