

MINUTES
EDC-VC EXECUTIVE COMMITTEE MEETING
October 7, 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
Harold Edwards – Limoneira Company
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:** Dee Dee Cavanaugh – City of Simi Valley
Nan Drake, *Chair* – E.J. Harrison Industries
- Legal Counsel:** Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner
- Guests:** Brian Miller, County of Ventura
- Staff:** Marvin Boateng, Loan Officer
Vicki Meraz, Loan Program Assistant
Kelly Noble, Office Manager
Bruce Stenslie, President/CEO
- Call to Order:** 3:31 p.m. Vice Chair Kelly Long thanked everyone for attending.
- Roll Call:** Kelly Noble
- Amendment to the Agenda:** None
- Public Comment:** None
- Approval of Executive Committee Minutes** **Executive Committee Meeting, September 2, 2020**
Vice Chair Kelly Long requested a motion to approve the minutes from September 2, 2020 Executive Committee meeting. Bob Engler moved to approve and file the minutes September 2, 2020 Executive Committee meeting. Cheryl Heitmann seconded the motion. All Executive Members listed in attendance in favor, motion carried.
- Administration** **Consideration to Delegate Authority to the President/CEO to Sign Grant Agreements for Small Business Development Services, Funding from the Governor’s Office of Business and Economic Development, Estimated \$140,000 for the Capital Infusion Program and \$450,000 for the Technical Assistance Expansion Program, Both for the Term October 1, 2020 through September 30, 2021. Recommendation to Approve.**

EDC has served as the Ventura and Santa Barbara Counties Small Business Development Center (SBDC) since 2010. The primary funding is through the U.S. Small Business Administration (SBA). The SBDC grant has generally ranged between \$375,000 and \$475,000 annually, on a calendar year term. The SBA requires that grantees provide a match to the federal funds, not less than half of the match in cash.

Over the last several years the Governor's Office of Business and Economic Development has provided some share of the required cash match. That has mostly been in the form of the Capital Infusion Program (or CIP, the subject of recommendation #1 above), which for EDC has ranged from as low as \$45,000 up to \$140,000. These funds are specifically intended to improve local SBDC capacity to facilitate business access to capital. This year's estimated funding of \$140,000 is the same as the prior year, all of which contributes to our SBDC program required cash match of an estimated \$240,000 annually.

The funding is delivered to us through the same regional structure as for our regular SBA funding, that is, through grant agreement from the regional lead center, Long Beach City College. The grant agreement has not yet been received, though we anticipate it to be presented some time in mid to late October. Today's recommended action is to assure we're able to access the funding as soon as possible after they submit it for our review and signature.

Prior year program performance outcomes were to provide technical assistance to 300 firms seeking access to capital, resulting in \$18 million in new capital infusion. The outcomes are captured and reported under the single banner of our Small Business Development Center program. We have fully expended these funds and exceeded our outcome goals for this fund in prior years.

Technical Assistance Expansion Program (TAEP) was a new program starting in October 2018, also funded through the Governor's Office of Business and Economic Development and also, like the CIP program noted above, with funding distributed through our lead SBDC center, Long Beach City College.

The program's purpose is to leverage and supplement existing federal programs, expanding its reach to a larger number of firms and resulting in more outcomes in capital infusion and new business starts. Program activity and outcomes are reported under the unified banner of the SBDC contract.

As noted above for CIP, today's recommended action is to help assure we're able to access the funding as soon as possible after receiving, reviewing and approving the proposed agreement.

Unlike the Capital Infusion Program noted above, the TAEP funds are not intended as cash match, rather are to augment and expand the work of Small Business Development Centers, Women's Business Centers, Minority Business Centers and other programs funded by the federal government to serve small business.

