

MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
July 16, 2020

- Location:** 4001 Mission Oaks Blvd, Camarillo, CA 93012 and by teleconference.
- Attendance:** Haider Alawami – City of Thousand Oaks, Liaison, ED Managers Roundtable
Will Berg – City of Port Hueneme
Christina Birdsey – Port of Hueneme/Oxnard Harbor District
Vance Brahosky – NSWC Port Hueneme Division (Liaison)
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
Greg Gillespie – Ventura County Community College District
Cheryl Heitmann – City of Ventura
Bob Huber – County of Ventura
Nina Kobasyashi – Mechanics Bank
Jey Lacey – Southern California Edison
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
Jim Scanlon – Arthur J. Gallagher and Co
Sandy Smith – VCEDA
Sim Tang Paradis – City National Bank
Brian Tucker – Ventura County West
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Absent:** Gerhard Apfelthaler– California Lutheran University
Skyler Ditchfield– Geolinks
Harold Edwards – Limoneira Company
Amy Fonzo – California Resources Corporation
Anthony Goff – Calleguas Municipal Water District (Liaison)
Mary Jarvis – Kaiser Permanente
Kelly Long, *Vice Chair* – County of Ventura
Will Mitchell – Strata Solar Development
Alex Schneider – The Trade Desk
Tony Skinner – IBEW Local #952
Andy Sobel – City of Santa Paula
Trace Stevenson – AeroVironment, Inc.
Ysabel Trinidad – California State University Channel Islands
William Weirick – City of Ojai
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner

Staff:	<p>Marvin Boateng, Loan Officer Ray Bowman, EDC SBDC Director Clare Briglio, Director of Communications Shalene Hayman, Controller Kelly Noble, Office Manager Bruce Stenslie, President/CEO</p>
Guests:	<p>Larry Buckley, Ventura County Community College District Javiera Cartagena, SCAG Darin Chidsey, SCAG Kelly Flanders, City of Oxnard Cynthia Herrera, Ventura County Community College District Jonathan Hughes, SCAG Alan Jaeger, NSWC Port Hueneme Division Jeffrey Lambert Veronica Long Virginia Newman Rosie Ornelas, City of Oxnard</p>
Call to Order:	<p>Chair Nan Drake called the meeting to order at 3:31 p.m. Drake thanked everyone for attending.</p>
Amendment to the Agenda:	<p>None</p>
Public Comment:	<p>None</p>
Minutes:	<p>Approval of Meeting Minutes, June 18, 2020 Chair Drake asked if there were any comments on the June 18, 2020 minutes. With none, Drake asked for a motion to approve the minutes from June 18, 2020. Bob Huber motioned to approve the minutes from June 18, 2020. Sim Tang-Paradis seconded the motion. All Board members listed in attendance in favor, motion carried.</p>
Financial Report:	<p>June 2020 Financials Shalene Hayman reviewed the June 2020 financials. Drake asked for a motion to approve the June 2020 Financials. Dee Dee Cavanaugh motioned to approve the June 2020 Financials. Bob Engler seconded the motion. All Board members listed in attendance in favor, motion carried.</p>
Presentation:	<p>Darin Chidsey, COO, Southern California Association of Governments, “Connect SoCal, The 2020-45 Regional Transportation Plan/Sustainable Communities Strategy” President/CEO Bruce Stenslie introduced Darin Chidsey who provided an overview of the Connect SoCal strategy, its value to the SCAG region and its local economies and opportunities for input going forward.</p>
Administration:	<p>Delegation of Authority to the President/CEO for Approval of Contracts with the City of Ventura for the Continuing Management of Business Loan Programs, for the Period July 1, 2020 – June 30, 2021. Recommendation to Approve. Stenslie noted for the Board that the EDC-VC has managed these loan programs for the City of Ventura since the year 2000. We have made 104 loans over this period, for a total of \$4.3 million, creating 346 sustained jobs, for an average cost per job created of about \$13,000. The recommended actions are to continue this service for another one</p>

year period, commencing July 1, 2020.

The programs' purposes are to advance the city's strategy for investing in business growth in its downtown and other commercial neighborhoods, to spur economic growth by assisting business owners to overcome some of the hurdles to successful entrepreneurship, and to add to the city's employment pool.

Stenslie added that the two contracts serve different lending goals for the City and augment our countywide lending resources.

