

**MINUTES**  
**EDC-VC BOARD OF DIRECTORS MEETING**  
**June 18, 2020**

- Location:** 4001 Mission Oaks Blvd, Camarillo, CA 93012 and by teleconference.
- Attendance:** Haider Alawami – City of Thousand Oaks, Liaison, ED Managers Roundtable  
Gerhard Apfelthaler– California Lutheran University  
Dee Dee Cavanaugh – City of Simi Valley  
Gary Cushing – Chambers of Commerce Alliance  
Henry Dubroff – Pacific Coast Business Times  
Nan Drake, *Chair* – E.J. Harrison Industries  
Bob Engler – City of Thousand Oaks  
Amy Fonzo – California Resources Corporation  
Cheryl Heitmann – City of Ventura  
Cynthia Herrera – Ventura County Community College District  
Bob Huber – County of Ventura  
Mary Jarvis – Kaiser Permanente  
Nina Kobasyashi – Mechanics Bank  
Jey Lacey – Southern California Edison  
Kelly Long, *Vice Chair* – County of Ventura  
Vianey Lopez – City of Oxnard  
Chris Meissner – Meissner Filtration Products  
Roseann Mikos – City of Moorpark  
Manuel Minjares – City of Fillmore  
Shawn Mulchay – City of Camarillo  
Sim Tang Paradis – City National Bank  
Tony Skinner – IBEW Local #952  
Cam Spenser – Port of Hueneme/Oxnard Harbor District  
Ysabel Trinidad – California State University Channel Islands  
Brian Tucker – Ventura County West  
William Weirick – City of Ojai  
Alan Yeager – NSWC Port Hueneme Division (Liaison)  
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Absent:** Will Berg – City of Port Hueneme  
Skyler Ditchfield– Geolinks  
Harold Edwards – Limoneira Company  
Anthony Goff – Calleguas Municipal Water District (Liaison)  
Will Mitchell – Strata Solar Development  
Michele Newell – VCEDA  
Jim Scanlon – Arthur J. Gallagher and Co  
Alex Schneider – The Trade Desk  
Andy Sobel – City of Santa Paula  
Trace Stevenson – AeroVironment, Inc.
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner

**Staff:** Marvin Boateng, Loan Officer  
Ray Bowman, EDC SBDC Director  
Shalene Hayman, Controller  
Kelly Noble, Office Manager  
Bruce Stenslie, President/CEO

**Guests:** Christopher Arent  
Larry Buckley, VCCCD  
Paul Stamper, County of Ventura  
Michel Abedian, Auditor  
Ryan Gillespie, Assemblywoman Christy Smith

**Call to Order:** Chair Nan Drake called the meeting to order at 3:30 p.m. Drake thanked everyone for attending and thanked Supervisor Long for standing in at the last meeting.

**Amendment to the Agenda:** None

**Public Comment:** None

**Minutes:** **Approval of Meeting Minutes, May 21, 2020**  
Chair Drake asked if there were any comments on the May 21, 2020 minutes. With none, Drake asked for a motion to approve the minutes from May 21, 2020. Bob Huber motioned to approve the minutes from May 21, 2020. Dee Dee Cavanaugh seconded the motion. Chris Meissner and Cam Smith were not present for this motion. All remaining Board members listed in attendance in favor, motion carried. All Remaining Board members listed in attendance in favor, motion carried.

**Financial Report:** **May 2020 Financials**  
Shalene Hayman reviewed the May 2020 financials. Drake asked for a motion to approve the May 2020 Financials. William Weirick motioned to approve the May 2020 Financials. Bob Engler seconded the motion. Chris Meissner and Cam Smith were not present for this motion. All remaining Board members listed in attendance in favor, motion carried. All remaining Board members listed in attendance in favor, motion carried.

**Administration:** **Recommendation for the Receipt and Approval of the Draft 2019 Audit and Financial Statement**  
Stenslie stated, as per our bylaws, Section 7.2, we contract annually for an independent audit of our corporate accounts, financial statements and internal controls. That audit and related materials—by Farber Hass Hurley LLP, for our FY 2019—was distributed to the Board prior to today’s meeting.  
  