Vice Chair Long asked for a motion for the Executive Committee delegate authority to the President/CEO to sign grant agreements and modifications with the Governor's Office of Business and Economic Development (GOBiz) for Small Business Development Center services, for the term October 1, 2020 – September 30, 2021, subject to full

Board of Directors approval and legal review, for consideration the following actions:

1. Approval of a Capital Infusion Program (CIP) Agreement, estimated at \$140,000;
2. Approval of a Technical Assistance Expansion Program (TAEP) Agreement, estimated at \$450,000.

Cheryl Heitmann motioned that the Executive Committee delegate authority to the President/CEO to sign grant agreements and modifications with the Governor’s Office of Business and Economic Development (GOBiz) for Small Business Development Center services, for the term October 1, 2020 – September 30, 2021, subject to full Board of Directors approval and legal review, for consideration the following actions:

1. Approval of a Capital Infusion Program (CIP) Agreement, estimated at \$140,000;
2. Approval of a Technical Assistance Expansion Program (TAEP) Agreement, estimated at \$450,000.

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

Small Business Development Center Program Year-End Report, for October 1, 2019 – September 30, 2020

Stenslie noted 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. And during the pandemic crisis, SBDC’s are instructed to serve businesses without regard to their location.

We have successfully operated this program since 2010, consistently exceeding performance benchmarks, earning contract renewals.

Our core SBA funding for the program runs on a January-December basis, with other state and local funding running either on a June 30 or September 30 year-end.

Given that the standard federal fiscal year ends September 30, the California SBDC network recently adjusted its system to track and measure performance outcomes on a September 30 year end basis.

Including budget adjustments just approved last month, our funding for this program includes the following (consistent with our budget model, we’re displaying revenue here as projected through December 31):

- SBA/SBDC: \$475,000 (renewing on January 1 for 2021)
- SBDC CARES Act: \$267,187 (anticipating similar amount for 2021)
- CA GOBiz CIP: \$145,000 (anticipating similar amount, renewing October 1)
- CA GOBiz TAEP: \$525,749 (anticipating up to \$450,000, renewing October 1)
- Biz Enhancement: \$118,000 (contributed by cities and county, renewed annually)
- TOTAL: \$1,480,936

We are required to provide a 100% non-federal match to the SBA/SBDC allocation of \$475,000, not less than half in cash, the other share by indirect or in-kind contributions. We meet the cash match contribution by a combination of the GOBiz \$145,000 and the local \$118,000. That total of \$263,000 represents a roughly \$25,000 “over-match” of the 50% cash obligation, which gives us room to “breathe,” that is, it assures we don’t come up short, provides additional cash for actual services and helps reduce our need to secure and document in-kind contributions.

One other point on revenue, some \$100,000 of the TAEP funding in 2020 has been for special research and development projects, including the statewide SBDC data tracking dashboard system. We anticipate some continuing contribution for that in 2021, though scaled back for maintenance versus the higher costs of development and implementation.

Our service delivery is primarily through the provision of direct, one-on-one professional consulting, using a corps of some 30 business advisors. Our strategy is to develop direct advising or consulting relationships with business clients, customized around specific scopes of work responsive to their needs for growth and profitability and, in crisis times, for surviving through disaster.

Our contract goals and current outcomes follow below; preliminary data is displayed on our website. All reported outcomes (or “milestones”) must be documented by signed agreement from the businesses served.

<u>Performance Goals</u>	<u>Annual Outcome Target</u>	<u>PY Total Outcomes</u>
Clients Served:	821	1,823
Capital Infusion	\$30,000,000	\$118,281,256
Business Starts	60	37

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.

For performance, we far exceeded goals in clients served and capital infusion, though were low in business starts (an extremely challenging year for start-ups, though we are still counting, and may have a few more for the final report).

For this year with the rush of COVID-19 we more than doubled our previous high point number for clients served, 898 in 2019 and as compared to 637 in 2018. The shift in client profile is primarily to more Service establishments, 399 in the year just ended. Other sectors with large numbers include 182 in Accommodation & Food; 152 in Manufacturing; 149 in Health Care & Social Assistance; 141 in Arts & Entertainment; 128 in Professional & Scientific Services; and 122 in Retail.

