



**MINUTES**  
**EDC-VC BOARD OF DIRECTORS MEETING**  
**May 17, 2018**

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

**Guests:** Phil Auerswald, Xopolis  
Estelle Bussa, City of Ventura  
Lokesh Dani, Xopolis  
Brad Williams, Capital Matrix Consulting  
Trever Zierhut, VCEDA

**Call to Order:** Chair Chris Meissner called the meeting to order at 4:10 p.m. Meissner thanked everyone for being here today.

**Amendment to the Agenda:** None

**Public Comment:** None

**Minutes:** Chair Meissner asked if there were any comments on the April 19, 2018 minutes. With none, Meissner requested a motion to approve the minutes from the April 19, 2018 meeting. Kristin Decas moved to approve and file the minutes from the April 19, 2018 meeting. Sandy Smith seconded the motion. All Board members listed in attendance in favor, motion carried.

**Financial Report:** **April 2018 Financials**  
Shalene Hayman reviewed the financials from April 2018.

Chair Meissner asked if there were any questions. With none, Meissner requested a motion to approve and file the April 2018 Financials. Amy Fonzo motioned to approve and file the April 2018 Financials. Cheryl Heitmann seconded the motion. All board members listed in attendance in favor, motion carried.

**Administration** **Consideration of the 2018 Small Business Development Center Network Service Center Agreement, CN 99753.7, in the Amount of \$425,000, for the Term January 1, 2018 – December 31, 2018. Recommendation to Delegate Authority to the President/CEO to Sign.**

Stenslie noted that 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. For performance in 2017, we exceeded our contract goals for economic performance, achieving 63 business starts versus a goal of 62, and helped our clients secure more than \$68 million in new capital infusion, versus a goal of \$25 million.

Though the contract is coming late for our consideration from Long Beach, we had received in January 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.

The contract as delivered requires that we provide 100% in matching funds. 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.

The contract as delivered, however, does not include the clarification that \$100,000 of the \$425,000 is to support our work as the lead for international trade activity in all three counties, Los Angeles, Ventura and Santa Barbara. We have separate correspondence from the lead center, which will be amended into the contract, indicating that our required match contribution is \$162,500.

As it may take several weeks to receive the contract amendment on this clarification, we’re recommending that our board take action this month, as without a signed agreement we’re not able to secure reimbursement, already four months into contract performance.

Our budget projects cash match through several sources. Though actuals may vary, we have budgeted at a level that will either allow us to “over-match” our minimal contribution of \$212,500 or match a larger share of SBA funding should it materialize.

- Cuesta College: \$25,000
- Santa Barbara City College: \$15,000
- SBCC Scheinfeld Center: \$ 5,000
- County of Ventura: \$30,000
- Cities of Ventura County, BEP: \$88,000
- GO-Biz \$85,000
- \$248,000**

As noted, 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.

Stenslie stated that 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.

<b><u>Performance Goals</u></b>	<b><u>Outcome Target</u></b>
Long Term Clients (5 hours or more consulting):	316
Capital Infusion	\$35,000,000
Business Starts	60

The goals and targets are assigned by the Lead Center. For 2018, as compared to 2017, we are seeing essentially no change for the goals for Long-Term Clients and Business Starts, though an increase in Capital Infusion from \$25 million to \$35 million. 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 Meissner asked for a motion to delegate Authority to the President/CEO to Sign the 2018 Small Business Development Center Network Service Center Agreement, CN 99753.7, in the Amount of \$425,000, for the Term January 1, 2018 – December 31, 2018. Carmen Ramirez motioned to delegate Authority to the President/CEO to Sign the 2018 Small Business Development Center Network Service Center Agreement, CN 99753.7, in the Amount of \$425,000, for the Term January 1, 2018 – December 31, 2018. Tony Trembley seconded the motion. . All board members listed in attendance in favor, motion carried.

**Consideration to Extend the Maturity Date of a \$1 Million Promissory Note with Rabobank, N.A., for 60 Months, to September 11, 2023. Recommendation to Approve.**

Carole Davis left the room for this item. Stenslie went over the agreement.

Stenslie stated 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.

We first secured the agreement with Rabobank in September, 2013, establishing our first access to private bank funds to augment and complement our public sector loan capital.

The Promissory Note, attached, establishes the interest rate for our borrowing at 2.5%. We use the fund to lend to firms unable to secure commercial credit, at six to seven percent, depending on risk and other factors.

The Promissory Note includes an option for two five year extensions, contingent upon our compliance with the covenants. We are in compliance and have had no loan losses in the fund.

The Note is accompanied by a separately signed Investment Agreement, which further defines the purpose of the fund and responsibilities of the parties. A copy of the Investment Agreement is being distributed separately.

The loan fund and relationship with the bank establishes a benefit both to the borrowers and to EDC-VC.

- Businesses/borrowers are able to secure loan capital at a competitive rate.

- EDC-VC earns income on the portfolio to support our operating costs and capacity for making the loans. Our income is derived by the variance between our rate of securing the funds (2.5%) and what we lend to businesses (six to seven percent), plus a 2% origination fee.