Stenslie added that along with the financial statements, the auditor’s report includes a “single audit” report on internal control over financial reporting and compliance for our U.S. Department of Commerce funded revolving loan program, as required by OMB Circular A-133.  
  
As you may recall, this is our third audit by Farber Hass Hurley LLP, after several years by Poindexter and Company. Our procurement for this service three years ago allows two more years for contracting the audit work by Farber Hass Hurley LLP, at our option.  
  
Stenslie commended 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.

Stenslie introduced the auditor, 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.

Board members and the auditors had a brief discussion about the audit report, with the auditor answering questions on the details. Abedian asked the Board if they feel there is any significant event or potential fraud or transaction that has an effect on the financial statement. None were offered.

Drake stated that It is recommended by the Executive Committee that the Board approve the draft Auditor's Report and Financial Statements for Fiscal Year Ending December 31, 2019. Bob Huber motioned to approve the draft Auditor's Report and Financial Statements for Fiscal Year Ending December 31, 2019. Kelly Long seconded the motion. Chris Meissner and Cam Smith were not present for this motion. All remaining Board members listed in attendance in favor, motion carried.

**Consideration to Extend for One Year, through 6/30/21, a Contract with the Ventura County Workforce Development Board, for Business Assistance and Rapid Response Services, for \$90,000. Recommendation to Approve.**

Stenslie advised the Board that EDC has continuously and successfully provided business retention and layoff aversion services for the local workforce development system since 2002. The core funding for this activity comes through the Workforce Development Board's annual allocation of federal Workforce Innovation and Opportunity Act (WIOA) funds, specifically the category of funding called "Rapid Response."

Rapid Response funds are used primarily by the local workforce and Americas Career Centers systems to assist in the re-employment of workers who have been laid off.

A parallel priority and goal—with the service provided by EDC—is referred to as "layoff aversion," that is, to work with businesses at-risk of decline, to help stabilize them and to keep their workers employed.

As this program is supported with federal funds, the Workforce Development Board and County develop a solicitation for new contractors for this project every three or four years. Accordingly, the County published a Request for Proposals in August 2017. Based on a panel's scoring of our proposal, our past performance, and given that we were the only applicant, the Workforce Board and County Board of Supervisors approved our continuing service for 2019-20. In recognition of continuing performance, 7/2019 – 6/2020, particularly in response to the coronavirus pandemic and business crisis, the Workforce Development Board has approved our continuing service for 2020-21.

Stenslie added that the primary contractual activity for 2020-21 is for the retention of jobs at-risk of layoff. The contract goal is up from 2019-20—which for that agreement was to provide layoff aversion services to not less than 24 firms, resulting in 120 jobs retained—to the 2020-21 agreement requiring 50 firms served resulting in 200 jobs retained. The increase is of course tied to the current surge in the COVID-19 environment of businesses requiring assistance.

The budget is \$90,000, though may be subject to change based on final allocations of

federal funds to the state and county. If the dollar amount changes, there will be a corresponding adjustment to the outcome goals.

Stenslie noted that this funding was anticipated in our budget adoption for fiscal/calendar year 2020, based on contract performance and on-going discussions about service concentrations.

Going forward, we project that approximately 50% of the contract will be drawn down and expensed under this agreement prior to the end of December, with the balance carried forward to our 2021 fiscal year.

Drake asked for a motion to delegate authority to the President/CEO to sign the contract, subject to legal review. With Peter Zierhut, Kelly Long, Tony Skinner and Bob Huber recusing, Amy Fonzo motioned to delegate authority to the President/CEO to sign the contract, subject to legal review. Dee Dee Cavanaugh seconded the motion. Chris Meissner and Cam Smith were not present for this motion. All remaining Board members listed in attendance in favor, motion carried.

**Consideration to Extend for One Year, through 6/30/21, a Contract with 1st 5 Ventura County, \$35,000 for the Administration of the Community Investment Loan Fund, \$500,000 in Loan Capital. Recommendation to Approve.**

Stenslie noted for the Board that the Ventura County Children and Families First Commission (First 5 Ventura County) was created by the Ventura County Board of Supervisors pursuant to the Children and Families First Act of 1998 (known generally as “Prop 10”). The purpose and mission of First 5 Ventura County is to promote, support, and improve the early development of children from the prenatal stage through five years of age. The Commission is funded by an annual allocation of tobacco tax funds, as established by Prop 10.

