

MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
September 20, 2018

- Location:** 4001 Mission Oaks Boulevard, Camarillo 93012
- Attendance:** Haider Alawami – City of Thousand Oaks, Liaison, ED Managers Roundtable
Will Berg – City of Port Hueneme
Dee Dee Cavanaugh – City of Simi Valley
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
John Procter – City of Santa Paula
Laurel Shockley – Southern California Edison
Cari Shore – Rabobank
Sandy Smith – VCEDA
Cam Spenser – Port of Hueneme/Oxnard Harbor District
Sim Tang-Paradis – City National Bank
Tony Trembley – City of Camarillo
Ysabel Trinidad – California State University Channel Islands
William Weirick – City of Ojai
- Absent:** Al Adam – City of Thousand Oaks
Gerhard Apfelthaler – California Lutheran University
Gary Cushing – Chambers of Commerce Alliance
Victor Dollar – VCLA (liaison)
Henry Dubroff – Pacific Coast Business Times
Nan Drake – E.J. Harrison Industries
Harold Edwards – Limoneira Company
Amy Fonzo – California Resources Corporation
Ron Galaviz – Lead Builders, Inc.
Roseann Mikos – City of Moorpark
Susan Mulligan – Calleguas Municipal Water District (liaison)
Carmen Ramirez, *Vice Chair* – City of Oxnard
Jim Scanlon – Arthur J. Gallagher and Co
Alex Schneider – The Trade Desk
Tony Skinner – IBEW Local #952
Trace Stevenson – AeroVironment, Inc.
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:** Michel Abedian, Farber Hass Hurley LLP
Estel Bussa, City of Ventura
Gonzalo Fernandez, EDC-SBDC
Jase Rex, Hot section Technologies
Paul Stamper, County of Ventura
- Call to Order:** Chair Chris Meissner called the meeting to order at 4:05 p.m. Meissner thanked everyone for being here today.
- Amendment to the Agenda:** Chair Chris Meissner made a motion to move item X after item VI-B. Cheryl Heitmann seconded the motion. All Board members listed in attendance in favor, motion carried.
- Public Comment:** None
- Financial Report:** **July and August 2018 Financials**
Shalene Hayman reviewed the financials from August 2018.
- Chair Meissner asked if there were any questions. With none, Meissner requested a motion to approve and file the July and August 2018 Financials. Kelly Long motioned to approve and file the July 2018 Financials. Cheryl Heitmann seconded the motion. All board members listed in attendance in favor, motion carried.
- Discussion on EDC Loan Programs** Stenslie explained that the EDC 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 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.
- Stenslie turned the floor over to Marvin Boateng, the EDC Loan Officer.
- Boateng explained that in past meetings staff has shared detail on the loan portfolios and the Committee has had direct discussions with the Loan Board.
- Today's agenda item focuses instead on our technical assistance services for the support of loan clients and the borrowers' experience, as shared by one of our loan clients, Jase Rex from Hot Sections Technology.

Our process for making a loan is generally initiated by the EDC Loan Officer. The Loan Officer meets with the client, share the loan application process, collect and evaluate the business plan, financials and other material.

Loan applicants also meets with one or more of our small business consultants, who spend considerable time in evaluating the business plan and providing assistance to the loan officer in evaluating all aspects of credit worthiness. Among the several conditions of any loan that may be approved is that the business will continue to meet with our consultants, to assure we have a continuing relationship and that the business is remaining on track.

The Loan Officer prepares the credit memorandum and loan recommendation, including conditions, to the loan board. Once a loan is made, all of the servicing is in house.

The loan board serves as the final decision-making authority in approving loans, by majority vote. Members of the loan board are local banking professionals, plus the EDC President/CEO. In its deliberations the loan board considers the summary of the business plan, the financials, projections and all information, pro and con, prepared by the loan officer.

The loan board may approve the recommendation as is, add additional requirements, or otherwise amend the recommendation, relative to collateral, term, interest rate. The loan board may also turn down the recommendation or send it back for additional information before making a decision. The loan officer implements the loan board recommendations. The loan board is also responsible for approving recommendations to discharge a bad loan.

- 1) reassuring our public and private capital investors and board of directors that there is deliberate, professional, group oversight to all lending decisions, helping to mitigate risk and maximize the value of our services;
- 2) assuring that loan recommendations are at “arm’s length,” separated from the influence of loan applicants approaching city staff, elected officials, board members;
- 3) confirming that our niche in lending is not overlapping or duplicating commercial finance, yet remains connected to best practices in banking.

Boateng introduced Jase Rex from Hot Sections Technology, a loan client of the EDC. Jase explained his experience with the EDC from start to finish emphasizing how much the EDC contributed to the growth process of his business. Boateng introduced Gonzalo Fernandez, one of the EDC SBDC Consultants that worked with Jase. Fernandez explained the ease of working with Jase and how he was eager to follow through on the advice.

Administration

Consideration of Draft FY 2017 Audit and Financial Statements. Recommendation to Approve.

Chair Meissner introduced the auditor for the year 2017, Michel Abedian from Farber Hass Hurley LLP.

