



**MINUTES**  
**EDC-VC EXECUTIVE COMMITTEE MEETING**  
June 3, 2015

- Location:** 1601 Carmen Drive, Suite 215, Camarillo
- Attendance:** Brian Gabler – Economic Roundtable Representative, City of Simi Valley  
Kathy Long, *Secretary/Treasurer* – County of Ventura  
David Pollock, – City of Moorpark  
Sim Tang-Paradis – City National Bank  
Mike Tracy – City of Ventura
- Absent:** Harold Edwards – Limoneira Company  
Sylvia Muñoz Schnopp – City of Port Hueneme  
Peter Zierhut – Haas Automation
- Legal Counsel:** Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner
- Guests:** None
- Staff:** Marvin Boateng, Loan Officer  
Ray Bowman, SBDC Director  
Shalene Hayman, Comptroller  
Kelly Noble, Office Manager  
Bruce Stenslie, President
- Call to Order:** 8:42 a.m. Kathy Long welcomed everyone.
- Roll Call:** Kelly Noble
- Amendment to the Agenda:** None
- Public Comment:** None
- Approval of Executive Committee Minutes, May 6, 2015** Kathy Long requested a motion to approve the minutes from the May 6, 2015 Executive Committee meeting. Mike Tracy moved to approve and file the minutes from May 6, 2015. Brian Gabler seconded the motion. All listed in attendance in favor, motion carried.
- Administration** **Review of the EDC-VC 2014 Return or Organization Exempt From Income Tax Form 990 and 2014 California Exempt Organization Annual Information Return, Form 199. Recommendation to Approve.**  
Stenslie stated that the Executive Committee reviewed and approved our 2014 financial statements and audit at its May meeting.
- As a package of services, our auditor, Mark Poindexter, CPA, also prepares our required annual federal and state “exempt organization” tax and information returns.

The federal and state filings are required annually to maintain our non-profit, tax exempt corporate status. The financial data in the tax returns ties to our audited statements.

The returns have been separately provided to each Executive Committee member and copies are available in the EDC-VC office.

Our recommended action is to approve these returns for timely filing with U.S. Internal Revenue Service and California Franchise Tax Board.

Kathy Long asked for a motion that the Executive Committee approve the EDC-VC 2014 Federal Return of Organization Exempt from Income Tax, Form 990, and 2014 California Exempt Organization Annual Information Return, Form 199, and forward both to the full Board of Directors for final action. Mike Tracy motioned to approve the EDC-VC 2014 Federal Return of Organization Exempt from Income Tax, Form 990, and 2014 California Exempt Organization Annual Information Return, Form 199, and forward both to the full Board of Directors for final action. Sim Tang-Paradis seconded the motion. All listed in attendance in favor, motion carried.

**Review of Annual Fraud Risk Minimization Checklist: Recommendation for Approval of Certification.**

Stenslie stated that the EDC-VC is governed by several policies relating to fraud risk minimization.

- First is our bylaws, Section 7.2, which requires that we contract annually for an independent audit of our corporate accounts, financial statements and internal controls.
- Second, we maintain an “Administrative, Fiscal and Internal Control Procedures” manual and Employee Handbook.
- Third, and the subject of this agenda item, is our “Fraud Risk Minimization Review” policy adopted in May 2007.

With the completion of our 2014 annual audit fieldwork and report we have a baseline from which to conduct this annual review.

Though corrected since 2008, our annual audits prior to then had identified an area of concern around our separation of administrative and fiscal duties, based on our small staff. To help assure our continuing exercise of appropriate administrative controls, this review follows up in more detail on the separation of duties as practiced, along with attention to spending limits, documentation, physical protection of assets and general problem detection.

Staff recommends that the Executive Committee certify this Annual Review has been conducted, as attested by the EDC-VC President, and forward to the full Board of Directors for final annual certification.

Kathy long asked for a motion that the Executive Committee certify the Annual Fraud Risk Minimization Review as presented, and forward to the full Board for final certification. Brian Gabler motioned to certify the Annual Fraud Risk Minimization Review as presented, and forward to the full Board for final

certification. David Pollock seconded the motion. All listed in attendance in favor, motion carried.