Since establishing the fund in 2013, we have earned a total of \$270,088:

- \$222,902 in interest on loans,
- \$45,450 in origination fees,
- \$1,736 in late fees.

That income is offset by \$79,484, interest payments to Rabobank.

*Our net income on the fund is \$190,604. Of that amount,*

- \$106,974 has contributed to our operating expense,
- \$67,911 has been placed conservatively in an allowance for doubtful accounts,
- leaving a current cash balance of \$15,719.

*More impressively, we have circulated and re-circulated the \$1 million fund into:*

- 11 loans,
- totaling \$1,568,758,
- contributing to the creation of 70 jobs, at \$22,411 per dollar loaned.

In summary, the loan fund has been extraordinarily productive both for our clients and for contributing support to our operations.

The recommended action verifies our intent to extend the agreement with Rabobank N.A. for five years and continues our access to this fund for business lending.

Moving forward, we continue to seek additional sources of capital to expand our lending capacity in support of local business and job creation.

With the Board's approval, staff will move forward to finalize the extension and will work with Rabobank on technical amendments to the note and agreement to clean up some minor issues with the agreements.

Chair Meissner asked for a motion that the Board of Directors approve extending the Maturity Date of a \$1 Million Promissory Note with Rabobank, N.A., for 60 Months, to September 11, 2023. With changes noted, Kristin Decas motioned that the Board of Directors approve extending the Maturity Date of a \$1 Million Promissory Note with Rabobank, N.A., for 60 Months, to September 11, 2023. Cheryl Heitmann seconded the motion. All board members listed in attendance in favor, motion carried.

### **President's Report**

Stenslie mentioned that he, Vanessa Bechtel, VCCF, and Alexandria Wright, VCCCD, participated in a two day workshop at Stanford's Graduate School of Education, March 29-30, organized to improve collaboration between civic groups and community college leadership.

Stenslie noted for the Board that on May 23<sup>rd</sup>, in partnership and support with the Port of Hueneme, the MAST event joined with the World Trade event will be held.

## Presentations

### **“Economic and Tax Revenue Impacts of Oil Production in Ventura County,” Brad Williams, Lead Author, Capital Matrix Consulting, Prepared for Californians for Energy Independence**

Bruce introduced Brad Williams. Stenslie commented that the oil production sector has long been a major component of the Ventura County economy, contributing significantly to the region’s economic output, jobs and local tax revenues.

Though long-established, the sector’s actual contribution to the local economy has not recently been comprehensively examined. Today’s featured report represents a methodologically rigorous and balanced analysis, and remedies that gap in information.

The report’s lead author, Brad Williams, has served in several positions in California state government, including for over a decade as the Chief Economist for the Legislative Analyst’s Office, where he was recognized as one the state’s top experts on the tax system, the California economy and government revenues.

Some of the key findings in the report include:

- Oil production in Ventura County totaled 7.7 million barrels in 2016, representing 4% of California’s statewide total.
- About 900 workers were directly employed by the oil and gas industry in 2016, with the average wage at just over \$115,000 annually, or more than double the average in the rest of private-sector Ventura County.
- The oil and gas extraction industry accounts for \$760 million of the County’s economic output, \$474 million in gross regional product, 2,100 jobs (direct and indirect), \$180 million in labor income and over \$50 million in royalty and lease payments to mineral rights owners.
- The industry generates \$56 million in state and local taxes and fees, of which some \$21 million goes to local, Ventura County jurisdictions.

Williams went through his PowerPoint presentation, which was followed by a discussion on the sector’s place in the Ventura County economy.

### **Assessment of the Ventura County Entrepreneurship Ecosystem, Phil Auerswald, Xopolis: Urban Analytics**

Stenslie noted for the Board that in November 2017 our board approved a contract with Xopolis: Urban Analytics, for the development of an assessment of our regional entrepreneurial ecosystem. There are several elements to the agreement, including:

- contributing expertise toward and producing an objective assessment of our regional entrepreneurial ecosystem, including a ranking system,
- a summary of regional strengths and weaknesses, including an identification of our key entrepreneurial clusters and ecosystem opportunities,
- development of priorities and recommendations for action.

Stenslie welcomed Phil Auerswald from Xopolis who did a presentation on the research and report from Xopolis, with a concentration of discussion on the data and ranking tool and on the priorities and recommendations for action moving forward.

Stenslie concluded with stating that we anticipate bringing a final report for the Board’s action in June, though staff recognizes that the recommendations are for the Board’s consideration and may continue to evolve, based on additional input from regional partners.

**Committee/Liaison  
Reports:**

**VCEDA**

Sandy Smith mentioned that the next time we meet, VCEDA will introduce their new hire. Smith reminded the Board that VCEDA's BOC is October 5<sup>th</sup> at the Ronald Reagan Library.

**Economic Developers Roundtable**

No new report.

**Ventura County Lodging Association**

No new report.

**Calleguas Municipal Water District**

None

**New or Unfinished  
Business:**

None

**Board Member  
Comments:**

None

**Adjournment:**

Meeting adjourned at 5:34 p.m. to June 21, 2018, 4:00 PM, Conference Room 4001 Mission Oaks Boulevard, Camarillo 93012.