Michel Abedian went through the financial statements explaining that the audit provides an unqualified opinion for the representation of these financial statements.

There are no findings reported for 2017, and no findings from prior years requiring tracking.

Stenslie added that he would like to commend the excellent work of Kelly Noble, Shalene Hayman and Marvin Boateng for their exercise of our financial control systems, and for their assistance in the audit process.

Executive Committee members and the auditors had a brief discussion about the audit report,

with the auditors answering a few questions on the details.

Chair Meissner requested a motion to approve the FY 2017 draft audit as prepared by Farber Hass Hurley LLP. Kelly Long motioned to approve and forward to the full board the FY 2017 draft audit as prepared by Farber Hass Hurley LLP. Will Berg seconded the motion. All board members listed in attendance in favor, motion carried.

Consideration for the Receipt of an Estimated \$475,000 in New Funds from the Governor's Office of Business & Economic Development, for the Enhancement of Business Services in Ventura, Santa Barbara and Los Angeles Counties. Recommendation to Approve.

Stenslie stated that our Small Business Development Center services are currently supported in part by an annual allocation of funds from the Governor's Office of Business and Economic Development (GOBiz). The amounts have varied annually over the last several years, from as low as \$45,000 and up to \$105,000.

Authority for these funds—which are part of a larger pool for distribution to all SBDCs in the state, ranging over the last several years from \$2 to \$3 million annually—has been included in the state's annual budget trailer bill. The specific purpose of the funds has been to expand efforts in assisting businesses access new capital infusion.

Beginning this year, however, the legislature approved, and the Governor signed, new legislation to allocate an additional \$20 million statewide, for each of the next five years, for a total of \$100 million. The funds are specifically intended to augment existing federal funds and program services for small business support. Eligible recipients of the funds include SBDCs, Women's Business Centers, Procurement Assistance Centers and federally funded Manufacturing Partnerships.

The Governor's Office, in coordination with the five lead SBDC centers statewide, recently released a request for proposals (RFP) for the distribution of these funds. We anticipate a notification on our proposal by the middle of September; we anticipate a start date for any new funds of October 1.

There are a few key points from the RFP that influenced our proposal:

- 1) The RFP limited our application to the amount of current SBA funds we receive, which is \$475,000. We anticipate, however, that after this initial round of funding, there may be a balance remaining in the statewide account, so there may be a second solicitation.
- 2) The RFP strongly encouraged that proposals serve entire regions (that is, for EDC, we would serve not only Ventura and Santa Barbara Counties, but Los Angeles too). Accordingly, all of our proposed activities are for the entire three county region.
- 3) These new funds may not backfill or supplant existing or otherwise already funded activities, though the new funds may be used to expand existing initiatives.
- 4) The new funds must add to and not replace existing funds that SBDCs have secured as cash match. In other words, the new funds are intended to grow the programs, not backfill.
- 5) A minimum 80% of the new funds must go to direct client services; not more than 20% may be spent on administration and outreach.
- 6) This new \$20 million allocation subsumes the \$3 million that has been dedicated to expanding capacity for assisting businesses with access to capital. We anticipate receiving \$140,000 from that share of the pool this year, up considerably from a budget estimate of \$105,000. That activity is not part of this RFP process, so not included in the attached summary.

With that guidance, we have proposed four activities, with the \$475,000 split just about evenly among the four.

Chair Meissner requested a motion that the Board authorize Bruce Stenslie to receive and sign the receipt of an estimated \$475,000 in new funds from the Governor's Office of Business and Economic Development, for the enhancement of business services in Ventura, Santa Barbara and Los Angeles Counties. William Weirick motioned that the Board authorize Bruce Stenslie to receive and sign the receipt of an estimated \$475,000 in new fund from the Governor's Office of Business and Economic Development, for the enhancement of business services in Ventura, Santa Barbara and Los Angeles Counties. Nancy Mayerson seconded the motion. All Board Members listed in attendance in favor, motion carried.

Closed Session, Real Property Negotiations Pursuant to Government Code Section 54956.8

Property: 4001 Mission Oaks Blvd, Camarillo, CA 83012
Entity Negotiators: Bruce Stenslie, Nancy Kierstyn Schreiner
Negotiating Party: Ventura County Community Foundation
Under Negotiation: Terms and Payment

Entered into closed session at 4:47 pm and came out of closed session at 5:00 pm with nothing to report.

Administration Cont.

EDC Web Site Update

Clare Briglio Briefly went over the updates on the EDC Web Site.

Presidents Report

Stenslie mentioned the Broadband Summit on October 11th.

Stenslie mentioned the Ca Econ Summit

Stenslie mentioned the P20 Council Ventura County Education Summit on November 26th

Stenslie mentioned Bruce Hazuka Passed

Stenslie mentioned the portable assistance award.

Committee/Liaison Reports:

VCEDA

Sandy Smith reminded the Board that the BOC is being held on October 5th at the Ronald Reagan library and handed out the flyer. 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:

None

Adjournment:

Meeting adjourned at 5:17 p.m. to October 18, 2018, 4:00 PM, Conference Room 4001 Mission Oaks Boulevard, Camarillo 93012.