

MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
February 21, 2019

- 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
Gary Cushing – Chambers of Commerce Alliance
Kristin Decas – Port of Hueneme/Oxnard Harbor District
Nan Drake, *Chair* – E.J. Harrison Industries
Bob Engler – City of Thousand Oaks
Amy Fonzo – California Resources Corporation
Cheryl Heitmann – City of Ventura
Roseann Mikos – City of Moorpark
Manuel Minjares – City of Fillmore
Susan Mulligan – Calleguas Municipal Water District (Liaison)
Carmen Ramirez, *Chair* – City of Oxnard
Jim Scanlon – Arthur J. Gallagher and Co
Laurel Shockley – Southern California Edison
Cari Shore – Rabobank
Paul Stamper, County of Ventura
Tony Trembley – City of Camarillo
William Weirick – City of Ojai
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Absent:** Gerhard Apfelthaler– California Lutheran University
Victor Dollar – VCLA (Liaison)
Henry Dubroff – Pacific Coast Business Times
Harold Edwards – Limoneira Company
Clint Garman – City of Santa Paula
Greg Gillespie – Ventura County Community College District
Bob Huber – County of Ventura
Kelly Long– County of Ventura
Nancy Mayerson – Mayerson Marketing & Public Relations
Chris Meissner – Meissner Filtration Products
Michele Newell – VCEDA
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
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner
- Staff:** Marvin Boateng, EDC Loan Officer
Ray Bowman, EDC SBDC Director
Shalene Hayman, Controller
Kelly Noble, Office Manager
Bruce Stenslie, President/CEO

Guests: Alexandria Wright, VCCCD

Call to Order: Chair Carmen Ramirez called the meeting to order at 4:00 p.m. Ramirez thanked everyone for being here today.

Amendment to the Agenda: None

Public Comment: None

Minutes: Approval of Meeting Minutes, January 17, 2019

Chair Ramirez asked if there were any comments on the January 17, 2019 minutes. Nancy Kierstyn Schreiner stated that the draft minutes missed including the closed session for labor negotiation. Both closed sessions to read: Closed session descriptions were read by legal counsel and the Board entered into closed session at 3:20 p.m. and came out of closed session at 3:30 p.m. Legal counsel stated there was no announcement from closed session. Also, Roseann Mikos stated that "2016" date listed before (Annual Meeting, 3:00 PM) needs to be deleted.

With stated changes, Ramirez requested a motion to approve the minutes from the January 17, 2019 meeting. Tony Trembley moved to approve and file the minutes from the January 17, 2019 meeting. Will Berg seconded the motion. Kristin Decas was not present for this motion. All remaining Board members listed in attendance in favor, motion carried.

**Financial Report: November & December 2018 Financials
January 2019 Financials**

Shalene Hayman reviewed the financials from January 2019, also referencing that the November and December 2018 financials are in the packet.

Chair Ramirez asked if there were any questions. With none, Ramirez requested a motion to approve and file the November 2018, December 2018 and January 2019 Financials. Nan Drake motioned to approve and file November 2018, December 2018 and January 2019 Financials. Roseann Mikos seconded the motion. Kristin Decas was not present for this motion. All remaining Board members listed in attendance in favor, motion carried.

Consideration of the 2019 Budget. Recommendation to approve.

Stenslie noted for the Board that our bylaws call for the board's annual adoption of a budget, which, given our January to December fiscal year, would better have been approved prior to the end of 2018, though staff has delayed its presentation to early in the year the last six years, better to capture year-end information and a cleaner read on revenue and expense projections. In the absence of a regular December meeting, and the busy Annual Meeting agenda in January, the recommendation has fallen to our February board meeting.

While 2018 closeout figures remain preliminary, *we are again projecting a strong year-end net income.*

We are projecting an increase in both revenue and expense for 2019, over 2018, still with a moderate net income for 2019.

Continuing Policy and Governance Considerations for 2019 as follows:

- No Recommended Changes to Membership Dues: Membership Dues were last increased, in 2015, by 10%. No additional changes are recommended for 2017. Private sector dues are set at \$6,750 annually. Dues for the cities are on a sliding

scale, ranging from \$1,100 for the smallest city (Ojai) to \$9,900 for the largest (Oxnard). The County's dues are set at \$27,500 annually. Prior to 2015, our last *private* sector dues increase was in 2008, when we moved it from \$6,000 to \$6,250, and our last *public* sector dues increase was in 2006.