In 2009, First 5 Ventura County established its “Community Investment Loan Fund,” the intent of which is “to increase the capacity and infrastructure of programs serving young children and their families . . . through affordable, accessible capital for the development and maintenance of quality child care and preschool facilities for Ventura County’s children.” Following a competitive selection process, EDC-VC was awarded the contract for the management of the loan program.

The recommended action today is to continue the program through June 30, 2021. First 5 Ventura County approved the contract at its regular meeting on May 21.

As noted in the recommendation, our cost for operating the program is \$35,000, essentially unchanged from the prior year. Our administrative expenses are for business outreach and technical assistance, loan underwriting and servicing the portfolio. The technical assistance component of this contract is considerable and is augmented by our Small Business Development Center, which makes the project feasible.

The agreement this year includes a loan capitalization of \$500,000, which is the balance available in the loan pool, set by First 5 at \$1.3 million total.

Five loans from First 5 funds are currently open, totaling \$1,196,868, successfully leveraging an additional \$568,132 in other loan funds, for a total of \$1,765,000 loaned. The fund is extraordinarily cost effective, creating, 341 new child care slots—including 97 in the high value/tight market space for infants and toddlers—and creating 52 new jobs.

**Scope of Work:** EDC's responsibilities under the agreement include:

- Conduct loan consultation for potential borrowers.
- Conduct risk-assessment of loan applicants and proposed projects.
- Provide or identify resources for technical assistance in areas such as business planning, market research, real estate and capital finance information, facilities development budget and timeline, access to other funding, etc.
- Evaluate loan applications and make underwriting decisions.
- Establish and manage a loan board that operates as a decision-making body, guiding the development of loan policies and procedures and making funding decisions for loans.
- Manage and monitor the use and repayment of loan funds, ensure compliance with the loan terms and program guidelines, forecast loan repayment challenges, and provide mitigation support before challenges become serious.
- Outreach to other commercial and community-based lenders to invite and secure participation and co-investment in the Community Investment Loan Fund.

**Our motivations for engaging in this project are several:**

1. Local analyses have identified a large gap between the capacity of the formal child care industry and community need and demand. The Local Child Care Planning Council has reported there is a deficiency in licensed child care slots, covering only some 36% of all children between birth and age 13 with all parents in the labor force (88,893 children, based on 59% of parents in the workforce).
2. Limited finance capacity and economic challenges within the industry—particularly limited access to capital—comprise two of the three greatest barriers to the development of facilities and to closing the gap between capacity and need (the other significant barrier is “regulatory,” that is, inconsistent local development standards, procedures and planning processes).
3. The child care industry is itself an economic driver in the economy as it enables parents to work and earn or upgrade their skills. If parents do not have coverage for their children, we lose out on the human capital contributions of these parents.
4. High quality child care and early child education help prepare our youth for entering the formal education system and for developing the skills essential for succeeding in school and work throughout their lives. *The skills of our future workforce are foundational to our long-term economic competitiveness.*

This program falls into alignment with our organization's capacity and experience for the provision of small business technical support and assistance with access to capital. Our board's approval of the delegation of authority assures continuous service. Should any member want to review the scope of work, budget and terms and conditions, copies will be provided upon request.

Drake asked for a motion that the Board of Directors delegate authority to the President/CEO, subject to legal review, to sign a contract with the Ventura County Children and Families First Commission (First 5 Ventura County), for the period July 1, 2020 – June 30, 2021, for \$535,000, of which \$35,000 is for EDC-VC's administration of \$500,000 in loan capital for the Community Investment Loan Fund. With Kelly long and Bob Huber recusing, Roseann Mikos motioned that the Board of Directors delegate authority to the President/CEO, subject to legal review, to sign a contract with the

Ventura County Children and Families First Commission (First 5 Ventura County), for the period July 1, 2020 – June 30, 2021, for \$535,000, of which \$35,000 is for EDC-VC's administration of \$500,000 in loan capital for the Community Investment Loan Fund. Sim Tang-Paradis seconded the motion. All Board members listed in attendance in favor, motion carried.

