

MINUTES
EDC-VC EXECUTIVE COMMITTEE MEETING
March 3, 2021

- Location:** EDC-VC, 4001 Mission Oaks Blvd., Founder’s Room, Suite A-1, Camarillo, CA 93012 and <https://zoom.us/j/8349665509>.
- Attendance:** Kristin Decas – Port of Hueneme/Oxnard Harbor District
Harold Edwards, Vice-Chair – Limoneira Company
Bob Engler – City of Thousand Oaks
Kelly Long, *Chair* – County of Ventura
Rosie Ornelas – Economic Roundtable Representative, City of Oxnard
Andy Sobel – City of Santa Paula
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Absent:** Dee Dee Cavanaugh – City of Simi Valley
Nan Drake – E.J. Harrison Industries
- Legal Counsel:** Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner
- Guests** None
- Staff:** Ray Bowman, EDCSBDC Director
Kelly Noble, Office Manager
Bruce Stenslie, President/CEO
- Call to Order:** 3:32 p.m. 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, February 3, 2021**
Chair Kelly Long requested a motion to approve the minutes from February 3, 2021 Executive Committee meeting. Harold Edwards moved to approve and file the minutes from February 3, 2021 Executive Committee meeting. Bob Engler seconded the motion. All Executive Members listed in attendance in favor, motion carried.
- Administration** **Review and Consideration of a Fiscal Sponsorship Agreement, EDC-VC Sponsoring the Ventura County Industry Council, an Unincorporated Industry Advisory Organization.**
Stenslie stated that it is preparatory for taking a recommendation to the full board later in March for consideration and approval of a Fiscal Sponsorship Agreement with the

Ventura County Industry Council (VCIC), an unincorporated industry advisory organization.

Business leaders representing the region's production and value-added industries have recently formed the Ventura County Industry Council (VCIC).

The VCIC formation, which began to pick up steam early and mid-2020, is enlivened by the observation that Ventura County as a region has long lacked a professional business cluster organized by and for its concentration of production industries.

This cluster—broadly including manufacturing, biotechnology and life sciences, aerospace and maritime, agriculture and food systems—contributes enormously to the region's jobs, wealth and heritage. Notwithstanding its strengths, the cluster's sustainability and competitiveness are undermined generally by the region's lack of a voice solely dedicated to representing its interests and, more specifically, by the lack of a pipeline of skilled workers and the training curriculum to fuel it.

Recognizing that, among VCIC's priorities are to unite its diversity and to consolidate its critical mass and voice for the purposes of retaining, growing and attracting production cluster businesses and for assuring access to the skilled workforce essential to drive industry sustainability and growth.

VCIC leadership is comprised currently by ten of the region's industry leaders, including EDC board members Haas Automation, Meissner Filtration, Limoneira and AeroVironment. Other foundational members include Amgen, Bayer, Integrity Bio, Kinamed, Skyworks Solutions, and TMJ Concepts.

Stenslie added, to facilitate an efficient and effective launch of its mission, VCIC has been considering options on:

- *organizational formation*, i.e., whether to incorporate or not; as noted above, the group may currently be defined as an "unincorporated industry advisory organization"; and
- *organizational structure and capacity*, for example, whether to partner and align with an existing organization such as EDC for administrative and program support and capacity or to develop those assets independently.

With respect to the second bullet above, VCIC leadership has invited EDC to consider and present options for collaboration, relative both to administrative and program support.

Representatives from VCIC first invited EDC President for an introductory and exploratory discussion on January 12. That discussion focused primarily on organizational compatibility, mutual and shared interests. Coming out of that exchange, VCIC invited EDC to provide an overview of options for working together. In response, on January 25 EDC staff presented VCIC a summary report on "Considerations and Options for Collaboration." That report—*shared with the EDC Executive Committee on February 3*—set out to articulate and identify the following:

- Brief organizational profiles of VCIC and EDC-VC, and the significance of the manufacturing and ag/food systems cluster to the region's economy;
- Agreed upon principles for any relationship, including mission alignment, mutual benefit, retention and advancement of VCIC autonomy and identity, managed and reasonable expense, simplicity and flexibility in design.

- Options for the structure of a potential relationship, including board to board governance;
- Options and priorities for program and service collaboration.

In review of the report, the EDC Executive Committee expressed support in principle—particularly relative to alignment on mission and potential opportunity for the partnership to contribute to regional economic growth—but also with caution around assuring that EDC would not take on too much, either in time management or exposure to expense.