- The Microloan contract is funded by Community Development Block Grant funds, is directed to small business entrepreneurs, and is intended to support job creation for low and moderate income workers. This year's contract establishes our access to \$150,000 in loan capital, for at least three loans, not to exceed \$50,000 each.
- The Rehabilitation and Code Compliance Loan contract is funded by city general funds, and is intended to support the creation of businesses and jobs by lending to firms that are rehabilitating properties or addressing property code compliance issues. The total pool of funds available for lending includes an estimated \$500,000 for commercial rehabilitation and \$150,000 for code compliance. Commercial rehabilitation loans may range from \$10,000 to \$50,000; code compliance loans may range from \$10,000 to \$25,000. Exceptions on the lower end of the ranges may be considered by the City.

In both contracts our services are to:

- provide technical assistance to loan applicants,
- develop and fund new loans in the number prescribed, and
- service the existing portfolio.

The over-riding consideration in all activities is to support job creation and retention.

The city takes the lead in identifying eligible loan recipients through its economic development program. The EDC-VC partners with the City in this outreach through our Small Business Development Center and provides all loan underwriting, servicing and general loan administration.

Maximum loan terms are seven years. Loans are currently being made at 5.50%, facilitating affordable capital through this program to the city's small business owners and entrepreneurs. Additional detail on allowable uses of funds is outlined in the attachment to this memorandum.

The goal of the lending programs is to create at least one job for each \$25,000 loaned. As noted above, the cumulative performance is one job created per every \$13,000 loaned, far exceeding our baseline goals. Along with the job creation, the lending has also contributed to the retention of more than 100 additional jobs.

The loan program has also performed well in managing risk, with less than 5% of the loan fund charged off by the loan board. Considering all loans both charged-off and at-risk of non-payment, the rate increases to 5.75%. The contracts specify that underwriting standards must be tightened if more than 25% of the loans are in collection or liquidation, with such a high ceiling reflecting the loan pool's purpose to facilitate access to capital for the purpose of job creation and for businesses unable to secure commercial credit.

Staff presents a comprehensive summary of our total lending activity annually. Our next

update is anticipated for this fall. Members may request a copy of the loan portfolio at any time.

Chair Drake requested a motion to authorize, subject to legal review, the President's and Chair's signature approvals of two anticipated contracts with the City of Ventura, for the period July 1, 2020 through June 30, 2021, for the management and administration of the City's:

1. Microloan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two loans, with loans not to exceed \$50,000 each, out of a loan pool of \$150,000, and for servicing the existing loan portfolio.
2. Rehabilitation and Code Compliance Loan Program, \$25,000 for underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

Henry Dubroff motioned to authorize, subject to legal review, the President's and Chair's signature approvals of two anticipated contracts with the City of Ventura, for the period July 1, 2020 through June 30, 2021, for the management and administration of the City's:

- 1) Microloan Program, \$25,000 for business technical assistance and underwriting services to fund a minimum of two loans, with loans not to exceed \$50,000 each, out of a loan pool of \$150,000, and for servicing the existing loan portfolio.
- 2) Rehabilitation and Code Compliance Loan Program, \$25,000 for underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

Bob Huber seconded the motion. With Cheryl Heitman recusing, all remaining Board members listed in attendance in favor, motion carried.

Consideration to Ratify Approval of a Contract with the City of Camarillo for the Administration of a Business Loan Program Capitalized by the City Totaling \$975,000 by Four Annual Installments through July 1, 2023 and a \$15,000 Management Fee for the Term Ending June 30, 2021 and an Additional \$90,000 through June 30, 2025. Recommendation to Approve.

Stenslie noted for the board that EDC has served as an alternative lender since our first year of business in 1996. Loan funds are capitalized by several public and private sector entities including the U.S. Department of Labor, First 5 Ventura County, federal Community Development Block Grant funds through the City of Ventura, other City of Ventura funds, and several private banks and institutions. Our purpose in lending is investing in regional business and job growth and retention.

Given the COVID-19 business crisis, and consistent with the City's adopted economic development strategy, the City of Camarillo approached EDC about developing and launching a new loan program for businesses within the city.

The program design is as a Revolving Loan Fund, meaning that as loans are made and principle and interest are paid, the returned funds stay in the program pool for re-lending.

The city's investment in loan capital is agreed to as follows, for a total of \$975,000:

- July 1, 2020: \$300,000

- July 1, 2021: \$225,000
- July 1, 2022: \$225,000
- July 1, 2023: \$225,000

The city also agrees to provide a \$15,000 fee, for the year July 1, 2020 through June 30, 2021, for a total financial contribution of \$990,000.

