

MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
February 18, 2021

- Location:** 4001 Mission Oaks Blvd, Camarillo, CA 93012 and by teleconference.
- Attendance:** Gerhard Apfelthaler – California Lutheran University
Vance Brahosky – NSWC Port Hueneme Division (Liaison)
Stephanie Caldwell– Chambers of Commerce Alliance
Dee Cavanaugh – City of Simi Valley
Nan Drake – E.J. Harrison Industries
Harold Edwards, *Vice Chair* – Limoneira Company
Bob Engler – City of Thousand Oaks
Daniel Groff – City of Moorpark
Cynthia Herrera – Ventura County Community College District
Bob Huber – County of Ventura
Mary Jarvis – Kaiser Permanente
Mike Johnson - City of Ventura
Nina Kobayashi – Mechanics Bank
Jey Lacey – Southern California Edison
Ari Larson – City of Fillmore
Kelly Long, *Chair* – County of Ventura
Vianey Lopez – City of Oxnard
Chris Meissner – Meissner Filtration Products
Rosie Ornelas – Economic Development Representative/City of Oxnard
Misty Perez – City of Port Hueneme
Tracy Perez – VCEDA
Andy Sobel – City of Santa Paula
Cam Spencer – Port of Hueneme/Oxnard Harbor District
Sim Tang Paradis – City National Bank
Ysabel Trinidad – California State University Channel Islands
Brian Tucker – Ventura County West (Liaison)
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Absent:** Skyler Ditchfield– Geolinks
Henry Dubroff – Pacific Coast Business Times
Anthony Goff – Calleguas Municipal Water District (Liaison)
Randy Haney – City of Ojai
Will Mitchell – Strata Solar Development
Shawn Mulchay – City of Camarillo
Jim Scanlon – Arthur J. Gallagher and Co
Alex Schneider – The Trade Desk
Trace Stevenson – AeroVironment, Inc.
IBEW Local #952
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner

Staff: Shalene Hayman, Controller
Kelly Noble, Office Manager
Bruce Stenslie, President/CEO

Guests: Larry Buckley, Ventura County Community College District
Paul Stamper, County of Ventura

Call to Order: Chair Kelly Long called the meeting to order at 3:33 p.m. Long thanked everyone for attending.

Amendment to the Agenda: Moving item V-E to IV-Financial Report.

Public Comment: None

Minutes: **Approval of Meeting Minutes, January 21, 2021**
Chair Long asked if there were any comments on the January 21, 2021 minutes. With none, Long asked for a motion to approve the minutes from January 21, 2021. Bob Huber motioned to approve the minutes from January 21, 2021 Andy Sobel seconded the motion. All Board members listed in attendance in favor, motion carried.

Financial Report: **November 2020 Financials and Draft December 2020 Financials**
Shalene Hayman reviewed the draft December 2020 financials. With no questions, Long asked for a motion to approve the November and draft December 2021 Financials. Dee Dee Cavanaugh motioned to approve the November and December 2020 Financials. Bob Huber seconded the motion. All Board members listed in attendance in favor, motion carried.

Consideration of Draft Budget for FYE 12/31/2021. **Consideration of Draft Budget, FYE 12/31/2021.**
Stenslie stated 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 2020, though staff has delayed its presentation to early in the year the last eight 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.

Board members may recall that owing to a flurry of new federal, state and local resources for response to COVID-19, we adopted a mid-year budget adjustment, in September, increasing revenue by some \$970,000, to an adjusted \$3,400,636. Our preliminary year end estimated shows actual revenue just less than that, at \$3,333,733. While 2020 closeout figures remain preliminary, *we are again projecting a strong year-end net income, as high as \$300,000.* Final reconciliation will be with our annual audit, which we anticipate presenting to the board in June.

We are projecting essentially no change in revenue for 2021, down \$24,565 from projected year-end 2020, at \$3,309,168, and an increase in expense by some \$200,000, at \$3,226,337, and expense, for a moderate net income for 2020 of \$82,881. The anticipation is we will retain most of the new revenue sources in 2021 that materialized in 2020 for COVID-19 response, though we expect that by 2022 these will be gone.

Continuing Policy and Governance Considerations for 2020:

- No Recommended Changes to Membership Dues: Membership Dues were last increased, in 2015, by 10%. 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*. While we are not recommending a structural change to the dues structure, we are recommending that the board consider offering one year reductions or adjustments for the Ventura County Community College District, California Lutheran University and California State University Channel Islands, in consideration of the extraordinary revenue losses to these institutions owing to the closure of schools.
- In-kind Membership Dues Continued for Two Members: Our bylaws stipulate that the Board may allow for not more than *five* private sector members to be relieved from the payment of dues, in lieu of their providing in-kind services to the EDC, at a value of at least two times the donation for regular Board membership (Article VI, Section 6.2). As noted in recommendation #3, we have two in-kind members renewing in 2020: Chambers of Commerce Alliance of Ventura and Santa Barbara Counties, and the Pacific Coast Business Times.