VCIC, following its review of the summary paper, met again on February 9 with EDC President, for further discussion and clarification of the options presented. *In the course of that meeting VCIC expressed an interest for moving ahead and invited EDC to submit a draft or template Fiscal Sponsorship Agreement. That agreement as presented to VCIC is attached.*

The VCIC leadership group next met on or around February 18, and reported back to EDC its intent to formalize a Fiscal Sponsorship Agreement. EDC staff and VCIC representatives will meet again in early March to finalize an agreement, which we anticipate should be ready for presentation to the EDC Board on March 18.

The following is to provide more detail and context for any agreement and for our relationship with VCIC.

Stenslie concluded stating that a standard format for the kind of partnership we anticipate VCIC is a *Fiscal Sponsorship Agreement*.

“Fiscal Sponsorship” refers to the practice of non-profit organizations (for example, EDC) offering their legal and tax-exempt status to groups (for example, VCIC) that are organized for and engaged in activities related to the sponsoring organization’s mission.

Fiscal sponsorship is often used by newly formed organizations that need to raise money *during their start-up phase, before they are recognized as tax-exempt by the IRS*. Using a fiscal sponsor allows the newly forming group to attract and use for its program purposes tax deductible contributions. Further, most private foundations and public granting entities will only contribute grants or contract funds to not-for-profit 501c3 corporations. The fiscal sponsorship agreement facilitates access to such funds.

The Executive Committee is thrilled that we are moving in this direction, stating that both have complementary skillsets.

Delegation of Authority to the President/CEO to Sign Agreement with the County of Ventura to Provide Phone Support for Applicants of the Business Assistance Grant Program. Recommendation to Approve.

Stenslie noted, in response to the impacts to business caused by the pandemic, the County previously, in 2020, committed \$24.7 million in federal CARES Act funding to business assistance grants, at \$5,000 each. Recognizing continuing need, the County has recently approved another allocation of \$20 million for \$5,000 business assistance grants, this time using unrestricted funds. We anticipate the application process to open for a short window by around the end of March.

The prior round in 2020 was administered by the Ventura County Community Foundation. For this new round, the County is managing the program through its Executive Office, with the support of a separate contractor for standing up the application infrastructure.

Stenslie informed the Executive Committee that the County has invited EDC to reprise its role from the earlier round, for which we provided applicant technical assistance through a telephone support system.

Given our collective learnings from the prior round at the County level, and from the recent statewide Business Relief Grant process, we anticipate a much less labor-intensive experience for supporting this new round of granting. We're projecting an expense not to exceed \$50,000, likely considerably less.

Our plan for supporting this new round of granting is to assign four to six full and part-time staff to phone support for a concentrated two-week period—one week for a pre-application period and one week open for applications. We also anticipate taking calls for a short period after the applications close, as inquiries may continue.

More specifically, our support role will be targeted to answering questions about eligibility and compliance, and for making referral or connection to other business support resources, with a separate contractor responding to questions about the application software and the uploading of documents. What we have discovered from prior rounds is that a lot of the calls and concerns are on the technology side of the process, which will be directed or forwarded away from our staff.

You may recall that in the distribution of the earlier County grants we had concerns about the County's decision to make the names of grantees publicly available. Our concern on that has been addressed by such disclosure being made clearly and up front in the application process.

The notion of \$5,000 grants is designed specifically to award funds to a broad array of small firms, with a priority for funding women and minority owned firms and firms located in disadvantaged neighborhoods. Similar strategies have been implemented in other California cities and counties and across the nation. California has approved the distribution of another \$2 billion toward such grants statewide, on top of \$500 million granted already earlier in 2021.

The staff recommendation for participating in this work is based on our commitment and capacity to provide direct business assistance in response to disaster and disruption. The pandemic continues to interfere with commerce and sales; these grants are a small but important contribution to helping firms stay afloat.

The scope of work for the agreement has not yet been finalized. We anticipate a final contract sometime in the next week.

Chair Long requested a motion that the Executive Committee delegate authority to the President/CEO, subject to legal counsel review, to sign agreement with the County of Ventura, for Reimbursement of EDC Expenses in Support of the Ventura County COVID-19 Business Assistance Grant Program. Andy Sobel motioned that the Executive Committee delegate authority to the President/CEO, subject to legal counsel review, to sign agreement with the County of Ventura, for Reimbursement of EDC Expenses in Support of the Ventura County COVID-19 Business Assistance Grant Program. Bob Engler seconded the motion. All Executive Members listed in attendance in favor, motion carried.

Ratification of Contract Renewals for Small Business Development Center Funding from the State of California and Delegation of Authority to EDC President for Approving 2021

Renewals of Funding from the U.S. Small Business Administration for Small Business Development Center Services. Recommendation to Approve.

Stenslie noted that EDC has served as the Ventura and Santa Barbara Counties Small Business Development Center (SBDC) since 2010. Funding comes variously from the US Small Business Administration and the CA Governor's Office of Business and Economic Development (GO-Biz), but in each case through our lead center for the Los Angeles region (Los Angeles, Ventura and Santa Barbara counties), Long Beach City College.

