

**MINUTES**  
**EDC-VC EXECUTIVE COMMITTEE MEETING**  
February 13, 2019

**Location:** EDC-VC, 4001 Mission Oaks Blvd., Founder’s Room, Suite A-1, Camarillo, CA 93012

**Attendance:** Cheryl Heitmann – City of Ventura  
Chris Meissner– Meissner Filtration Products  
Brian Miller – County of Ventura  
Carmen Ramirez, *Chair* – City of Oxnard  
Nan Drake, *Vice Chair* – E.J. Harrison Industries  
Peter Zierhut, *Secretary/Treasurer* – Haas Automation

**Absent:** Haider Alawami– Economic Roundtable Representative, City of Thousand Oaks  
Harold Edwards – Limoneira Company  
Anthony Trembley – City of Camarillo

**Legal Counsel:** Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner

**Guests:** Alexandria Wright, VCCCD

**Staff:** Ray Bowman, EDCSBDC Director  
Shalene Hayman, EDC Controller  
Kelly Noble, Office Manager  
Bruce Stenslie, President/CEO

**Call to Order:** 3:45 p.m. Vice Chair Nan Drake thanked everyone for attending.

**Roll Call:** Kelly Noble

**Amendment to the Agenda:** Moving item IV between V and VI.

**Public Comment:** None

**Approval of Executive Committee Minutes** **Executive Committee Meeting January 8, 2019**  
Vice Chair Drake asked for a motion to approve the minutes from January 8, 2019 Executive Committee meeting Cheryl Heitmann moved to approve and file the minutes from January 8, 2019 Executive Committee meeting. Chris Meissner seconded the motion. All Executive Members listed in attendance in favor, motion carried.

**Administration** **Consideration of a 2019 Executive Committee Meeting Schedule. Recommendation to Approve.**  
Unless otherwise notified, Executive Committee meetings are at the Board Room, 4001 Mission Oaks Blvd, Camarillo, 93012.

<u>Month, 2019</u>	<u>Executive Committee</u>	<u>Location</u>
February	2/13, 3:30 PM	4001 Mission Oaks Blvd

March	3/6, 3:30 PM	4001 Mission Oaks Blvd
April	4/3, 3:30 PM	4001 Mission Oaks Blvd
May	5/1, 3:30 PM	4001 Mission Oaks Blvd
June	6/5, 3:30 PM	4001 Mission Oaks Blvd
July	7/10, 3:30 PM	4001 Mission Oaks Blvd
	No August meeting	
September	9/4, 3:30 PM	4001 Mission Oaks Blvd
October	10/2, 3:30 PM	4001 Mission Oaks Blvd
November	11/13, 3:30 PM	4001 Mission Oaks Blvd
December	12/4, 3:30 PM	4001 Mission Oaks Blvd
<b><u>January, 2020</u></b>	1/8, 3:30 PM	4001 Mission Oaks Blvd

**Update on Development of Regional Technology Exchange Consortium, Partnerships with Naval Base Ventura County, Port of Hueneme and Matter Labs**

Stenslie stated 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.

Our purpose today is to provide an update on the status of moving that agenda forward, with particular attention to the several structures and agreements essential for supporting it.

This agreement has been approved and signed by both parties. We are in the process of activating the agreement, through further dialogue and coordination with NSWC-PHD in connecting federal investments in R&D to local business.

The draft organizing Articles were shared at the last meeting. This item is not for our EDC approval, rather awareness. Matter Labs is playing the lead in recruiting businesses to participate in the Consortium, the purpose of which is to facilitate business connection to federal contracting opportunity. Staff will provide an update on the status of the Consortium and recruitment at the time of our meeting.

The standard operating procedure for supporting a technology consortium is through a "Consortium Management Firm." That role is essentially to serve as the fiscal agent for managing the business affairs of the Consortium. Staff believes that such a convening and intermediary role is wholly appropriate for EDC, consistent with our organizational purpose and capacity.

Functions and responsibilities of the Management Firm include:

- a) Act as the administrative point of contact for the Technology Exchange Consortium under the Articles of Collaboration and any amendments hereto;
- b) Assist the Consortium's Formation Committee/Executive Committee and Executive Director in negotiating with the Government on issues involving the OTA;

- c) Provide “single point contracting” functions as needed to execute the OTA;
- d) Guard against the disclosure of competitively sensitive information and, together with the Consortium Executive Director and Executive Committee, institute policies and procedures to prevent potential violations of antitrust law;
- e) Together with the Consortium Executive Committee and Executive Director, take appropriate steps to avoid organizational conflicts of interest among the Members and to mitigate such conflicts if they cannot be avoided;
- f) Be responsible for obtaining signatures of the Consortium Members on any amendments to these Articles;
- g) Request nominations, prepare a slate of candidates for any open Consortium committee positions, provide notice of committee membership and membership changes to the members and the government, provide notice of the Executive Committee meetings and a request for agenda items to the members, and provide notice of member additions and deletions to the government; and
- h) Invoice, collect, and track membership dues/ projects assessments from Member Companies. Provide quarterly financial reports to the Consortium Executive Committee.

Staff is still working on a draft of this agreement, borrowing from models that we’re collecting from other Consortia and OTAs. The agreement will spell out the financial arrangement between the Consortium and EDC, assuring that we recover all costs related to the function. More specifically, the Consortium Articles of Collaboration identify a revenue stream, through membership dues for participation and a 1% assessment on all government funds awarded through Technology Project Agreements to members of the Consortium. We hope to have a clean draft agreement to share with the full Board on February 21.

