

MINUTES
EDC-VC EXECUTIVE COMMITTEE MEETING
July 7, 2021

- Location:** EDC-VC, 4001 Mission Oaks Blvd., Founder’s Room, Suite A-1, Camarillo, CA 93012 and <https://zoom.us/j/8349665509>.
- Attendance:** Dee Dee Cavanaugh – City of Simi Valley
Kristin Decas – Port of Hueneme/Oxnard Harbor District
Nan Drake – E.J. Harrison Industries
Harold Edwards, Vice-Chair – Limoneira Company
Bob Engler – City of Thousand Oaks
Andy Sobel – City of Santa Paula
Peter Zierhut, *Secretary/Treasurer* – Haas Automation
- Absent:** Kelly Long, *Chair* – County of Ventura
Rosie Ornelas – Economic Roundtable Representative, City of Oxnard
- Legal Counsel:** Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner
- Staff:** Kelly Noble, Office Manager
Tracie Schneider, Communications and Marketing Manager
Bruce Stenslie, President/CEO
- Call to Order:** 3:32 p.m. Vice Chair Edwards thanked everyone for attending.
- Roll Call:** Kelly Noble
- Approval of Executive Committee Minutes** **Executive Committee Meeting, June 2, 2021**
Vice Chair Edwards requested a motion to approve the minutes from June 2, 2021 Executive Committee meeting. Peter Zierhut moved to approve and file the minutes from June 2, 2021 Executive Committee meeting. Andy Sobel seconded the motion. Kristen Decas and Nan Drake were not in attendance for this item. All remaining Executive Members listed in attendance in favor, motion carried.
- Amendment to the Agenda:** None
- Public Comment:** None
- Administration** **Item IV-A: Consideration to Modify the Economic Development Administration Funded Revolving Loan Fund Administrative Plan, Allowing Flexibilities in Consideration of the Impact of COVID-19 on Businesses and the Demand for Loan Capital. Recommendation to Approve**

Stenslie noted, in 2020, EDC received \$2.45 million in additional loan capital from EDA, for lending to businesses impacted by COVID-19. Aside from the focus on COVID-19, the fund came to us under the general guidance of EDA loan program regulations, at 13 CFR Part 300, which are carried over to us in our RLF Administrative Plan. The Administrative Plan sets out our lending strategies, policies and procedures, and stipulates our compliance with the regulations.

In mid-June 2021 EDA notified all RLF program operators of their waiver of certain regulations for the purpose of increasing grantee flexibility in assuring the COVID-19 loan funds would reach businesses most in need. In order to take advantage of that flexibility, grantees must modify their Administrative Plans. Modifications under this waiver authority are to extend through June 30, 2022.

There are three EDA allowed and recommended waivers as follows

- Eliminating a minimum interest rate. Our current plan specifies a minimum rate of 4%. While we anticipate staying with that minimum, the approval of the modification will allow us to lend at a lower rate if staff and the loan board deem it appropriate on a case-by-case basis.
- Eliminating the requirement for RLF loans to leverage additional capital. A standard feature of EDA RLF lending is to assure that the EDA funds leverage additional borrower investment. While we anticipate adhering to the usual policy, again, the modification will allow us to drop the leverage requirement if staff and the loan board deem it appropriate on a case-by-case basis.
- Eliminating the requirement of evidence demonstrating credit is not otherwise available. Another standard feature of EDA RLF lending is to assure that the EDA fund is the capital of last resort. While it will remain our practice to prioritize business access to other available capital, this modification will staff and the loan board the flexibility to loan most expeditiously if deemed appropriate.

By its waiver of these regulations, EDA is also suspending several measures in its standard Risk Analysis System for RLF awards. As a matter of routine management, EDA's risk measures include a look at Net RLF Income, Default Rate, Default Rate Over Time, and Leverage Ratio. Clearly these waivers have the potential to increase risk to each of these measures. As indicated above, EDC staff will continue to lend with our usual risk management procedures, but will, per these waivers, consider adjustments on a case-by-case basis, for the purpose of assuring timely lending to businesses most in need in their recovery from impacts by COVID-19.

Vice Chair Edwards requested a motion that the Executive Committee approve amendments to our General Lending Revolving Loan Fund (RLF) Administration Plan, consistent with guidance from U.S. Department of Commerce, Economic Development Administration (EDA), allowing certain flexibilities to improve business access to capital in recovery from COVID-19. Dee Dee Cavanaugh motioned to approve amendments to our General Lending Revolving Loan Fund (RLF) Administration Plan, consistent with guidance from U.S. Department of Commerce, Economic Development Administration (EDA), allowing certain flexibilities to improve business access to capital in recovery from COVID-19. Bob Engler seconded the motion. Nan Drake was not in attendance for this item. All remaining Executive Members listed in attendance in favor, motion carried.

Item IV-B: Consideration of an Agreement with the City of Oxnard, for the Receipt of \$250,000 in Community Development Block Grant Funds for a Business Assistance Loan Program, for the Period July 1, 2021 – June 30, 2022. Recommendation to Approve.

Stenslie noted EDC has extensive experience in the management of federal CDBG funds for business assistance loan programs, having contracted with the City of Ventura for CDBG funds since 2001. Under CDBG regulations, the concentration is on micro-enterprises, with the specific “beneficiary” of the lending being the creation and retention of jobs for low- and moderate-income workers, including the business owner if less than a total of five jobs in the business.

