

**MINUTES**  
**EDC-VC EXECUTIVE COMMITTEE MEETING**

June 3, 2020

**Location:** EDC-VC, 4001 Mission Oaks Blvd., Founder’s Room, Suite A-1, Camarillo, CA 93012 and <https://zoom.us/j/8349665509>.

**Attendance:** Haider Alawami– Economic Roundtable Representative, City of Thousand Oaks  
Dee Dee Cavanaugh – City of Simi Valley  
Nan Drake, *Chair* – E.J. Harrison Industries  
Bob Engler – City of Thousand Oaks  
Cheryl Heitmann – City of Ventura  
Kelly Long, *Vice Chair* – County of Ventura  
Chris Meissner– Meissner Filtration Products  
Peter Zierhut, *Secretary/Treasurer* – Haas Automation

**Absent:** Harold Edwards – Limoneira Company

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

**Guests:** None

**Staff:** Kelly Noble, Office Manager  
Bruce Stenslie, President/CEO

**Call to Order:** 3:31 p.m. Chair Nan Drake thanked everyone for attending.

**Roll Call:** Kelly Noble

**Amendment to the Agenda:** None

**Public Comment:** None

**Approval of Executive Committee Minutes** **Executive Committee Meeting, May 6, 2020**  
Chair Nan Drake requested a motion to approve the minutes from May 6, 2020 Executive Committee meeting. Kelly Long moved to approve and file the minutes May 6, 2020 Executive Committee meeting. Bob Engler seconded the motion. Chris Meissner and Cheryl Heitmann were not present for this item. All remaining Executive Members listed in attendance in favor, motion carried.

**Administration** **Recommendation for the Receipt and Approval of the Draft 2019 Audit and Financial Statements.**

Stenslie noted that 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—in final development by Farber Hass Hurley LLP, for our FY 2018—has

been distributed for review.

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.

Stenslie introduced Michel Abedian, the Partner at Farber Hass Hurley overseeing the audit.

Abedian stated that they were not able to have a physical draft audit for today's meeting but one will be provided prior to the next full Board meeting.

Abedian provided a brief update on new audit standards that affect the 2020 report, explaining they may be impactful for the EDC audit.

There are no findings reported for 2019, and no findings from prior years requiring tracking.

Abedian asked that the Executive Committee contact him if they were aware of or suspected any fraud or subsequent events requiring disclosure.

There is no action needed, will be addressed at the next full Board meeting.

**Consideration to Extend for One Year, through June 30, 2021, a Contract with the County of Ventura Workforce Development Board, for Business Assistance and Rapid Response Services, for \$90,000. Recommendation to Approve.**

Stenslie stated 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 Jobs Center 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-VC—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 2018-19. As we exceeded performance metrics for the period 7/2018 – 6/2020, the Workforce Board's Executive Committee has approved our continuing service for 2020-21. Final approval is pending action from the full Workforce Board.

The primary contractual activity for 2019-20 is for the retention of jobs at-risk of layoff. The contract goal is up from 2019-20, for that agreement 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 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.

It should be 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 that the Executive Committee, subject to full board approval, delegate authority to the President/CEO for signing a contract with the County of Ventura, Workforce Development Board (WDB) for Business Retention and Layoff Aversion Services, for \$180,000, for the period July 1, 2019 through June 30, 2020. Dee Dee Cavanaugh motioned that the Executive Committee, subject to full board approval, delegate authority to the President/CEO for signing a contract with the County of Ventura, Workforce Development Board (WDB) for Business Retention and Layoff Aversion Services, for \$180,000, for the period July 1, 2019 through June 30, 2020. Bob Engler seconded the motion. Chris Meissner and Cheryl Heitmann were not present for this item. All remaining Executive Members listed in attendance in favor, motion carried.

**Consideration to Extend for One-Year, through June 30, 2021, a Contract with 1st 5 Ventura County, \$35,000 for the Administration of the Community Investment Loan Fund, and \$500,000 in Loan Capital. Recommendation to Approve.**

Stenslie commented 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 the servicing of the portfolio. The technical assistance component of this contract is considerable and is augmented by our Small Business Development Center resources, 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 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-VC's responsibilities under the agreement include:

- Conduct loan consultation for potential borrowers.
- Conduct risk-assessment of loan applicant and the proposed project.
- 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 don't 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 agreement assures continuous service.

Drake requested a motion that the Executive Committee delegate authority to the

President/CEO, subject to legal review and approval of the full board, 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 new loan capital for the Community Investment Loan Fund. Cheryl Heitmann motioned that the Executive Committee delegate authority to the President/CEO, subject to legal review and approval of the full board, 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 new loan capital for the Community Investment Loan Fund. Chris Meissner seconded the motion. All Executive Members listed in attendance in favor, motion carried.

### **Small Business Development Center Report and Update on COVID-19 Economic Impacts and Business Services**

Stenslie noted that it is difficult to predict how many business failures the region will suffer. That noted, we have already seen some 90,000 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 October 1, 2019 through May 22, 2020, show the following:

- 1,447 clients, of which 932 are new this period (vs. an annual goal of 900; it's conceivable we could reach 2,000 clients, when our prior year high was around 900, and generally around 500 to 600 for several years prior to the high mark in 2019);
- Total of 7,580 hours of business technical assistance;
- Outcomes include:
  - \$101,653,829 in capital infusion (vs. an annual goal of \$35 million);
  - \$45,028,627 increase in sales over baseline;
  - 30 new business starts (vs. an annual goal of 60, though several in the pipeline).

For COVID-19 activity, that is, for the period March 1 through data reported May 22, 2020, we show the following **(these are all a subset of the previous data)**:

- 1,319 clients, of which 690 are new this period, March 1 to date;
- 3,858 hours of business technical assistance;
- 2,975 businesses engaged, on a total of 4,374 in-bound hotline calls (these numbers will be updated as we complete inputting data on regular webinars, other training, information & referral, which includes clients for whom we have not recorded an intake and provided direct technical assistance);
- We are just starting the process of sorting the outcome data by COVID-19 client profile.

The current turn in activity is more toward intensive technical assistance, facilitating business adjustment to new operating circumstances. We anticipate some slow down 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. Staff will also report on those discussions at the time of our meeting.

**President's Report**

Stenslie provided additional information on COVID-19 response activities and resources. Supervisor Long also provided detail on the County's actions and strategies. Stenslie informed the Executive Committee that the statewide SBDC dashboard will soon be going live. Stenslie noted that we are aiming for 7/1/2020 to launch the Business Forward website.

**New or  
Unfinished  
Business**

None.

**Executive  
Committee  
Comments:**

Members provided updates on what they're each seeing in response to COVID-19 in their cities and industries.

**Adjournment**

At 4:54 pm. Chair Nan Drake announced that the meeting is adjourned to July 1, 2020.

Minutes taken by Kelly Noble