

MINUTES
EDC-VC EXECUTIVE COMMITTEE MEETING
July 10, 2019

Location:	EDC-VC, 4001 Mission Oaks Blvd., Founder’s Room, Suite A-1, Camarillo, CA 93012
Attendance:	Haider Alawami– Economic Roundtable Representative, City of Thousand Oaks Cheryl Heitmann – City of Ventura Chris Meissner– Meissner Filtration Products Brian Miller – County of Ventura Carmen Ramirez, <i>Chair</i> – City of Oxnard Anthony Trembley – City of Camarillo Peter Zierhut, <i>Secretary/Treasurer</i> – Haas Automation
Absent:	Nan Drake, <i>Vice Chair</i> – E.J. Harrison Industries Harold Edwards – Limoneira Company Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner
Legal Counsel:	None
Guests:	None
Staff:	Marvin Boateng, Loan Officer Kelly Noble, Office Manager Bruce Stenslie, President/CEO
Call to Order:	3:38 p.m. Chair Carmen Ramirez thanked everyone for attending.
Roll Call:	Kelly Noble
Amendment to the Agenda:	None
Public Comment:	None
Approval of Executive Committee Minutes	Executive Committee Meeting, June 5, 2019 Chair Ramirez requested a motion to approve the minutes from June 5, 2019 Executive Committee meeting. Chris Meissner moved to approve and file the minutes from June 5, 2019 Executive Committee meeting. Peter Zierhut seconded the motion. All Executive Members listed in attendance in favor, motion carried.
Administration	Update and Overview, EDC Lending Programs Stenslie noted that 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. Stenslie stated that Marvin Boateng, EDC Loan Officer, will be summarizing our Loan Programs.

Boateng noted that our objective is to loan to businesses that are not bankable which is determined by consulting through the SBDC program. Boateng stated that 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.

A main 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.

There was extensive discussion about lending strategy and risk management. The Committee agreed that we should present the loan summary to the full board.

Small Business Development Center 2nd Quarter Report

Stenslie noted 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, with leeway and expectation to serve businesses throughout Los Angeles County as well, for services relating to international trade, disaster preparation and recovery and access to capital.

We have successfully operated this program since 2010, consistently exceeding performance benchmarks, earning contract renewals. *For performance in 2018*, we exceeded our contract goals for economic performance, achieving 60 business starts on a goal of 60, and helped our clients secure more than \$73 million in new capital infusion, versus a goal of \$35 million.

Our initial contract as budgeted and approved by our Board was for \$405,000. At the time we considered those approvals, staff anticipated that we are likely to receive a mid-year increase to \$475,000. That modification has now been received and approved, at the \$475,000 level.

Also as noted in prior meetings, this contract funding and activity is augmented by two awards from the CA Governor’s Office of Business and Economic Development, \$475,000 for general expansion of our services—with target activities relating to business access to capital, international business and disaster preparedness and recovery—and \$145,000 for business capital infusion.

On funding, we are also required to provide a 50% match in cash to the \$475,000

SBA contract. As adopted in our budget, we anticipate \$110,000 of that as supplied by the business capital infusion item noted just above, plus \$127,500 locally raised:

- up to some \$88,000 from the cities,
- \$30,000 from the County of Ventura, and
- an estimated \$45,000 from Santa Barbara City College and Cuesta College.

The total of those represents an “over-match” which provides us some confidence and cushion in assuring we can draw down our full allocation of federal funds.

Our service delivery is through the provision of direct, one-on-one professional consulting, using a corps of some 30 business advisors. 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 and current outcomes follow below; a copy of the scorecard that displays outcomes for the entire Los Angeles region and for our EDC specific performance is attached. All outcomes (or “milestones”) must be documented by signed agreement from the businesses served.

<u>Performance Goals</u>	<u>Annual Outcome Target</u>	<u>2nd Qtrr Outcomes</u>
Clients Served:	821	504
Capital Infusion	\$35,000,000	\$33,957,773
Business Starts	60	11

The goals and targets are assigned by the Lead Center. The “Clients Served” category is new, replacing the former “Long-Term Clients” measure. This is a minor shift, though welcome, as the “long-term clients” measure encouraged a commitment of hours served to clients, without regard to economic outcomes. Stenslie added that we are confident we’ll exceed these measures, though we are well behind on new business starts, with considerable ground to cover the 2nd half of the year.

We should also note that the guidance on the use of the new \$475,000 from the Governor’s Office restricts 80% of the fund to direct client counseling. Reaching the larger goal of 821 clients and spending 80% of the \$475,000 on client counseling, plus some 30% to 40% of the regular SBDC funds on direct client counseling, will be a stretch this year. Staff will provide an update at the time of our meeting on projections and activities to manage these goals.

Update on Technology Transfer Partnership with Port of Hueneme, Matter-Labs and Naval Surface Warfare Center – Port Hueneme Division

Stenslie explained that Erick and Bryan Went were set to present at today’s meeting but they were not able to make it today. Stenslie noted that in previous meetings our Executive Committee and Board have approved a Partnership Intermediary Agreement with the Naval Surface Warfare Center-Port Hueneme Division (NSWC-PHD) and a Memorandum of Understanding with NSWC-PHD, Matter Labs and the Port of Hueneme, for the purpose of advancing our activity as an intermediary for growing the economy through technology transfer and to identify and define the roles of the parties for advancing regional economic sustainability and competitiveness.

One dimension of the initiative has been to establish a research lab at the Port, making available to local firms, researchers and students a broad arrange of lab equipment owned by the Naval Surface Warfare Center. The lab has been established and is active.

Stenslie advised the Executive Committee that our next full Board meeting will be held at the Port. There will be more on this topic at that meeting.

Follow-up on EDC Report on Business Migration Patterns

Stenslie announced the final report was released to our Board on June 20, and was covered by the Pacific Coast Business Times in its issue released on Friday, June 21.

We have had the report distributed widely, to each of our members and local stakeholders and to the regional Chambers of Commerce Alliance, and, statewide, to the California Stewardship Network, the Governor’s Office of Business and Economic Development, and to the full 800 members of the California Association of Local Economic Development.

We have had several inquiries about replicating the analysis, including the Sierra Business Council, Valley Vision (Greater Sacramento Area), and other organizations representing some 15 California counties. The response has been extraordinarily positive, though we are getting hit with the occasional link to stories from around the state about businesses leaving California. We anticipated that we would hear some counter-point.

We are still working the tri-county data as well and will have more to report and share, particularly on industry sector movement, sources and destinations of movers. We are also reaching out to the cities to coordinate on the practical uses of the information.

Membership Report

Stenslie commented, As noted in prior months, we are actively recruiting new members, with a key consideration to fill the 5 vacancies relative to gaps in industry sector representation. Stenslie added that we are still trying to reel in a couple possible memberships.

President’s Report

Stenslie shared copies of the recently released CSUCI Economic Impact Report. Stenslie also noted that we are just completing a study on manufacturing and international trade.

New or Unfinished Business:

None

Executive Committee Comments:

None

Adjournment

At 5:11 pm. Chair Ramirez announced that the meeting is adjourned to September 4, 2019.

Minutes taken by Kelly Noble