EDC's role is to partner with the City in outreach to local businesses; engagement with loan applicants; screening of applicants and technical assistance through our Small Business Development Center; review of applications; development of loan recommendations and credit memoranda; coordination and management of the Loan Board; funding and servicing the loans, including collection of payments and maintenance of the loan fund pool.

Loans are targeted to a range of \$10,000 to \$50,000, with some flexibility, requiring city approval, for lower or larger amounts. Loans will be made at 4.25%, allowing our inclusion of these loans in the CA IBank loan guarantee program at 95% (for disaster related loans). Maximum loan terms are six years.

Based on the assumption of fully lending the new funds available on an annual basis, and using a standard amortization schedule, the fund is projected to operate on a revolving basis, with some \$225,000 available annually after the four years of the city's investment.

EDC's management fee is projected to be drawn annually, after the first year, from the interest earned on the portfolio.

The City approved the agreement at its Council meeting on June 24 and requested our signature the next day.

The EDC Executive Committee reviewed and approved this action at its meeting of July 1.

Chair Drake requested a motion to, subject to legal review, ratify the President/CEO's signature to a contract with the City of Camarillo for the Administration of a Business Loan Program, capitalized by the City at \$975,000 by four annual installments through July 1, 2023 and a \$15,000 management fee for the term ending June 30, 2021 and an additional \$90,000 through June 30, 2025.

Bob Engler motioned to, subject to legal review, ratify the President/CEO's signature to a contract with the City of Camarillo for the Administration of a Business Loan Program, capitalized by the City at \$975,000 by four annual installments through July 1, 2023 and a \$15,000 management fee for the term ending June 30, 2021 and an additional \$90,000 through June 30, 2025.

Gary Gillespie seconded the motion. With Shawn Mulchay recusing, all remaining Board members listed in attendance in favor, motion carried.

Consideration of a \$20,000 Contract with the Ventura County Workforce Development Board for the Management of www.businessforwardvc.com and Delegation of Authority to the President/CEO to Accept Additional Public and Private Sector Funds, Not to Exceed \$100,000, for Website Support and Follow-Up Business Services. Recommendation to Approve.

Stenslie noted, Ventura County as a region has lacked a comprehensive business service resource and assets communication tool *that is effective for connecting the region's*

service providers to existing and prospective business need and demand. This gap undermines our ability to promote economic growth and secure economic prosperity through a program of business retention and growth, entrepreneurship and attraction. Recognizing this communication gap already in 2010, and seeking to enhance our recovery from the Great Recession, the VC Workforce Development Board accessed federal ARRA funding to address the need. The Workforce Board launched, and has maintained since then, the *Ventura County Grows Business (VCGB)* website, featuring information equally on each of the cities and county and providing profiles of the region's business and workforce services and assets. At the time it was created, it served to fill a gap for promoting the region.

That value noted, a recent survey and analysis of the service providing partners indicates that none are receiving significant referrals through VCGB.

Our conclusion through a multi-partner participatory process for evaluating our current state is that VCGB is not wholly meeting the current needs of the region, either by connecting businesses to services for retention and growth or by marketing the region's assets for business attraction.

For a solution moving forward, the County Chief Executive Office (as lead on the VC Economic Vitality Strategic Plan), Workforce Development Board staff and other stakeholders have agreed to discontinue the investment in *Ventura County Grows Business* and redirect resources and funding to EDC—as a regional, full service economic development corporation—for the development and maintenance of a new online resource, *Business Forward Ventura County*, or www.businessforwardvc.com.

Accordingly, EDC initiated the development of a new web platform that improves on the functionality of VCGB, both relative to referrals to services and for clear messages on entrepreneurship, business growth and retention and attraction.

A significant cost of the project and service is staffing the resource, for assurance that we are engaging the businesses that look to the site for access to services. Much of the funding for the project is for that staffing which we have recently added.

For launching the project and staffing we have secured funding from the Ventura County Community Foundation and now, for the recommended action in this item, through the Workforce Development Board. We have also approached the City Managers and County Executive Office for additional funding and are confident we have the full budget for launch.

We met our commitment for a July 1 release. As we are early in this project—and have had the extraordinary interruption of COVID-19—the July launch is “minimally viable,” with additional depth to the content to be added over the next one to two months.

The recommended actions are to approve the new funding from the Workforce Development Board and to delegate authority to the President/CEO to accept additional financial contributions, not to exceed \$100,000 in total.

