



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

- Location:** 761 E Daily Drive, Camarillo, CA 93010.
- Attendance:**
- Al Adam – City of Thousand Oaks
  - Haider Alawami – City of Thousand Oaks, Liaison, ED Managers Roundtable
  - Will Berg – City of Port Hueneme
  - Gary Cushing – Chambers of Commerce Alliance
  - Nan Drake – E.J. Harrison Industries
  - Amy Fonzo – California Resources Corporation
  - Brian Gabler – City of Simi Valley
  - Greg Glover – City National Bank
  - Kelly Long – County of Ventura
  - Nancy Mayerson – Mayerson Marketing & Public Relations
  - Chris Meissner, Vice Chair – Meissner Filtration Products
  - Roseann Mikos – City of Moorpark
  - Marissa Nall – Pacific Coast Business Times
  - John Procter – City of Santa Paula
  - Cari Shore – Rabobank
  - Michelle Sotelo – Lead Builders, Inc
  - Tony Skinner – IBEW Local #952
  - Cam Spencer – Port of Hueneme/Oxnard Harbor District
  - Sim Tang-Paradis – City National Bank
  - Tony Trembley – City of Camarillo
  - William Weirick – City of Ojai
  - Alexandria Wright – Ventura County Community College District
  - Peter Zierhut – Haas Automation
- Absent:**
- Gerhard Apfelthaler – California Lutheran University
  - Dee Dee Cavanaugh – City of Simi Valley
  - Victor Dollar – VCLA (liaison)
  - Harold Edwards – Limoneira Company
  - Cheryl Heitmann, Chair – City of Ventura
  - Susan Mulligan – Calleguas Municipal Water District (liaison)
  - Carmen Ramirez – City of Oxnard
  - Laurel Shockley – Southern California Edison
  - Sandy Smith – VCEDA
  - Jim Scanlon – Arthur J. Gallagher and Co.
  - Trace Stevenson – AeroVironment, Inc.
  - Ysabel Trinidad – California State University Channel Islands
  - John Zaragoza – County of Ventura
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner
- Staff:**
- Marvin Boateng, Loan Officer
  - Shalene Hayman, Controller
  - Kelly Noble, Office Manager

Bruce Stenslie, President/CEO

**Guests:** Andrew Munson, Assembly Member Jacqui Irwin Office  
Mike Powers, County of Ventura  
Paul Stamper, County of Ventura

**Call to Order:** Vice Chair Chris Meissner called the meeting to order at 4:01 p.m. Meissner explained that Cheryl Heitmann could not be here today, attending meetings on behalf of the city. Meissner welcomed everyone.

**Roll Call:** Kelly Noble

**Amendment to the Agenda:** None

**Public Comment:** None

**Minutes:** Vice Chair Meissner asked if there were any comments on the October 19, 2017 minutes. With none, Meissner requested a motion to approve the minutes from the October 19, 2017 meeting. William Weirick moved to approve and file the minutes from the October 19, 2017 meeting. Sim Tang-Paradis seconded the motion. Kelly Long was not in attendance for this motion. All remaining board members listed in attendance in favor, motion carried.

**Financial Report:** **October 2017 Financials**  
Shalene Hayman presented the October 2017 Financials. Vice Chair Meissner asked if there were any questions. With none, Meissner requested a motion to approve and file the October 2017 Financials. Al Adam motioned to approve and file the October 2017 Financials. Nancy Mayerson seconded the motion. Kelly Long was not in attendance for this motion. All remaining board members listed in attendance in favor, motion carried.

**Presentation and Discussion, County of Ventura Economic Vitality Strategic Plan, <http://vcevsp.org/>** **Review and Discussion, Draft County of Ventura Economic Vitality Plan**  
Stenslie stated that in 2016 the County of Ventura contracted with the Natelson Dale Company to support the County in its efforts to understand the economic impact of the County as an institution on the region and to develop economic development goals and priorities for the County.