This activity is supported by a mix of federal (US SBA and US DOL) and state funds (Governor's Office of Business and Economic Development), augmented for cash match purposes by city and county contributions, totaling 50% of our revenue. These funds are the primary source of support for driving economic outcomes, more than doubling our client count in 2020, up to more than 1,800 businesses provided in-depth technical assistance.

With the infusion of new funding in 2020 we added several staff, projected for continuation in 2021, up from six full time and one part-time staff a year ago to now nine full time and three part-time. The budget proposal also includes funding for one additional new staff, for the purpose of managing our increase in Santa Barbara County area activity, obligations and opportunities. As presented, regular full and part-time staffing represents 40% of our budget expense.

We are projecting an increase in year-over-year expense by \$14,776 in office operations, or by 4.8% in routine growth. Office operations comprises 10% of total expense. Fully \$1,322,798 of our service delivery capacity is through consultants and professional advisors, some 41% of all expense (some \$150,000 of this \$1.3 million is in our personnel line, for part-time business advisors that we do not count as regular staff). This assures our continuing flexibility to apply the right technical skills to business need.

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.

Chair Long requested a motion to approve the Draft Budget for FYE 12/31/2021. Nan Drake motioned to approve the Draft Budget for FYE 12/31/2021. Sim Tang Paradis seconded the motion. All Board members listed in attendance in favor, motion carried.

Administration:

Consideration to Extend the Partnership Intermediary Agreement (PIA) with Naval Surface Warfare Center – Port Hueneme Division, through January 13, 2022. Recommendation to Approve.

Stenslie noted that the EDC Board of Directors ratified approval of a PIA with the Naval Surface Warfare Center – Port Hueneme Division (NSWC-PHD) on January 17, 2019.

A PIA is a standard agreement, developed by the US government for use by any of its several departments, agencies or research laboratories, such as NSWC-PHD. The purpose of the PIA is to improve and advance our capacity to facilitate regional participation in DoD sponsored research and development, through cooperative or joint activities with small business firms, institutions of higher education and other private sector parties.

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. While EDC holds the PIA authority, our structure for administering its purpose is through our Fathomwerx partnership and Memorandum of Understanding with NSWC-PHD, Matter Labs and the Port of Hueneme.

Over the last two years, NSWC-PHD has provided some \$400,000 in grant funds that have contributed to our capacity to build out the infrastructure for the 60,000 square foot research lab at the Port of Hueneme and to promote and participate in such activities as:

- ANTX, Advanced Naval Technology Exercises
- Coastal Trident Technology workshops
- Education partnerships, including First Robotics and Stembassadors
- Navy Partnerships 101: Women & Minority Small Businesses
- Hosting businesses for access and use of the laboratory equipment and space
- Production of videos demonstrating and promoting industry opportunities for partnership
- Securing NavalX Tech Bridge designation for additional Navy and DOD networking and support

Based on the progress and achievements over the past two years, leadership at NSWC-PHD and Naval Base Ventura County have recently presented for our consideration an extension of the agreement through January 13, 2022, as attached. Our EDC Executive Committee reviewed this item at its meeting on February 3 and recommends its approval.

For moving forward, we continue to look for funding to assure the sustainability of effort for interests in promoting public/private partnerships, entrepreneurship and innovation, and the networking of technology transfer assets, all for the purpose of supporting regional economic competitiveness.

Long requested a motion that the Board of Directors approve an extension of our Partnership Intermediary Agreement (PIA) with the Naval Surface Warfare Center – Port Hueneme Division (NVSCPHD), through January 13, 2022. Bob Huber motioned that the Board of Directors approve an extension of our Partnership Intermediary Agreement (PIA) with the Naval Surface Warfare Center – Port Hueneme Division (NVSCPHD), through January 13, 2022. Sim Tang Paradis seconded the motion. All Board members listed in attendance in favor, motion carried.

Consideration of a Resolution Approving a \$250,000 Line of Credit and \$25,000 Visa Commercial Credit Card with City National Bank. Recommendation to Approve.

Stenslie noted that the EDC-VC has long had and continues to have a productive banking relationship with City National Bank. In addition to regular depository and checking services, the bank provides us a \$1 million line of credit for lending to businesses and a \$50,000 line of credit for our use in regular operations.