**Ratification of a Grant Agreement with Naval Surface Warfare Center – Port Hueneme Division, \$249,500 for Support of the Fathomwerx Partnership. Recommendation to Approve.**

Stenslie noted for the Board that in January 2019 we entered into a Memorandum of Understanding with the Naval Surface Warfare Center-Port Hueneme Division (NSWC-PHD), the Port of Hueneme and Matter Labs, with several purposes in mind:

- supporting a culture of regional technology innovation, leveraging Navy Laboratory and Port resources,
- enabling systems supportive of technology transfer, building a closer relationship between the Navy Labs and the Port and businesses seeking to commercialize Navy and Port innovations,
- accelerating a self-supporting network of innovative research aligned to identified technological needs and a clear path to transition and commercialization by utilizing SBIR/STTR funding, Navy and Port R&D activities and other public and private capital.

One particular manifestation of the partnership is the development of a research laboratory, based at the Port of Hueneme, utilizing an extensive inventory of research and laboratory equipment, for the express purpose of sharing access to those assets with local students, businesses and entrepreneurs.

The outfitting of the research laboratory—branded Fathomwerx by the several partners identified above—is under the umbrella of Partnership Intermediary Agreements between EDC and NSWC-PHD and Naval Facilities Engineering Command (NAVFAC).

Stenslie added that toward advancing the purposes noted and toward fully supporting and launching the Fathomwerx lab, we have been the recipient of two prior Navy grants in 2019. The recommended action today supports additional program activities through the partnership and completes the infrastructure buildout to support the Fathomwerx lab. Copies of the agreement are available for review in our offices.

The grant scope of work includes three core elements:

- 1) The cost of infrastructure improvements in support of technology demonstrations and experimentation and for the support of lab equipment including electrical, air plumbing and water supply, for the support of lab equipment including: JET Woodworking Lathe, JET ZX-Series Large Bore Lathe, Haas Mini CNC Mill, 5 Redbox Connex Boxes, JET Miter Cut-Off Band Saw, Jet Variable Speed Drill Press, JET Combination Disc/Belt Sander, JET 14-inch Vertical Band Saw.
- 2) Program Development: Support for the planning, development and execution of events in coordination with the Naval Surface Warfare Center – Port Hueneme Division, to include at a minimum: Advanced Naval Technical Exercise (ANTX, scientists and engineers showcasing developing technologies that improve understanding of the ocean environment in order to help maintain the Navy's agility in changing climates), Shark-Tank Technology Event, Innovation Discovery

Event, and Technology Collaboration Events as needed.

- 3) Administrative and Logistical Support in coordinating special events with the Naval Surface Warfare Center Port Hueneme and other academic and commercial entities (e.g., event planning, registration).

EDC's role is to serve as the grant administrator, with a variable role in event planning and management. We anticipate that our income on the grant will be 5%, or \$12,475, though may be marginally higher if we exceed that expense in specific event administration (such as registration).

The infrastructure expense, estimated at a base of some \$78,000, is for the Port of Hueneme in building out the facility as noted above.

Program management and the balance of administrative support is through Matter Labs, with some \$40,000 designated for subject matter experts.

While the funding of this grant is by and for the purpose of R&D, prototyping, testing and technology transfer and transition capabilities of the Naval Surface Warfare Center PHD, the grant specifically stipulates that the services under this acquisition are for the development and conduct of programs within the Technology Innovation Lab (Building 319) jointly supported by EDC, Matter Labs, the Port of Hueneme and Naval Surface Warfare Center.

At our Board of Directors meeting in October 2019, the Board approved an action requesting regular updates and progress on the partnership. Following are some key indicators of progress. Staff will provide additional information at the time of our meeting.

- Designation in May 2020 as a prestigious NavalX Tech Bridge partner (one now of only 12 nationally) by Assistant Secretary of the Navy, Research, Development & Acquisition. Facilities and partners that earn the Tech Bridge designation form a connected network that enhances collaboration between Naval Labs, industry, academia, and other military branches. The designation enhances our purpose to offer an easily accessible landing spot to foster a collaborative ecosystem to build productive partnerships and accelerate delivery of dual use solutions to the warfighter.
- Facilitated 24 Small Business Innovation Research (SBIR) Grants, more than \$3.5 million in federal investment in local business R&D and leveraging more than \$1.5 million in additional corporate investment in R&D using the Fathomwerx lab.
- Supporting three Partnership Innovation Agreements (PIAs) and seven Cooperative Research & Development Agreements (CRADAs), linking federal labs with local industry and education leaders.
- More than 150 business and educational monthly engagements.