We are asking for that delegation as we anticipate that any city and county contributions will not be through a contract vehicle, rather as additional partner/member contributions to EDC.

Chair Drake requested a motion to

- 1) Approve a \$20,000 contract with the Ventura County Workforce Development Board for EDC's management of the new website www.businessforwardvc.com,

and

- 2) Delegate authority to the President/CEO to accept additional public and private sector contributions in support of Business Forward Ventura County for the term July 1, 2020 through June 30, 2021.

Manny Minjares motioned to

- 1) Approve a \$20,000 contract with the Ventura County Workforce Development Board for EDC's management of the new website www.businessforwardvc.com, and
- 2) Delegate authority to the President/CEO to accept additional public and private sector contributions in support of Business Forward Ventura County for the term July 1, 2020 through June 30, 2021.

Cheryl Heitmann seconded the motion. With Bob Huber, Peter Zierhut and Greg Gillespie recusing, all remaining Board members listed in attendance in favor, motion carried.

Consideration to Approve a Partnership Intermediary Agreement with Naval Surface Warfare Center – Corona Division. Recommendation to Approve.

Stenslie noted, at the meeting in January 2019 the EDC Board of Directors approved a Memorandum of Understanding with the Naval Surface Warfare Center – Port Hueneme Division, Matter Labs and the Port of Hueneme, for the purpose of identifying and defining the roles of the parties for advancing a technology transfer agenda supporting regional economic sustainability and competitiveness.

The value proposition of our technology transfer agenda includes enhancing public/private partnerships; advancing entrepreneurship and innovation through the networking of DoD sponsored R&D to private firms; connectivity to intellectual property generated through the nation's network of federal research laboratories; all for the purpose of stimulating growth and diversification of the region's economy.

Partnership Intermediary Agreements (PIA's) are a standard feature within federal agencies and the DoD for facilitating rapid development and deployment of new technologies.

In January 2019, the EDC Board of Directors approved a Partnership Intermediary Agreement (PIA) with Naval Surface Warfare Center – Port Hueneme Division.

Today's recommended action is to consider approval of another PIA, with another of the DoD research labs, the Naval Surface Warfare Center – Corona Division, a sister installation of our Port Hueneme Naval Surface Warfare Center. Based in Norco, Riverside County CA, NSWC Corona is one of ten Warfare Centers under the NAVSEA (Naval Sea Systems) Command.

This PIA was recently proposed by the Corona Division, in response and recognition to our Fathomwerx Lab's designation by the Assistant Secretary of the Navy as a Naval X Tech Bridge, as a connected network that enhances collaboration between Naval Labs, industry, academia, and other military branches.

For more detail, see the attached PIA, particularly Article 3, "Background and Purpose."

The PIA is a standard agreement, developed by the US government for use by any of its several departments, agencies or research laboratories.

PIA's are intended to increase the likelihood of success in the conduct of cooperative or joint activities with small business firms, institutions of higher education and other private sector parties.

Securing this agreement advances our capacity to facilitate regional private sector participation in DoD sponsored research and development.

Our particular interests are for supporting regional entrepreneurship and technology innovation, enabling public/private collaboration in R&D and commercialization of technologies, and to advance a structure for mentoring innovative companies.

At our EDC Board meeting last month, staff summarized several of the outcomes generated by our activities in partnership with the Navy, Matter Labs and the Port of Hueneme:

- 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 seven Cooperative Research & Development Agreements (CRADAs), linking federal labs with local industry and education leaders.
- More than 150 business and educational monthly engagements.

For follow-up on one particular element of that activity, staff will be presenting an overview report on SBIR's at our September meeting.

Chair Drake requested a motion to approve a Partnership Intermediary Agreement with Naval Surface Warfare Center – Corona Division. Bob Huber motioned to approve a Partnership Intermediary Agreement with Naval Surface Warfare Center – Corona Division. Henry Dubroff seconded the motion. All Board members listed in attendance in favor, motion carried.

Consideration to Amend the EDC Employee Handbook, Section 6.14, Vacation Time. Recommendation to Approve

Stenslie noted EDC maintains an Employee Handbook, approved by the Board of Directors, establishing the guidelines for employee benefits and policies.

Section 6.14 addresses Vacation Time (see attachment). Employees earn vacation time on a formula tied to years of service with EDC. Specifically, from month 4 through the end of year three of employment with EDC, employees earn 12 days annually; from year four and forward employees earn 18 days annually.