Owing to an increase both in the number of grant and contract agreements that support our work and to the total value of those agreements and the occasional delay in grant reimbursement of our expenses, we have recognized the potential to need a line of credit larger than the current \$50,000 limit. We have not heretofore needed to draw more than \$50,000, and have rarely and not recently used the line of credit, though staff believes securing the authorization is prudent financial management.

City National Bank has agreed to increasing the operating line of credit to \$250,000, though that increase requires a board resolution, attached. Access to this fund will require signature approval of two officers of the corporation.

We are also requesting authorization to secure a Visa commercial credit card, with a limit of \$25,000, with the card designated specifically for the use of our lending programs, for the purchase of credit reports and other supporting and ancillary activities. As per all of our purchasing, any expense over \$2,000 requires the signature approval of two officers of the corporation.

Chair Long requested a motion that the Board of Directors approve a Resolution Authorizing a \$250,000 Line of Credit and \$25,000 Visa Commercial Credit Card with City National Bank. Bob Huber motioned to approve a Resolution Authorizing a \$250,000 Line of Credit and \$25,000 Visa Commercial Credit Card with City National Bank. Nan Drake seconded the motion. With Sim Tang Paradis abstaining, all Board members listed in attendance in favor, motion carried.

Consideration of an Agreement with the U.S. Department of Commerce, Economic Development Administration (EDA) for the Release of EDA Federal Interest in Revolving Loan Fund Agreement 07-49-04115.01/07-19-62015. Recommendation to Approve.

Stenslie noted that the EDC has long managed Revolving Loan Funds (RLFs) capitalized by the U.S. Department of Commerce, Economic Development Administration (EDA). The purposes of the RLF's are to provide an affordable alternative for businesses unable to secure commercial credit and for promoting job creation and empowering the region for developing private sector business and attracting increased private sector capital investment.

The first of two RLF's, agreement number 07-49-04115.01, established in May 2015, was initially awarded to the County of Ventura for the purpose of recovery from the Northridge Earthquake. The fund was later expanded to allow lending in response to other disasters (e.g., flood impacts) and then later again opened to general lending countywide. In 2011 the grant was transferred by novation agreement from the County to EDC-VC.

The second RLF, agreement number 07-19-62015, was awarded directly to EDC-VC in May 2008 for the purpose of facilitating defense conversion, that is, business commercialization of Navy technologies.

The two RLF's were consolidated by agreement between EDC-VC and EDA in 2011, allowing countywide general lending for all funds. The total current value of the loan pool is \$2,320,618.84, of which 84% (or \$1,949,319.82) is federal funds and the balance of 16%, or \$371,299.02 is dedicated local match, contributed more than 20 years ago by several cities, the County of Ventura and State of California. Currently some \$1.57 million of the total RLF pool is in active loans, with the balance of some \$750,000 is in cash.

In October 2020, the U.S. Congress approved and the President signed Public Law 116-192, The Reinvigorating Lending for the Future Act, also known for short as the RLF Act. It allowed that EDA could release its interest in RLF's if certain conditions are met:

- 1) initial disbursement from EDA is at least 7 years prior to the request,
- 2) the fund has been totally loaned and cycled,
- 3) the grantee has complied with all terms and conditions of the RLF and
- 4) the grantee pledges to continue to use the federal share of the RLF in compliance with its original enabling legislation, the Public Works and Economic Development Act of 1965, or PWEDA, 42 U.S.C. § 3121 *et seq.*

EDC-VC's RLF's and management meet the conditions in the first three points above. Satisfying the fourth condition simply means that we pledge to continue to use the funds for economic development purposes and that we comply with federal, state and local statutes in our execution. For one more restrictive condition, it also means that for any construction projects we may use the funds for we would comply with federal Davis-Bacon provisions relating to prevailing wage in construction projects. This latter point is not an issue for us as we do not as a practice lend for new construction, though if we ever do in the future we would be bound by those rates.

Our staff notion for the use of the funds is to continue to restrict their use for our lending activities, with three uses: 1) continued direct business lending; 2) as loan loss reserve, allowing us to attract and protect other public and private sector contributions to our loan capital; and 3) as leverage or match to attract and secure other additional public or private sector contributions to our loan capital.

As previously noted, we have three recommendations for this item. The first is to approve the attached Resolution authorizing our request for the release of EDA's federal interest in the RLF's and approving the agreement with EDA for the release. The second is to directly approve the EDC-VC/EDA boilerplate agreement for the release of EDA's interest. The third is a delegation of authority to the President/CEO to sign the agreements as appropriate to release EDA's interest.

