Board of Directors:
AeroVironment, Inc.
California Lutheran University
California Resources Corporation
California State University, Channel Islands
Calleguas Municipal Water District
Chambers of Commerce
Alliance of Ventura & Santa Barbara Counties
City National Bank
E. J. Harrison Industries
Gallagher SGB-NIA
Haas Automation, Inc.
IBEW Local 952 Ventura
Lead Builders, Inc.
Limoneira Company
Mayerson Marketing & Public Relations
Meissner Filtration Products
Naval Base Ventura County
Pacific Coast Business Times
The Port of Hueneme
Rabobank, N.A.
Southern California Edison
VCEDA
Ventura County Community College District
Ventura County West
City of Camarillo
City of Fillmore
City of Moorpark
City of Ojai
City of Oxnard
City of Port Hueneme
City of Santa Paula
City of Simi Valley
City of Thousand Oaks
City of Ventura
County of Ventura
Legal Counsel:
Law Offices of Nancy Kierstyn Schreiner

Special Meeting of the Executive Committee
Friday, October 27, 2017
8:30 a.m.
EDC-VC
1601 Carmen Drive, Suite 215
Camarillo, CA 93010

Agenda

Call to Order
Roll Call

I. Amendment to the Agenda — This is the time and place to change the order of the agenda or delete any agenda item(s)

II. Public Comment

III. Consideration of an Agreement with City National Bank for a $1,200,000 Capital Contribution to our Business Development Loan Program. Recommendation to Approve. (Action)

Attachment III

IV. Board Member Comments

V. Adjournment to November 1, 2017

In compliance with the Ralph M. Brown Act and the Americans with Disabilities Act, if you need a disability-related modification, accommodation, or other special assistance to participate in this meeting, please contact Kelly Noble at (805) 384-1800 x21. Notification 48 hours before the meeting will enable reasonable arrangements to be made.
Memo

To: Board of Directors
From: Bruce Stenslie
Date: October 27, 2017
Re: Recommendation to Enter into Agreement with City National Bank for a $1,200,000.00 Capital Contribution to our Business Development Loan Program

RECOMMENDATION

That the Board of Directors approve a resolution (Exhibit A) authorizing the president/CEO, subject to final legal review, to execute agreements necessary and appropriate with City National Bank, for access to a City National Bank contribution of $1,200,000.00 to EDC-VC’s Business Development Loan Program.

BACKGROUND

Loan Program History and Capacity: 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.

Development of Commercial Lender Contributions to the Loan Fund: 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: City National Bank staff recently completed their review of our program performance and financials and approved a recommendation for the fund contribution. Today's action, if approved, will provide approximately $380,000 to buy out the loan portfolio from California United Bank (now part of Pacific West Bank, with whom we are working on a new relationship), with the balance of funds available for new lending.

Essentially, 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; at the time of this writing we're anticipating 3.5% going forward. Interest only payments are required quarterly through seven years. Full principle and interest payments commence thereafter, sixty monthly payments over five years.

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

Recommended Actions: The recommended action is to approve the attached Resolution (Exhibit A) authorizing the President/CEO to execute agreements to secure the investment, including the Disbursement Note, Disbursement Instructions, and Loan Interest Rate Agreement and Checking Account Charge Authorization and any other documents that may be required to secure the investment, subject to legal review.

Should you have any questions or comments, please contact me anytime at 384-1800, x 24 (office), 794-0455 (cell), or bruce.stensiie@edc-vc.com.

Exhibit A: Resolution to Approve Agreement with City National Bank