Earlier this year, EDC applied in response to a City of Oxnard request for proposals, to launch a new business loan program. The City notified EDC on June 24 that the proposed program is approved, pending the execution of an agreement defining the scope, budget and federal compliance requirements.

Loans under this program will be a maximum of \$50,000, with the goal of creating at least one low- or moderate-income worker for each \$25,000 loaned. EDC’s operating costs are estimated at \$100,000 out of the \$250,000 award, the balance of the agreement available as loan capital.

EDC loan program and Small Business Development Center staff will coordinate with City staff for outreach to Oxnard based businesses.

EDC staff is just now finalizing the agreement with the City, which we anticipate will be available in draft for full Board review on July 15. We will launch services as soon as we have an approved agreement.

Vice Chair Edwards requested a motion that the Executive Committee approve an agreement, subject to legal review, with the City of Oxnard for the Receipt of \$250,000 in Community Development Block Grant (CDBG) Funds for a Business Assistance Loan Program, for the Period July 1, 2021 – June 30, 2022, and forward the agreement to the full Board for final approval. Kristin Decas motioned to approve an agreement, subject to legal review, with the City of Oxnard for the Receipt of \$250,000 in Community Development Block Grant (CDBG) Funds for a Business Assistance Loan Program, for the Period July 1, 2021 – June 30, 2022, and forward the agreement to the full Board for final approval. Bob Engler seconded the motion. All Executive Members listed in attendance in favor, motion carried.

Item IV-C: Strategic Planning Discussion

Stenslie noted for the Executive Committee that we have been driven to extraordinary levels of service by the disruption of the Thomas and Hill-Woolsey Fires from late 2017 through 2019, and by the impacts of COVID-19 since March 2020. EDC, like all businesses and service organizations, has operated in a constant state of restructuring, urgency and innovation.

Over the course of that three and a half years, we have more than doubled our operating budget and staff; integrated more than 20 new professional business advisors into our service corps of now more than 50; diversified our service offerings to meet and respond to business need; rebranded the organization; and through it all emerged as the nation’s

highest performing Small Business Development Center (SBDC). We continue to re-engineer our teams and services for optimal response to disruption and embrace our evolving role in regional and national leadership for business resilience.

All that growth and activity, and particularly its pace of change and the emotional charge of disaster, has come with a high cost in organizational stress. That stress has impacted employee well-being, disrupted our alignment of governance and program, and resulted in uncertainty among staff, board and stakeholders about what's next for us organizationally. We have remained true to mission but are fast evolving as a larger, more diverse and broadly regional and purposed EDC.

To manage all that disruption the time is now to step back, assess our condition, capacity and purpose, and initiate a strategic planning exercise to re-center the organization. For this, we have contracted with www.missionmet.com/, a deeply experienced and familiar partner through our SBDC, with four outcomes intended:

- Vision: A clear multi-year vision to guide the organization, especially as it relates to the geographic area served and our programmatic direction.
- Strategic Plan: A practical and focused strategic plan to lead the EDC towards its vision.
- Alignment: An even stronger alignment between the staff and board.
- Execution: A documented process for ensuring that the strategic plan gets executed.

Our purpose in going forward is to assure our organizational sustainability as a public/private partnership, dedicated to enhancing regional economic competitiveness, and to optimize our efficiency and community value, while remaining committed to:

- quality customer service,
- a business-demand driven model of collaborative learning, and
- triple bottom-line, outcome oriented, transparent and data driven accountability.

Today's discussion will focus on the strategic planning process, which will include extensive on-going work with Eric Ryan, co-founder of Mission Met and also involve: one-on-one interviews with Executive Committee members and staff; an estimated five in-person group meetings with board members and stakeholders, an on-line survey for inputs, a retreat for board and staff, and production of a strategic plan report including detail on execution.

Through the end of June the process will focus on document, activity and organizational review. We anticipate the one-on-one interviews to occur mostly in August, the group meetings in September, board and staff retreat and final plan completion and adoption in November.

Primary oversight of the process will be through the Executive Committee and by a smaller staff/Officer Task Force.

Item IV-D: Membership Report

Nothing new to report

Item IV-E: COVID-19 Status Report: Business Impacts, Resources and Response

Nothing new to report; issues addressed in the strategic planning discussion.

Item IV-F: President's Report

Bruce referenced sharing the auditor's close out letter that will be provided to the full board later in July.

Bruce Shared some updates on the Fathomwerx partnership: Mark Thompson has moved on from serving as the lab manager to a role at the Naval Facilities Engineering and Expeditionary Warfare Center (NAVFAC), which helps connect us to another of the research commands. We are also working with Alan Jaeger at Naval Surface Warfare Center – Port Hueneme Division to initiate some joint business outreach.

The VCIC partnership continues to move forward, currently looking to onboard the Ventura County STEM partnership, improving the connection of education and business.

Just looking forward, no Executive Committee or Board meeting in August.

New or
Unfinished
Business

None

Executive
Committee
Comments:

None

Adjournment

At 4:43 pm. Vice Chair Edwards announced that the meeting is adjourned September 1, 2021.

Minutes taken by Kelly Noble.