Stenslie also stated that as identified in the MOU, another element to this larger agenda for supporting technology transfer and entrepreneurship is the establishment of a location for making available to private sector partners a broad range of research and laboratory equipment, under the control of NSWC-PHD. The equipment—valued at over \$1.8 million—is currently in storage. Our notion is to make the equipment available to members of the Consortium, at a secure facility at the Port of Hueneme.

This plan requires our execution of a lease agreement with the Port. We anticipate the agreement will be for \$1 annually. We also anticipate either an amendment to the Partnership Intermediary Agreement, or separate agreement with NSWC-PHD, for our role in securing the equipment at the Port location. NSWC-PHD has also agreed to provide a laboratory manager.

The value proposition of this technology transfer agenda is exceedingly clear: enhanced public/private partnerships, advancing entrepreneurship and innovation through the networking of DoD sponsored R&D to private firms, opportunity to grow the region’s economy.

Any downsides are difficult to quantify, though may include:

- Potential liabilities in facilitating private sector access to NSWC-PHD research and laboratory equipment;
- Potential liabilities in providing management services for the technology consortium;
- Uncertain funding for the support of the operation.

Recognizing those risks, staff will continue its work to mitigate them. At a minimum, we are following and modeling our work after existing and successful similar enterprises from across the U.S. All considered, it appears the value proposition, the opportunities for growing the local economy, justify the managed risk.

#### **Review and Discussion, 2019 Draft Budget**

Stenslie advised the Executive Committee 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 2<sup>nd</sup> 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.

Drake stated that it is recommended that the Executive Committee:

1. Consider adjustments to the Draft 2019 budget and recommend to the full board its approval of a final budget as adopted by the Executive Committee;
2. Recommend full board approval for the renewal of board memberships as noted for dues in Sections 4200 and 4300;
3. Recommend full board 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.

Cheryl Heitmann motioned

1. Consider adjustments to the Draft 2019 budget and recommend to the full board its approval of a final budget as adopted by the Executive Committee;
2. Recommend full board approval for the renewal of board memberships as noted for dues in Sections 4200 and 4300;
3. Recommend full board 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.

Chris Meissner seconded the motion. All Executive Members listed in attendance in favor, motion carried.

#### **Review of 2019 Annual Meeting**

Stenslie advised the Executive Committee that We were very successful in sponsorships, securing \$63,000, considerably higher than in any prior year. Stenslie wanted to thank Meissner Filtration for our top sponsorship level.

#### **Membership Report**

Stenslie reminded the Executive Committee that we are actively recruiting new members, with a key consideration to fill vacancies relative to gaps in industry sector representation.

Our recruitment considerations include not only distribution and diversity by industry sector but also by region of the county, significance of the business and sector as well as the personal and professional characteristics of the individuals representing the industries and firms we recruit.

A review of our roster reveals several under-represented sectors:

- Wholesale and Retail Trade
- Real Estate and Development
- Health Services Sector
- Leisure and Hospitality

- Telecommunications
- Firms Highly Associated with Region's Lifestyle Advantages

Several subsectors also remain high priorities, especially biotech and medical devices.

### **President's Report**

Stenslie provided background information on the activities of the CA Stewardship Network, on a recent business development meeting hosted by EDC on behalf of the Naval Facilities and Engineering Command, and shared that we will be starting our 2018 audit in March.

### **Presentation & Discussion**

#### **Preparation of a Comprehensive Economic Development Strategy (CEDS), per Guidance of the US Economic Development Administration**

Stenslie recalled for the Executive Committee that In June 2018 our Board of Directors approved an agreement with the Ventura County Community College District, securing their services for the development of a Comprehensive Economic Development Strategy (CEDS) for the Ventura County area.

The development of a CEDS is many ways a compliance issue, a prerequisite or requirement for the receipt of grant funds distributed by the U.S. Department of Commerce, Economic Development Administration (or EDA). A new CEDS is required every five years.

The core elements of a CEDS include:

- Summary of the local economic condition;
- Strengths/Weaknesses/Opportunities/Threats (SWOT) analysis,
- Identification and prioritization of overall goals and objectives,
- Development of measures to track progress on the goals and objectives.

Much of the CEDS content may be drawn from recent prior work that informs the Ventura County Economic Vitality Strategic Plan, though our new work will be informed also by the recent fires and other new or emerging opportunities and threats to the region's economic competitiveness.

EDC-VC did develop a CEDS some four years ago, but that document is at the end of its shelf-life. The urgency on moving on a new CEDS is to assure that both in the short and long-term recovery from the Thomas and Woolsey/Hill Fires we have the core eligibility documents in place.

Stenslie introduced Alexandra Wright, Director of Workforce & Economic Development for the VCCCD Chancellor's Office, who is providing the lead service for developing the CEDS.

Wright stated that the purpose of today's discussion is to consider, identify and validate our regional economic development priorities moving forward, securing input from the Executive Committee members.

<b>New or Unfinished Business:</b>	Nan Drake left the meeting. Peter Zierhut asked if there was any New or Unfinished Business. None.
<b>Executive Committee Comments:</b>	None
<b>Closed Session Conference with Legal Counsel, Anticipated Litigation Pursuant to Government Code 54956.9(b)</b>	The Executive Committee entered into closed session at 4:52 p.m.
<b>Report Out of Closed Session</b>	The Executive Committee came out of closed session at 5:05 p.m. with no action to report.
<b>Adjournment</b>	At 5:20 pm., Secretary/Treasurer Peter Zierhut announced that the meeting is adjourned to March 6, 2019.  Minutes taken by Kelly Noble