The value of securing the defederalization is, we believe, quite apparent. On a small scale, though not insignificant, it releases us from regular administrative reporting to EDA, a not so difficult though time-consuming obligation with little to no return value after some 20 years of administering the funds.

More significantly of course is that the funds are wholly transferred to EDC-VC as our asset, with only the minimal obligation to pledge the use of the funds in compliance with the purposes of economic development as described in PWEDA. That noted, we anticipate no on-going monitoring or tracking by EDA, though we will continue to maintain the EDA relationship for access to additional funding and resources and for technical support.

Chair Long requested a motion that the Board of Directors:

1. Approve the attached Resolution Requesting EDA release its federal interest in Revolving Loan Fund 07-49-04115.01/07-19-62015.
2. Approve the attached EDA/EDC-VC Agreement to Release EDA Federal Interest in Revolving Loan Fund (RLF) 07-49-04115.01/07-19-62015.
3. Delegate authority to the President/CEO, subject to legal review, to sign agreements as appropriate for the release of EDA federal interest in Revolving Loan Fund (RLF) 07-49-04115.01/07-19-62015.

Harold Edwards motioned to:

1. Approve the attached Resolution Requesting EDA release its federal interest in Revolving Loan Fund 07-49-04115.01/07-19-62015.
2. Approve the attached EDA/EDC-VC Agreement to Release EDA Federal Interest in Revolving Loan Fund (RLF) 07-49-04115.01/07-19-62015.
3. Delegate authority to the President/CEO, subject to legal review, to sign agreements as appropriate for the release of EDA federal interest in Revolving Loan Fund (RLF) 07-49-04115.01/07-19-62015.

Peter Zierhut seconded the motion. All Board members listed in attendance in favor, motion carried.

Consideration to Ratify a Grant Agreement with Morgan Family Foundation, \$65,000 for the Term 2/1/2021 –12/1/2021, for a Digital Skills Certification Program. Recommendation to Approve.

Stenslie stated that the EDC has for over the last seven years served as one of some 14 executive committee members of the California Stewardship Network (CSN, www.castewardship.org). In 2019, CSN merged for greater stability and impact with California Forward (www.cafwd.org/), securing major funding commitments (primarily the Irvine and Morgan Family Foundations) for sponsoring the California Economic Summit and for a workplan promoting regional stewardship based on triple bottom line principles and values (economy, equity, environment). The several regional members of CSN have also received direct grant funding of some \$60,000 annually from the Morgan Family Foundation (www.morganfamilyfoundation.org/).

Core members of the Stewardship Network include the San Diego and Los Angeles Economic Development Corporations, the Inland Empire Economic Partnership, San Luis Obispo Economic Vitality Corporation, Monterey Bay Economic Partnership, the Fresno Business Council, the Sierra Business Council, Tahoe Prosperity Center, the Silicon Valley Leadership Group, the Bay Area Council, Valley Vision (Greater Sacramento area), Sonoma Human Services and Economic Development, and Redwood Coast Rural Action.

The purpose of the Network is to encourage innovative thinking, regional and statewide collaboration and exchange of ideas intended to address the state's economic, environmental and social challenges and opportunities. A primary interest of the Stewardship Network is to look at these major California challenges from a "triple bottom line" perspective, that is, in consideration of the Economy, Social Equity and Environmental Balance.

In each of the last several years, the Morgan Family Foundation has provided funding to each of the Network partners. Our projects have been the development of our regional Comprehensive Economic Development Strategy, an analysis of economic opportunity in local food processing and food systems, support for local work on developing market-based

groundwater trading, developing a business resource guide for accessing career training and, in this past year, a contribution to and participation in the development of a regional asset mapping of work-based learning resources.

While prior to 2017, each Network partner had wide latitude in developing local projects, starting in 2017 the Foundation and Network set a priority for concentrating on advancing the priorities of the California Economic Summit (<http://caeconomy.org/>). From 2017 through 2020, the directed priorities have been on contributing to the goal of “one million more skilled workers,” specifically by strengthening relationships between workforce and community colleges. That priority has been extended into 2021, with the additional requirement that CSN members coordinate joint programming.

See attachments for a summary of our grant proposal and the grant reporting matrix, focusing on the delivery of a digital skills training program. For this activity we are jointly programming our funding with the San Luis Obispo Economic Vitality Corporation.

Out of the \$65,000 grant budget we are allocating \$25,000 to SLO Partners, a division of the San Luis Obispo County Office of Education, a regional provider of turnkey certificated workforce training programs in response to industry demand. For this program, the agreement is to launch a digital skills 10-week bootcamp format training program. See attachment for a general course summary.