**Review of the 2015 Small Business Development Center Network Service Center Agreement, \$325,000 in SBA Funds and \$162,500 Local Cash Match. Recommendation to Approve.**

Stenslie explained that the Long Beach Community College District (Long Beach) 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. For service delivery in Santa Barbara County, we partner with Santa Barbara City College (SBCC) and its Scheinfeld Center for Entrepreneurship and Innovation.

We have successfully operated this program since 2010, consistently exceeding performance benchmarks, earning contract renewals. A copy of our year-end 2014 performance report is attached.

We anticipated the award of these funds and included \$487,500 in revenue and expenditures in our approved budget for this year. The SBA share is \$325,000; our local cash match is \$162,500.

Though the contract is coming late for our consideration from Long Beach, we had received on December 11, 2014, a letter of commitment for their intent to contract. Though we would prefer a more timely receipt of the formal contract, we have been fully up and running since January 1, based on the letter of commitment.

Sections 3 and 7 of the contract require that EDC-VC provide a 100% match to the SBA commitment of \$325,000. Not less than half of the match must be in cash, the other half may be in-kind. We meet the in-kind obligation through such items as waived costs for access to operating and consulting space at SBCC, in-kind marketing, and “waived indirect” costs incurred by EDC-VC for “hosting” the SBDC operation.

Our budget for 2015 projects cash match through several sources:

- Cuesta College: \$20,000
- Santa Barbara City College: \$15,000
- SBCC Scheinfeld Center: \$ 5,000
- County of Ventura: \$40,000
- Cities of Ventura County, BEP: \$82,500
- \$162,500

These figures may fluctuate, though we have a high level of confidence in securing the cash match. EDC-VC operates, to our knowledge, the only Small Business Development Center in California that is *not* stressed for securing cash match. The other Centers are continually at-risk for leaving SBA funds on the table owing to the lack of matching funds.

Our service delivery is through the provision of direct, one-on-one professional

consulting, using a corps of some 30 contract consultants. Our strategy is to develop direct consulting relationships with business clients, customized around specific scopes of work responsive to their needs for growth and profitability.

Our contract goals for the recommended agreement follow below. All outcomes (or "milestones") must be documented by signed agreement from the businesses served.

<u>Performance Goals</u>	<u>Outcome Target</u>
Long Term Clients (5 hours or more consulting):	206
Capital Infusion	\$20,000,000
Business Starts	40

The goals are essentially assigned by the lead center, with some negotiation. Their calculation is based on the SBA's expectations for the Lead Center and its three county service area. Our share of the regional obligation is driven by our share of the general population and number of businesses, adjusted for variables like prior year performance. We have consistently been among the top performers in the region.

We exceeded the goals for Capital Infusion and Business Starts in 2014 and anticipate that we will again in 2015. The goal that has in prior years been a challenge is the long-term consulting process measure.

In 2014 we had 210 Long-Term Clients; this year's goal of 206 is within reach. The idea behind this measure is to encourage our dedication of consulting resources to firms generating economic outcomes, and discouraging time with clients that are in and out with no outcomes. Our record of managing this triage has been very good, though it is difficult to control who comes in the door for short-term consulting. Our systems to manage this continue to improve.

Kathy long asked for a motion to Approve the FY 2014 Small Business Development Center (SBDC) Network Service Center Agreement (CN99720.5), between EDC-VC and the Long Beach Community College District, for \$325,000 in U.S. Small Business Administration funds and \$162,500 local match, and forward the agreement to the full Board of Directors for final approval as well as delegate authority to the President/CEO to sign the Network Service Center Agreement. Brian Gabler motioned to Approve the FY 2014 Small Business Development Center (SBDC) Network Service Center Agreement (CN99720.5), between EDC-VC and the Long Beach Community College District, for \$325,000 in U.S. Small Business Administration funds and \$162,500 local match, and forward the agreement to the full Board of Directors for final approval as well as delegate authority to the President/CEO to sign the Network Service Center Agreement. Sim Tang-Paradis seconded the motion. All listed in attendance in favor, motion carried.