- In-kind Membership Dues Continued for Two Members: Our bylaws stipulate that the Board may allow for not more than *five* members to be relieved from the payment of dues, in lieu of their providing in-kind services to the EDC-VC, at a value of at least two times the donation for voting Board membership (Article VI, Section 6.2). As noted in recommendation #3, we have two in-kind members renewing in 2016: Chambers of Commerce Alliance of Ventura and Santa Barbara Counties, and the Pacific Coast Business Times. Note that in prior years Mayerson Marketing & Public Relations had also been an in-kind members.

In discussions with Mayerson, they are switching to a "small business" membership category, which we established in 2015, allowing a 50% reduction in dues to small firms with less than \$2 million in annual revenue. No more than three members annually may qualify for this category of membership; this is the first time we will be using this option.

New Program and Revenue Considerations for 2018:

- Technical Assistance Expansion Program (line 44xx, to be determined): This is a new program, funded through the CA Governor's Office of Business & Economic Development, projected at \$450,000 for FY 2019. This fund is to augment our baseline Small Business Development Center activity. Not less than 80% of the funds are to be spent on direct client engagement and assistance, with up to 20% allowed for research and outreach. We have four targeted activities under this fund: expansion of EDC Global (international trade assistance); support for EDC Invest (facilitating early stage business access to 2nd round equity investment; Capital Access assistance; and Disaster Ready assistance.
- Uncertain revenue for Broadband initiative (line 4895). Our current grant has an expiration date of January 31, 2019. We have a request in for a three month extension, using unspent grant funds, though as of this writing have not heard if it is approved. We will be applying for new funds, though it is not certain when the CA PUC may fund new activity or whether we'll be successful with a proposal. Accordingly, we are budgeting only what we anticipate is the carry-over of current grant funds, though, as noted, that is dependent upon PUC approval. In 2018 we budgeted \$115,000; our proposed carry over budget is estimated at \$40,000.

Regarding Staffing/Economic Development Management (Section 5000): We are continuing to grow our regular staffing, currently at seven, including one part-time, up from five two years ago.

Our 2019 budget proposes one additional full time equivalent (FTE), for eight full time staff, plus several—up to approximately 20—part-time business consultants.

The additional regular FTE is to help handle our program growth in business technical assistance. We are up this year by some \$450,000 in program funds.

The additional part-time FTE's had formerly been budgeted under the contract line item, for small business advisors. Some share of that activity and expense is now moved into part-time employment.

Office Overhead (Section 5200): We are projecting no significant change in office overhead, with the exception of a decrease in contract expense for marketing (line 5285).

Continuing Reliance on Consulting/Flexibility in Service Delivery (Section 5800): As noted in prior years, we continue to manage a demand driven service delivery model that is highly dependent on professional consultants. While we have a significant increase in business technical assistance activity projected for 2019, a share of the business advising expense will be in the staffing budget, (section 5000), as noted above.

In summary, we continue to trend in the right direction with healthy net income, managing expenses within prescribed limits and maintaining stable and growing revenue.

All revenue sources remain dedicated to our core functions in economic development services. We remain vigilant for new program and income opportunities consistent with our mission. We also remain cautious around the discretionary nature of our funding.

Chair Ramirez stated that it is recommended that the Executive Committee:

1. Consider a recommendation of approval for the 2019 budget.
2. Recommend approval for the renewal of board memberships as noted for dues in Sections 4200 and 4300;
3. Recommend approval for the renewal of in-kind memberships for Chambers of Commerce Alliance and Pacific Coast Business Times, as allowed per our bylaws, Section 6.2.

Tony Trembley motioned

1. Approval of the 2019 budget as presented;
2. Approval for the renewal of board memberships as noted for dues in Sections 4200 and 4300;
3. Approval for the renewal of in-kind memberships for Chambers of Commerce Alliance and Pacific Coast Business Times, as allowed per our bylaws, Section 6.2.

Will Berg seconded the motion. All Board Members listed in attendance in favor, motion carried.

Administration

Recommendation to Ratify Approval of Grant Agreements for Small Business Development Center Services, Funding from the Governor’s Office of Business & Economic Development, \$140,000 for the Capital Infusion Program and \$475,000 for the Technical Assistance Expansion Program, Both for the Term 10/1/2018 – 9/30/19.

Stenslie stated that EDC has served as the Ventura and Santa Barbara Counties Small Business Development Center (SBDC) since 2010. The primary funding is through the U.S. Small Business Administration (SBA). The SBDC grant has generally ranged between \$375,000 and \$475,000 annually. The SBA requires that grantees provide a match to the federal funds, not less than half of the match in cash.