The County's process for developing its Plan included several broadly attended community forums for input and involved on-going engagement with VCEDA, VCOG and EDC-VC as partner organizations.

Vice Chair Meissner introduced Paul Stamper from the County's Executive Office. Paul provided an overview of the Plan, including its key elements:

Guiding Principles:

- Emphasis on growth from within: support and encourage the retention and growth of existing businesses.
- Focus on foundational elements: Focus on the physical and social infrastructure, workforce development and creating a business-friendly regulatory environment.
- Facilitate collaboration: continue building excellent working relationships through the use of public- and private-partnerships.

- Create a unified message: utilize the EVSP to create a unified vision and voice for economic progress.

Major Goals:

- Major Goal 1: Foster targeted economic growth that supports the County's commitment to quality of life and environmental sustainability.
- Major Goal 2: Elevate the profile of the County's programming and capital investments related to economic vitality.
- Major Goal 3: Leverage the County's investments in economic vitality through public- and private-sector partnerships.
- Major Goal 4: Prioritize County investment in capital projects that facilitate quality economic growth.
- Major Goal 5: Provide excellent customer service to the public and a business-friendly environment.
- Major Goal 6: Remain responsive to the evolving needs and opportunities of the local economy.

County CEO Mike Powers arrived at the meeting to answer a few questions and to discuss the County's priorities with the Board.

Vice Chair Meissner thanked Mr. Stamper and Mr. Powers for their work and presentation.

**Administration**

**Review of the Draft Employer and Worker User's Guide to Education Resources in Ventura County. Recommendation to Approve Receipt.**

Stenslie stated that as previously reported, EDC-VC has for over the last three years served as one of 13 members of the California Stewardship Network. The Network is self-governing, though essentially sustained through funding provided by the Morgan Family Foundation.

The purpose of the network is to encourage innovative thinking, regional and statewide collaboration and exchange of ideas intended to address the state's economic, environmental and social challenges and opportunities. A primary interest of the Stewardship Network is to look at these major California challenges from a "triple bottom line" perspective, that is, in consideration of the Economy, Social Equity and Environmental Balance.

Prior year projects have been the development of our regional Comprehensive Economic Development Strategy, an analysis of economic opportunity in local food processing and food systems, and support for local work on developing market-based groundwater trading.

While in each of the past years we had wide latitude in developing our local project, for 2017 the Foundation and Network set a priority for concentrating on advancing the priorities of the California Economic Summit. This year the directed priorities are for improving our local connection and contributions to the Stewardship Network itself and, most especially, for contributing to the goal of "one million more skilled workers," specifically by strengthening relationships between workforce and community colleges.

Our primary 2017 CSN project is for the development of an on-line portfolio of regional funding and resources and user's manual to improve worker and business access to the information and training essential for efficient access and use of the region's resources contributing to career advancement and opportunities for higher earnings.

We have a contract with VCCCD for the development of the User's Guide. Today's

agenda item is to review the final draft of the Guide and to accept the final product.

Vice Chair Meissner requested a motion that the Board of Supervisors approve receipt of the Business User's Guide for the Region's Career Education Resources, as developed by the Ventura County Community College District. Al Adam motioned that the Board of Supervisors approve receipt of the Business User's Guide for the Region's Career Education Resources, as developed by the Ventura County Community College District. Roseann Mikos seconded the motion. All board members listed in attendance in favor, motion carried.

**Ratification of Agreements with City National Bank for a \$1,200,000 Line of Credit Contribution for Business Lending and a \$50,000 Operating Capital Line of Credit. Recommendation to Approve.**

Stenslie stated that EDC-VC has operated revolving 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.

Our objective is job creation, at which we have been successful, creating one job per \$15,000 loaned, against a general goal of one job per \$25,000 loaned.

One of our organizational priorities is to secure additional loan capital for the support of small and medium sized business growth and job creation. Over the last several years we have secured a \$1 million contribution from Rabobank, \$500,000 from California United Bank and \$500,000 from City National Bank.