Adopted policy also requires that all employees take at least one week (five consecutive days) of leave annually, as a matter of promoting a healthy break from work and to help assure that no single in-office function is wholly dependent on only one person.

Adopted policy also limits the accumulation of accrued hours of earned vacation to twice the current annual benefit. For example, an employee with EDC for five years could accumulate no more than the equivalent of 36 days (twice the allowed 18 days annually), or 288 hours. That limitation is intended to help manage our financial liability for accrued benefits.

Given the recent increase in workload resulting from the pandemic, and staff putting off

vacations, several staff are now near or already over the maximum amount of accumulated leave. Given this circumstance the recommendations are to alleviate the potential loss of employee benefits in earned vacation time.

That noted, the first recommendation is intended as a permanent adjustment, allowing employees to request and receive up to two weeks of payout on their accumulated leave. This helps us keep the accumulated hours at a lower amount, allows a pay out to employees whose workload interferes with their ability to take leave, and also allows us, under the current circumstance, to cash out excess accumulated leave, removing the liability from an annual carry-forward.

The second recommendation is purely a response to the current crisis workload. The recommended increase in the allowance for accumulated leave is temporary, through the end of 2020, though we would also allow through calendar 2021 for employees to take time off (or receive partial pay-out) to reduce any accumulated leave in excess of the baseline twice annual amount.

The Executive Committee reviewed the recommended actions at its meeting of July 1, and recommended approval to the full Board.

Chair Drake requested a motion to approve:

- 1) An amendment to the Employee Handbook, Section 6.14, establishing an increase from the current allowance of a payout of an employee's accrued vacation time of one week to two weeks annually.
- 2) An amendment to the Employee Handbook, Section 6.14, establishing a temporary increase, through December 31, 2020, for an employee to accumulate up to a revised three times the hours of annual accrual allowance, an increase from the current limit of twice the annual accrual allowance.

Gary Cushing motioned to approve:

- 1) An amendment to the Employee Handbook, Section 6.14, establishing an increase from the current allowance of a payout of an employee's accrued vacation time of one week to two weeks annually.
- 2) An amendment to the Employee Handbook, Section 6.14, establishing a temporary increase, through December 31, 2020, for an employee to accumulate up to a revised three times the hours of annual accrual allowance, an increase from the current limit of twice the annual accrual allowance.

Dee Dee Cavanaugh seconded the motion. All Board members listed in attendance in favor, motion carried.

Update on COVID-19 Business Service

Ray Bowman gave a update on:

- Total volume of client activity, as continuously updated at <https://edcollaborative.com/covid19/>. Scroll to the bottom of the page for the dashboard, showing 1,561 active clients as of this writing, 1,854 clients participated in webinars and training, more than 6,000 businesses engaged for information and referral.
- Profile of current business and worker impacts, unemployment insurance claims.
- Status updates on strategies in the provision of business technical assistance and lending services.

- US SBA and Treasury have released partial information on the Paycheck Protection Plan loans made to date. Our SBDC Director, Ray Bowman, has taken a close look at the Ventura County data and will display and discuss the volume and profile of the lending with the Board.
- Updates on-going statewide survey of businesses . . .

President’s Report

Stenslie provided information on what the EDC team is doing to support businesses in Ventura County. In discussion Board Members provided updates on what is happening in their industries and Cities.

Committee/Liaison Reports:

Naval Surface Warfare Center – Coastal Trident has kicked off with 20 experiments moving forward. Excited to work with EDC.

VCEDA – None

Economic Developers Roundtable – None

Ventura County Lodging Association – Brian Tucker shared the following on Zoom Chat: Apologies I have to jump off for another meeting, however, I do want to provide the following update. Since the last EDC Board Meeting my organization has been working with Smith Travel Research and has finalized our 18 month lodging forecast. Our forecast looks at Occupancies, Average Daily Room Rates and Revenue Per Available Room for our four cities that include Camarillo, Oxnard, Port Hueneme and Ventura. High level summary: We are projected to end 2020 with Occupancy of 52.7% Average Daily Room Rate of \$116.60 and Revenue Per Available Room of \$61.49.

Calleguas Municipal Water District – None.

New or Unfinished Business:

None

Board Comments:

None

Adjournment:

Meeting adjourned at 5:04 p.m. Our next meeting is September 17, 2020, 4001 Mission Oaks Blvd, Camarillo and by teleconference.