Over the last several years the Governor’s Office of Business and Economic Development—in collaboration with the CA legislature—has provided some share of the required cash match. That has mostly been in the form of the Capital Infusion Program (or CIP, the subject of recommendation #1 above), which for EDC has ranged from as low as \$45,000 up to \$140,000. These funds are specifically intended to improve local SBDC capacity to facilitate business access to capital.

While this funding has been disclosed to board on a quarterly basis and in monthly financials, the new agreement for the period beginning October 1 has not been presented to the board for approval. Staff signed the agreement in October, to assure immediate access to the funding. Today's action ratifies that approval.

In our budget adoption for 2018 staff shared background information anticipating the Governor's Office establishment of this new fund. This is an entirely new program, with the agreement commencing on October 1, 2018, part of a new budget appropriation of \$20 million annually for five years.

Unlike the Capital Infusion Program, the TAEP funds are not intended as cash match, rather are to augment and expand the work of Small Business Development Centers, Women's Business Centers, Minority Business Centers and other programs funded by the federal government to serve small business.

Our share of this fund, competitively distributed, at \$475,000 for the term ending September 30, 2019, was presented to the Board at its September meeting, and approved with a delegation of authority for the President/CEO to sign approval. *That delegation notwithstanding, staff is presenting the contract to the board today for full disclosure of a new program.*

The outcomes of both of these programs are subsets of our larger Small Business Development Center activity.

The Capital Infusion Program agreement specifies that EDC will provide not less than 300 business clients services related to their securing capital. The goal for new capital secured—by all sources, loans and equity—is \$18 million. In 2018 we supported business access to more than \$73 million.

The Technical Assistance Expansion Program prescribes significant growth for our program, for a total of 894 clients consulted and 189 trained. In prior years we have not consulted more than 600 clients. Staff is working diligently to build the capacity to support this expansion of services

Stenslie ended stating that these two funds appear sustainable for the next several years, having been approved not only in the Governor's budget, but by legislative action.

Staff will report outcomes to the Board on program activities quarterly, along with monthly financials.

Chair Ramirez asked for a motion on the following:

1. Ratify approval of the Capital Infusion Program Agreement (CIP), \$140,000, for the term, October 1, 2018 through September 30, 2019;
2. Ratify approval of the Technical Assistance Expansion Program (TAEP) Agreement, \$475,000, for the term, October 1, 2018 through September 30, 2019;
3. Delegate authority to the President/CEO to approve modifications to the agreements, subject to legal review.

Tony Trembley motioned to:

1. Ratify approval of the Capital Infusion Program Agreement (CIP), \$140,000, for the term, October 1, 2018 through September 30, 2019;

2. Ratify approval of the Technical Assistance Expansion Program (TAEP) Agreement, \$475,000, for the term, October 1, 2018 through September 30, 2019;
3. Delegate authority to the President/CEO to approve modifications to the agreements, subject to legal review.

Dee Dee Cavanaugh seconded the motion. Jim Scanlon was not present for this motion. All remaining Board members listed in attendance in favor, motion carried.

Update on the Development of a Regional Technology Exchange Consortium, a Partnership for Economic Growth by Accelerating Technology Transfer, with Navy Base Ventura County, Port of Hueneme and Matter Labs

Stenslie provided a brief status update on this project which has been discussed in several prior meetings. Additional information and action will be presented in March and/or April.

President's Report

Stenslie noted that on April 26 EDC will be co-sponsoring a California Advanced Supply Chain & Diversification Effort (CASCADE), Defense Supply Chain & Business Resource Event, at the California Cybersecurity Institute at Camp San Luis Obispo.

Committee/Liaison Reports:

VCEDA

Nan Drake announced that VCEDA has been active in developing its priority activities and focus for 2019 and forward. VCEDA is also already planning its Business Outlook Conference for this Fall. The theme is not yet finalized; more information to come.

Economic Developers Roundtable

None

Ventura County Lodging Association

None

Calleguas Municipal Water District

Susan Mulligan gave the Board an update on the California Water Situation

New or Unfinished Business:

None

Board Member Comments:

Gary Cushing announced that the Camarillo Chamber of Commerce is sponsoring this year's Startups Ventura County event on April 5 through April 7. Kristin Decas announced that the MAST Expo is coming up on April 10, 2019.

Adjournment:

Meeting adjourned at 5:25 p.m. Our next meeting is March 21, 2019.