**Review of Consulting Agreement, Not to Exceed \$32,000, with Applied Development Economics, for the Preparation of a Study Relating to the Question of Whether Ventura County Could Benefit from Additional Value Added Food Processing. Recommendation to Approve.**

Stenslie stated that as previously reported, EDC-VC has for over the last year

and a half served as one of 12 members of the California Sustainability Network. The Network is self-governing, though essentially sustained through funding provided by the Morgan Family Foundation.

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.

Last year, through our participation in CSN, we completed a regional Economic Development Strategy, or CEDS. One of the specific findings in the CEDS is that while Ventura County is a national leader in food production, we are inefficient in securing greater benefit from this productivity through the secondary and/or value added components of food processing and distribution.

In consideration of this, our notion is to explore the benefits of a more diversified food systems strategy, toward improving opportunity for sustaining our high value agriculture sector.

Toward this end, we previously shared our proposal for additional funding through the Morgan Family Foundation.

The total funding for this component of our regional economic strategy in 2015, and for participation in the California Stewardship Network, is \$55,000. The recommended contract of \$32,000 will deliver the baseline data and initial recommendations for moving forward.

Kathy Long asked for a motion to ratify a consulting agreement, not to exceed \$32,000, with Applied Development Economics, for the preparation of a study relating to the question of whether Ventura County could benefit from additional value added food processing. Mike Tracy motioned to ratify a consulting agreement, not to exceed \$32,000, with Applied Development Economics, for the preparation of a study relating to the question of whether Ventura County could benefit from additional value added food processing. David Pollock seconded the motion. All listed in attendance in favor, motion carried.

### **Membership Report and Recommendation for New Members**

Stenslie commented that our bylaws, Section 2.2, identify our full board as a maximum of 36 members, including up to 24 from the private sector (which may include up to four members from public, special district or quasi-public organizations, such as CSUCI and the Port of Hueneme) and 12 from the public sector.

The public sector seats are *defined specifically* as one elected official from each of the ten cities and two members of the County Board of Supervisors. These public sector seats are all filled.

Including the recommended appointment, we show 19 private sector members, with a total of 24 available seats. Including an in-kind membership for the Pacific Coast Business Times, four of the 19 members cover their dues through in-kind contributions. Our *budget* goal is for 19 cash memberships. Our leadership goal is to fill all available openings.

Established by Henry Dubroff in March 2000, the Pacific Coast Business Times

is the weekly business journal for Ventura, Santa Barbara and San Luis Obispo counties. PCBT is a locally owned company with offices in downtown Santa Barbara. PCBT sponsors numerous business recognitions and events and reports broadly on business issues with a concentration on the region's key industry sectors.

Among other contributions strategically significant for EDC-VC, the Business Times helps us connect to the Santa Barbara market for our Small Business Development Center services. The in-kind membership will be satisfied by an agreement including waived expenses for advertising and event sponsorships.

Kathy Long asked for a motion to that our Board of Directors approve a new Board membership appointment for Pacific Coast Business Times, represented by Henry Dubroff, Editor, for an in-kind membership. Sim Tang-Paradis motioned that our Board of Directors approve a new Board membership appointment for Pacific Coast Business Times, represented by Henry Dubroff, Editor, for an in-kind membership. Brian Gabler seconded the motion. All listed in attendance in favor, motion carried.

#### **President's Report**

Stenslie noted that he had signed a letter of support for the Port of Hueneme, seeking federal transportation funding for Port-related infrastructure. Kathy Long noted that the County Board of Supervisors is also in support.

Stenslie shared information about EDC-VC participating in a five county regional initiative (including Los Angeles, Orange, Riverside and San Bernardino Counties) focused on Foreign Direct Investment (FDI) and international business. The partnership is supported by the Brookings Institute, through its Global Cities Initiative. Staff will report out in more detail at our July full Board meeting.

**New or Unfinished Business:** None.

**Executive Committee Comments:** None

**Adjournment:** 9:33 a.m.

Minutes taken by Kelly Noble