The following summarizes each of the numbered recommended actions above:

- 1) Ratification of a Capital Infusion Program (CIP) Agreement, \$140,000 for the term October 1, 2020 – September 30, 2021. This is a continuation of funding since 2014, ranging as low as \$40,000 to as high as \$140,000 annually. The \$140,000 for the current term is unchanged from the prior year. Though the term of agreement began already in October, the contract came too late for year-end 2020 approval. We have signed the agreement as a continuation of existing activity, assuring we could maintain cash flow and services. The purpose of these funds is to facilitate business access to capital. These funds may be used as cash match for our core SBDC funding.
- 2) Ratification of a Technical Assistance Expansion Program (TAEP) Agreement, \$250,000, for the term October 1, 2020 – September 30, 2021. This is new funding through GO-Biz, since 2018. Under current CA legislation, the funding is authorized through 2022. As indicated by its title, the purpose of this funding is to increase or expand our capacity to provide business technical assistance in our region. Our prior year funding for this program was more than \$500,000, though nearly half of that funding was for special research and development projects, such as our launch of the statewide SBDC performance dashboard. Given that additional funding in the prior year, this represents roughly level funding from 2020. Same as for the CIP agreement, this contract became available for review only in late 2020; the agreement to continue the program was signed to assure cash flow and uninterrupted services.
- 3) Delegation of authority to sign US Small Business Administration Small Business Development Center Service Center Agreement, \$475,000, for the term January 1, 2021 – December 31, 2021. The primary funding for our SBDC operation is through the U.S. Small Business Administration (SBA). The core SBDC grant has generally ranged between \$375,000 and \$475,000 annually, on a calendar year term. Our funding for 2021 is unchanged from 2020. The SBA requires that grantees provide a match to the federal funds, not less than half of the match in cash. Our adopted budget projects \$140,000 in CIP funds, \$88,000 from the cities and \$50,000 from the County to assure we meet and exceed the minimum cash match. The balance of in-kind match comes through several regional partnerships.
- 4) Delegation of authority to sign amendment to U.S. SBA CARES Act agreement, an increase from \$356,250 to \$1,366,250, for continuing services through December 31, 2021. The federal CARES Act was approved by the Congress for implementation in April 2020. A share of the CARES Act funding is distributed through the SBA for augmenting SBDC services. The addition of \$1,010,000 for the balance of 2021 is to cover the following:

- a. \$390,000, for continuing direct business assistance and staffing to support it.
 - b. \$150,000 to facilitate the transition to EDC and implementation of services of the specialty SBDC center (focused primarily on technology firms and equity capital) currently hosted by the Los Angeles Chamber of Commerce. Formerly known as the "Bixel Center," its current operating contract is terminated by the Long Beach City College lead center effective March 31, with activities already ceased and transitioning to EDC. This represents a significant expansion of our resources and a continuing broadening and diversification of our capacity within the framework of our SBDC operation.
 - c. \$300,000 for two separate studies in mapping CA procurement networks, one for Professional and ICT services, another for the manufacturing sector, including international, wholesale and retail trade networks.
 - d. \$40,000 to identify the specific character and profile of the industries, businesses, occupations and workers most disproportionately impacted by COVID-19, in both Ventura and Santa Barbara Counties, for the purpose of informing our regional strategies for recovery and resource allocation.
 - e. \$90,000 to backfill our expense for the management of the COVID-19 business impact survey.
 - f. \$40,000 for our continuing work in managing the statewide SBDC performance dashboard.
- 5) Delegation of authority to sign contract agreements for new funding, for hosting a regional SBDC specialty center, funding to be determined, potentially including up to \$190,000 in SBA SBDC funds, \$150,000 in TAEP funds, and \$80,000 in CIP funds. As noted above (4.b), EDC has been designated by the SBDC regional lead center to take on the funding and responsibility for a regional specialty center, historically organized around serving tech firms and access to equity investment. As noted above, our CARES Act contract augmentation includes \$150,000 to initiate this transition. The funding noted in this paragraph above is the funding level previously managed by the Center. How much of that we may access this year depends on the speed and nature of the transition, specifically what kind of client activity that may come over in the near term.

The recommended actions include some \$1,175,000 already anticipated in routine renewals in our adopted budget, plus an increase by some \$700,000 in additional CARES Act funding, over our initial budget estimates, and plus up to an additional \$420,000, depending on the trajectory of activity in absorbing the SBDC specialty center funding.