City National Bank staff recently completed their review of our program performance and financials and approved a recommendation for the fund contributions.

The \$1,200,000 line of credit provides the capital to buy out approximately \$380,000 in loans funded by capital from California United Bank (now part of Pacific West Bank, with whom we are working on a new relationship), and replaces our two prior agreements with the Bank for \$250,000 each. Of that \$500,000 previously approved by the Bank, we currently have only \$20,000 out in loans. That leaves us with \$800,000 currently available for lending.

The structure of the agreement is City National Bank provides the funds as a line of credit, with flexibility in the amounts and frequencies of our draw. Our previous agreements with CNB were for 4.00% interest; the new agreement is for 3.5%. Interest only payments are required quarterly through a three year term, with an "evergreen" option for renewal every year two years, provided EDC-VC remains compliant with the terms of agreement.

The notes are unsecured. While the bank agreements provide few restrictions on the use of the funds, our resolution, attached, identifies our purpose in this action as business lending and access to capital services.

The separate \$50,000 line of credit is simply a matter of organizational management, assuring that we have an operating line of credit should any cash flow or other issues require it. We previously had such a line through California United Bank, though in this transaction we have terminated it and have moved the relationship to CNB. While it is sound business management to have the access to capital, our cash reserves have been sufficient such that we haven't used a line of credit for operating capital in several years.

We are using a share of the \$1.2 million to pay off some \$380,000 in loans previously funded by capital from California United Bank (CUB). CUB was recently purchased by Pacific Western Bank. We are currently in discussion with Pac West for a new \$500,000 capital contribution. Clearing the deck of any prior obligations Pac West would have inherited through the acquisition of CUB has been helpful toward securing Pac West support.

Finally, our agreement with City National Bank is structured specifically not to interfere with our ability to secure capital contributions from other banks, another advantage to the new agreement.

Vice Chair Meissner asked for a motion for the Board to ratify the actions approved by the Executive Committee at a Special Meeting on October 27, authorizing the President/CEO to sign agreements for the receipt and repayment of the \$1,200,000 and \$50,000 lines of credit. The Special Meeting was convened and action taken at that time to satisfy City National Bank's request to complete the transaction prior to its fiscal year ending October 31, 2017. Cari Shore motioned to ratify the actions approved by the Executive Committee at a Special Meeting on October 27, authorizing the President/CEO to sign agreements for the receipt and repayment of the \$1,200,000 and \$50,000 lines of credit. Kelly Long seconded the motion. All board members listed in attendance in favor, motion carried.

**Ratification of a Contract with Xopolis: Urban Analytics, for an Assessment and Report on the Region's Strengths and Weaknesses in its Entrepreneurial Ecosystem. Recommendation to Approve.**

Stenslie noted that throughout 2017 we have placed an increasing amount of attention on the "entrepreneurship" dimensions of regional economic development. This concentration is a direct result of our observation that growth in the region's economy is increasingly dependent on entrepreneurship and the creation of new enterprises.

To move forward our work on this front we have long discussed our bringing in outside technical assistance, both for input on optimizing our role in entrepreneurship related economic development and for support on our regional development of a high functioning entrepreneurial ecosystem. The elements of that technical assistance include:

- contributing expertise toward an objective assessment of our regional entrepreneurial ecosystem,
- a summary of strengths and weaknesses,
- facilitation and development of strategies for improving stakeholder communication and information sharing, and
- providing both assessment tools and a written report.

With that framework, staff has had productive discussions with a couple of leading

groups nationally in the development of entrepreneurship ecosystems.

At its meeting on November 1, the Executive Committee approved an agreement with Xopolis, a \$38,000 contract. Xopolis is led by Dr. Phil Auerswald, both a leading author of university-based research on entrepreneurship and long involved in the implementation of local entrepreneurship-based economic development (see attached, page 3 for bios). The urgency for Executive Committee action was to start the project and use funding available this fiscal year, also taking advantage of the immediate availability of Xopolis.