Stenslie added, of course, all things related to the SBDC program—service strategy, staff and advisor deployment, goals and outcomes—for this year have been completely disrupted by COVID-19. As noted in previous reports, our programmatic response was immediate and broadscale.

- To accommodate the rush of client need for assistance we hired and trained several part-time staff to support a hot-line call center operation, providing

information and referral, program intake and access to advising services.

- We developed a comprehensive state of the art web page on COVID-19 resources (<https://edcollaborative.com/covid19/>) and continue to update it weekly and distribute to some 18,000 Constant Contact subscribers dozens of bulletins and announcements on federal, state and local resources.
- We developed and launched a whole new program of informational webinars on topics, just for example, ranging from federal loan program eligibility to social media and e-commerce strategies to considerations for a business to manage an organized closing to negotiating tenant/landlord issues.
- We organized and deployed an emergency strike team of staff and advisors to provide client assistance in accessing our own loan funds and, especially, the fast-evolving new federal loans and grants (PPP and EIDL).
- We organized new capacity to facilitate business understanding of impacts of new legislation to worker health benefits, business responsibilities in employee management and the nuances of unemployment insurance.
- We developed templates for several industry sectors for a turn-key resources for business compliance with state and local orders for re-opening and safety protocols.
- We hired two new regular staff, one to support our lending and capital access services (and to provide support for our existing loan portfolio clients) and another to support our on-going client, community and partner communications.
- We launched a whole new regional web resource, <https://businessforwardvc.com/>, in support of regional efforts to improve the networking of resources responsive to business need and to begin to communicate more strategically that Ventura County is a great place for business relocation.
- We partnered with the County of Ventura and Women's Economic Ventures to facilitate some 4,000 firms accessing County sponsored \$5,000 grants.
- We continue to re-engineer our teams and services for optimal response to the continuing pandemic disaster.

Lending Program Update and Overview

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.

Our sources of capital include the U.S. Department of Commerce, funds from several cities and the county, federal Community Development Block Grant funds, private capital and 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. Aside from the child care expansion fund, our primary objective in lending is job creation, overall creating one job per approximately every \$15,000 loaned, against a general goal of one job per \$25,000 loaned.

The total amount of loans made from all funds is approximately \$20 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.

For more on the loan programs, go to <https://edcollaborative.com/edc-loan/>.

Marvin Boateng, the EDC Loan Officer, reviewed the loan portfolio, our service priorities and resources for supporting loan applicants and for business access to capital generally.

Marvin also addressed lending and access to capital activity in the COVID-19 context, including impacts both to the risk of new lending and to the existing portfolio.

Membership Report

Stenslie stated, as noted in prior months, we are actively recruiting new private sector members, with goal 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 and sub-sectors:

- Wholesale and Retail Trade
- Real Estate and Development
- Engineering
- Leisure and Hospitality
- Biotech and Medical Devices

President's Report

Stenslie provided updates on the following

- Staff: Hiring and development, health benefits renewal, planned retreat.
- Film Commission, updates to EDC and County Board, October and November.
- CA Forward, CA Economic Summit participation, statewide leadership activity.
- CA Stewardship Network, Morgan Family Foundation grant shift from apprenticeship investment to Asset Mapping for Work-Based Learning Resources, Programs, Partners.
- Ventura County Business Grants Status.
- Publications: CEDS Annual Update, Entrepreneurship Ecosystem Update, Creative Economy, CA Statewide COVID-19 Business Survey.
- Communications: Press responses, EDC Website Updates, Webinars, Business Forward VC.

Stenslie provided additional information on COVID-19 response activities and resources. Supervisor Long also provided detail on the County's actions and strategies.

New or Unfinished Business

None

Executive Committee Comments:

None

Adjournment

At 4:54 pm. Vice Chair Long announced that the meeting is adjourned to November 4, 2020.

Minutes taken by Kelly Noble