The budget also includes \$10,000 for scholarship support to disadvantaged workers and/or businesses to assure equitable inclusion, access and participation. The remainder of the budget covers our staff and operating costs for program implementation and guidance and funding for continuing participation in the CA Economic Summit planning.

The Morgan Family Foundation has approved our grant proposal and is in the process of awarding the \$65,000, which we have included in our draft 2021 budget.

The first recommended action is to ratify the President’s signature to the agreement. The second recommended action is to delegate the President the authority to implement the work plan as outlined in the attachments.

Chair Long requested a motion that the Board of Directors:

1. Ratify the President’s approval of a \$65,000 grant agreement, for the term February 1, 2021 through December 1, 2020, with the Morgan Family Foundation, for continuing participation in the California Stewardship Network.
2. Delegation of authority to the President/CEO, subject to legal review, to implement the grant workplan for a Digital Recovery and Resilience Communication Training Program.

Andy Sobel motioned to:

1. Ratify the President’s approval of a \$65,000 grant agreement, for the term February 1, 2021 through December 1, 2020, with the Morgan Family Foundation, for continuing participation in the California Stewardship Network.
2. Delegation of authority to the President/CEO, subject to legal review, to implement the grant workplan for a Digital Recovery and Resilience Communication Training Program.

Vianey Lopez seconded the motion. All Board members listed in attendance in favor, motion carried.

President's Report

Stenslie noted the following:

- EDC is continuing Activities in Response to Business Impacts of COVID-19.
- The VC WDB Staff Recommending Three Year Extension, Layoff Aversion Contract, at \$120,000 Annually (following open procurement, review of EDC proposal).
- EDC is in the process of releasing COVID-19 Impact on California's Entrepreneurs.

Stenslie and Chair Long welcomed to the EDC Board of Directors, Mike Johnson from the City of Ventura, Misty Perez from the City of Port Hueneme, Ari Larson from the City of Fillmore, Leslie Cornejo from the City of Santa Paula, Daniel Groff from the City of Moorpark and Tracy Perez representing VCEDA.

Committee/Liaison Reports

Naval Surface Warfare Center-Port Hueneme Division-None

VCEDA-Tracy Perez mentioned that VCEDA is moving forward following the Business Outlook Conference, thanking the sponsors and those who participated. VCEDA is maintaining strong membership and focusing on Economic Recovery.

Economic Developers Roundtable-Rosie Ornelas stated that the roundtable is continuing to meet weekly and working collaboratively to support business recovery.

Ventura County Lodging Association-Brian Tucker gave an update on 2020 stating that it was the worst year for hotels. Even with that, all of our data shows that we as a region have been beating our own forecast & national averages. Excited about where we are headed and with the partnership with Visit Ventura. Tucker will provide a link in the chat to look at the analysis.

Calleguas Municipal Water District-None

New or Unfinished Business:

None

Board Member Comments

None

Zoom Chat Box Contents:

15:33:25 From Rosie Ornelas, Economic Development Manager to Everyone : It's me, for my audio!

15:35:13 From Kelly Noble to Everyone : Thank You Rosie

16:16:19 From Bob Engler to Kelly Noble(Direct Message) : Hi Kelly , can you let kelly know the I have to leave early. I have a highly coveted injection appointment

16:17:15 From Kelly Noble to Bob Engler(Direct Message) : LOL. Of course. Have fun. LOL

16:18:04 From Kelly Noble to Kelly Long(Direct Message) : Bob Engler asked me to let you know that he has to leave early. He has a highly coveted injection appointment. LOL

16:18:58 From Kelly Long to Kelly Noble(Direct Message) : Sounds good! Thank you!

16:34:57 From Brian Tucker to Everyone : VCLA Q1-Q3 2020 domestic and international data and analysis:

<https://www.dropbox.com/sh/51rw26q18s7t34q/AAAR9zHe9YOMO5M28MwVpN09a?dl=0>

16:35:54 From Brian Tucker to Everyone : Additional VCLA resources:
<https://venturacountycoast.com/industry/>

16:38:20 From Stephanie Caldwell to Everyone : Congratulations Cam!

16:39:17 From Kelly Long to Everyone : Congrats Cam! You have been great. Good luck in your next job!

16:39:49 From Cam Spencer to Everyone : Thank you all!!

Adjournment:

Meeting adjourned at 4:45 p.m. Our next meeting is March 18, 2021, 4001 Mission Oaks Blvd, Camarillo and by teleconference.