For funding we have a commitment of \$10,000 from the Ventura County Community Foundation and significant salary savings this year. The County of Ventura has also pledged to support the project with \$10,000. Given that the contract is proposed for the term 11/1/17 – 3/31/18, we will also budget for a share of the activity in 2018.

Chair Meissner requested a motion for the Board of Directors to ratify the Executive Committee's approval of a \$38,000 contract with Xopolis: Urban Analytics, for an assessment and report of the region's strengths and weaknesses in its entrepreneurial ecosystem. Amy Fonzo motioned for the Board of Directors ratify the Executive Committee's approval of a \$38,000 contract with Xopolis: Urban Analytics, for an assessment and report of the region's strengths and weaknesses in its entrepreneurial ecosystem. Kelly Long seconded the motion. Tony Skinner was not in attendance for this motion. All remaining board members listed in attendance in favor, motion carried.

### **Small Business Development Center 3<sup>rd</sup> Quarter Report**

Stenslie stated that today's report addresses outcomes for January through September of 2016, or for nine months, 75% 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 \$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. We also receive \$45,000 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.

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.

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 for the period January through September 2017, or 75% of the contract term, *with the "outcome target" number representing the full year goal*. See attached for the report for the full Los Angeles region, for our two county area, and for our work for the whole LA region in international trade. The reports continue to demonstrate a high level of performance.

<b><u>Performance Goals</u></b>	<b><u>Outcome Target</u></b>	<b><u>Outcomes thru November</u></b>
<b>Long Term Clients (5+ hours)</b>	320	214
<b>Capital Infusion</b>	\$25,000,000	\$68,239,846
<b>Business Start-ups</b>	62	57

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

Through this nine month period we have already exceeded the twelve month capital infusion goal and we are on-track to exceed our goal for business starts. We are just short on the "process measure" long-term clients. We anticipate exceeding all the measures by year end.

The second attachment displays how our contract expects a higher level of performance from our region than the scale alone would prescribe. It also shows how we exceed those expectations, providing a disproportionately high share of the LA region's economic impact.

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. The summary reports, comparing current year to the prior two years, are attached.

We also serve as the lead for all international business consulting for the entire Los Angeles region. While that agreement does not include specific outcome goals, we have established our own goals to help drive the services. The last attachment with this report is a display of current year outcomes, compared both to these goals and to prior year. For Long-Term clients, we are significantly ahead of last year's rate, though slightly behind our own goal. For Capital Infusion, we are at 149% if goal, having facilitated \$28.8 million in capital, above and beyond the data reported for our main program above. Finally, for Business Startups, we are on the same pace from one year ago, though behind on our goal for the year. In summary, these outcomes add significantly to our already high-end performance for the core program, further demonstrating our contribution to the region and its economy.

Ray Bowman added that SBA reduced the budget but he doubts that will happen. He also stated that we are getting a \$25,000 performance budget and may get additional money for best practices.

**President's Report**

Stenslie noted that there is nothing to add to the report in the packet.

**Committee/Liaison Reports:**

**VCEDA**

Nan Drake and Bruce Stenslie announce that it was an extraordinary BOC this year.

**Economic Developers Roundtable**

No new report.

**Ventura County Lodging Association**

No new report.

**Calleguas Municipal Water District**

No new report.

**New or Unfinished Business:**

None

**Board Member Comments:**

John Procter mentioned that the "Cost of Not Housing" was the topic at the SCAG Conference this year. The event and discussions highlighted just how significant the cost of housing has become to the California economy and quality of life.

**Adjournment:**

Meeting adjourned at 5:29 p.m. to January 18, 2018. Vice Chair Meissner reminded the Board that we are dark in December and that the next meeting will be the Annual Meeting. Board Members will meet at 2:00 prior to the start of the Annual Meeting.