Not all of these funds are sustainable in their current form, as the CARES Act funding, to be specific, will be exhausted by the end of 2021. The Congress and Administration, however, are anticipating approval of additional stimulus and other domestic recovery spending that may, at least over the next couple of years, continue these high funding levels. That all noted, we continue to be vigilant on new and continuing opportunities for organizational growth. We will continue to manage our operation with an eye to sustainability, while we remain committed to providing services in the near term that are responsive to the extraordinary need resulting from COVID-19.

Chair Long requested a motion that the Executive Committee ratify and delegate authority to the President/CEO to sign grant agreements and modifications with Long Beach City College as the Lead Center for Los Angeles regional Small Business Development Center services, subject to legal review, for consideration of the following:

1. Ratification of a Capital Infusion Program (CIP) Agreement, \$140,000 for the term October 1, 2020 – September 30, 2021.
2. Ratification of a Technical Assistance Expansion Program (TAEP) Agreement, \$250,000, for the term October 1, 2020 – September 30, 2021.
3. Delegation of authority to sign US Small Business Administration Small Business Development Center Service Center Agreement, \$475,000, for the term January 1, 2021 – December 31, 2021.
4. Delegation of authority to sign amendment to U.S. SBA CARES Act agreement, an increase from \$356,250 to \$1,366,250, for continuing services through December 31, 2021.
5. Delegation of authority to sign contract agreements for new funding, for hosting a regional SBDC specialty center, funding to be determined, potentially including up to:
 - a. \$190,000, US SBA SBDC funds for the term April 1, 2021 – December 31, 2021;
 - b. \$150,000 for a Technical Assistance Expansion Program (TAEP) Agreement, for the term April 1, 2021 – September 30, 2021;
 - c. \$80,000 for a Capital Infusion Program (CIP) Agreement, for the term April 1, 2021 – September 30, 2021;
 - d. US SBA CARES Act funding, an amount, if any, to be determined, estimated at less than \$100,000.

Kristin Decas motioned that the Executive Committee ratify and delegate authority to the President/CEO to sign grant agreements and modifications with Long Beach City College as the Lead Center for Los Angeles regional Small Business Development Center services, subject to legal review, for consideration of the following:

1. Ratification of a Capital Infusion Program (CIP) Agreement, \$140,000 for the term October 1, 2020 – September 30, 2021.
2. Ratification of a Technical Assistance Expansion Program (TAEP) Agreement, \$250,000, for the term October 1, 2020 – September 30, 2021.
3. Delegation of authority to sign US Small Business Administration Small Business Development Center Service Center Agreement, \$475,000, for the term January 1, 2021 – December 31, 2021.
4. Delegation of authority to sign amendment to U.S. SBA CARES Act agreement, an increase from \$356,250 to \$1,366,250, for continuing services through December 31, 2021.
5. Delegation of authority to sign contract agreements for new funding, for hosting a regional SBDC specialty center, funding to be determined, potentially including up to:
 - a. \$190,000, US SBA SBDC funds for the term April 1, 2021 – December 31, 2021;

- b. \$150,000 for a Technical Assistance Expansion Program (TAEP) Agreement, for the term April 1, 2021 – September 30, 2021;
- c. \$80,000 for a Capital Infusion Program (CIP) Agreement, for the term April 1, 2021 – September 30, 2021;
- d. US SBA CARES Act funding, an amount, if any, to be determined, estimated at less than \$100,000.

Bob Engler seconded the motion. All Executive Members listed in attendance in favor, motion carried

Membership Report

Stenslie noted for the Executive Committee that we lost California Resource Corporation as a Board Member, following their bankruptcy, re-organization and staff layoffs.

Strategic Planning Discussion

Stenslie noted that the last several years of disaster and pandemic have brought unprecedented disruption to the region economically and to our organization structurally.

We have managed this disruption by several organizational restructurings, by increasing and diversifying our service capacity and product through hiring new staff and contracting additional advisors, and by securing new funding to support the transitions and services.

Given this circumstance, it is particularly timely and critical that we assess our condition and remain strategic on planning for what’s ahead in 2021 and beyond.

Today’s discussion was an early step in the dialogue with the board, for assuring governance and member input and for assuring that our assessment of issues and opportunities, risks and threats are fully informed and complete. We will continue this discussion at the next Executive Committee meeting.

COVID-19 Status Report, Impacts and Resources for Business

Stenslie provided an update on continuing activity for staff and the proliferation of federal, state and local resources. Key issues of concern raised by clients include, among many issues, landlord/tenant relations and reconciliation of Paycheck Protection Plan loans.

President’s Report

Stenslie stated, there is nothing to add

New or Unfinished Business

None

Executive Committee Comments:

None

Adjournment

At 4:55 pm. Chair Long announced that the meeting is adjourned April 7, 2021.

Minutes taken by Kelly Noble.