There was discussion about the nature of the SBIR grants and activity. Staff offered to bring back a summary of how SBIR's work and our regional activity at a future Board meeting.

Drake requested a motion that the Board of Directors ratify approval of a grant agreement with the U.S. Naval Surface Warfare Center – Port Hueneme Division, \$249,500 in support of program activities and infrastructure at the Fathomwerx Lab at

the Port of Hueneme, subject to legal review. Roseann Mikos motioned that the Board of Directors ratify approval of a grant agreement with the U.S. Naval Surface Warfare Center – Port Hueneme Division, \$249,500 in support of program activities and infrastructure at the Fathomwerx Lab at the Port of Hueneme, subject to legal review. Kelly Long seconded the motion. All Board members listed in attendance in favor, motion carried.

### **Update on Business Impacts & Response to COVID-19**

Stenslie stated, given that the economy is just now re-opening, it is difficult still to predict how many business failures the region will suffer. That noted, we have already seen 100,000 unemployment insurance claims in Ventura County, out of a labor force of some 420,000 workers. Our unemployment rate as of mid-April was 14%, though that does not count the additional several thousand for whom hours have been reduced though they are not unemployed.

Data reported for the period March 1, 2020 through June 12, 2020, show the following:

- 1,461 clients, of which 790 are new this period, 671 additional impacted by COVID-19 since October 1, 2019;
- Total of 4,657 hours of business technical assistance and starting to increase significantly;
- Over \$108 million capital infusion (vs. an annual goal of \$35 million).

We are just starting to gather economic impacts. The current turn in activity is more toward intensive technical assistance, facilitating business adjustment to new operating circumstances (the frantic chase of capital and unemployment insurance has calmed but continues). We are experiencing a slowdown in new client activity, though a significant ramp up in hours of technical assistance.

In support of this increase in activity we have been fortunate in securing new revenue sources, both public and private. Staff will provide a summary of revenue opportunities at the time of our meeting. Staff is also in the process of discussing targeted service expansion opportunities with several cities.

EDC and Women's Economic Ventures are partnering with the Ventura County Community Foundation to help deploy the County's investment of \$10 million in CARES Act funds in \$5,000 grants to local businesses.

The shift toward tele-working has enormous implications on several fronts, not least of which are about de-centralization in transportation and land-use planning and the shift in broadband planning from connecting business parks to distribution to the home. We are busy on all of this, with the near-term launch of a project in collaboration with SCAG, focusing on reducing VMT and GhG through an emphasis on Digital Inclusion, or broadband deployment and adoption. We are also working in collaboration with the County on a grant proposal to the US Dept of Commerce, Economic Development Administration, for assistance in building out our regional fiber network.

EDC is the lead partner in a business survey project, already securing responses from some 2,600 businesses from throughout Santa Barbara, Ventura, Los Angeles, San Diego and Imperial Counties. We are working with several university-based research partners and the statewide SBDC network for developing the data analysis, which has already yielded important insights and intelligence on what are effective business recovery strategies and policy priorities.



**President's Report**

Stenslie provided information on what the EDC team is doing to support businesses in the Ventura County. In discussion Board Members provided updates on what is happening in their industries and Cities. Vice Chair Long provided an update on the County's activities.

**Committee/Liaison Reports:**

**Naval Surface Warfare Center** – None

**VCEDA** – None

**Economic Developers Roundtable** – None

**Ventura County Lodging Association** – Brian Tucker shared what is going on with the industry.

**Calleguas Municipal Water District** – None.

**New or Unfinished Business:**

None

**Board Comments:**

None

**Adjournment:**

Meeting adjourned at 5:10 p.m. Our next meeting is July 16, 2020, 4001 Mission Oaks Blvd, Camarillo and by teleconference.