



**MINUTES**  
**EDC-VC EXECUTIVE COMMITTEE MEETING**  
October 7, 2015

**Location:** 1601 Carmen Drive, Suite 215, Camarillo

**Attendance:** Harold Edwards – Limoneira Company  
Brian Gabler – Economic Roundtable Representative, City of Simi Valley  
Kathy Long, *Secretary/Treasurer* – County of Ventura  
Roseann Mikos, *Chair* – City of Moorpark  
Sim Tang-Paradis – City National Bank  
Mike Tracy – City of Ventura

**Absent:** 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  
Kelly Noble, Office Manager  
Bruce Stenslie, President

**Call to Order:** 8:41 a.m. Roseann Mikos welcomed everyone.

**Roll Call:** Kelly Noble

**Amendment to the Agenda:** None

**Public Comment:** None

**Approval of Executive Committee Minutes, July 7, 2015** Chair Roseann Mikos requested a motion to approve the minutes from the July 7, 2015 Executive Committee meeting. Mike Tracy moved to approve and file the minutes from July 7, 2015. Kathy Long seconded the motion. All listed in attendance in favor, motion carried.

**Administration** **Consideration of an Engagement Letter with Poindexter and Company for EDC-VC’s FY 2015 Audit, Statement of Financial Position and Federal and State Information Returns, for an Estimated \$16,700. Recommendation to Approve.**  
Stenslie stated that as per our bylaws, Section 7.2, we contract annually for an independent audit of our corporate accounts, financial statements and internal controls. That audit and related materials has been conducted for the last eight years by Poindexter and Company.

We have received a proposal from Poindexter and Associates for the 2015

audit. The price remains unchanged from the 2014 audit, at \$15,750 for the audit and financials and \$950 for the federal and state returns.

The cost has remained essentially stable over the last several years, increasing at the base level by about 2.8% every two years (or by about 1.4% annually). Separate from that, we did have a significant increase in the base price in 2013—by \$1,325—when it was determined we needed to include a “single audit” statement along with the standard financials, in compliance with OMB Circular A-133 relative to our exceeding a threshold of federal financial assistance.

Stenslie added that it is common practice to go out to bid for audit services every five years or so. The reasoning is twofold: one, to assure we’re receiving a competitive price; and two, to change the oversight function, avoiding familiarity. The staff recommendation to continue with Poindexter and Company is based on two observations:

1. Based on staff’s dialogue and familiarity with other non-profits in the region, we are confident we are getting an extremely competitive price.
2. On the issue of familiarity, current literature on audit practice has supported a questioning of this conventional wisdom, to be evaluated on a case by case basis. While over-familiarity should be guarded against, research has shown that new auditors are at least as or even more prone to miss points that yield audit exceptions than continuing auditors, *owing to their unfamiliarity with systems*.

Considering the points above and our unusual mix of grant funding and lending operations, staff is confident that Mr. Poindexter has both the subject matter expertise and professional qualifications to continue as our auditor.

Chair Mikos requested for a motion that the Executive Committee accept and approve an engagement letter with Mark Poindexter and Company, CPA, for EDC-VC’s 2015 audit, statement of financial position and federal and state information returns, for an estimated cost of \$16,700. Kathy Long motioned to accept and approve an engagement letter with Mark Poindexter and Company, CPA, for EDC-VC’s 2015 audit, statement of financial position and federal and state information returns, for an estimated cost of \$16,700. Brian Gabler seconded the motion. All listed in attendance in favor, motion carried.

**Consideration for Co-Sponsoring a Startup Weekend Event in Ventura County, Tentatively Planned for January 2016, and for Sponsoring a Ventura County Entrepreneurship Recognition Program. Recommendation to Approve.**

Stenslie explained that as a matter of policy and service priority, we seek to distribute our concentration equitably among programs for 1) business retention and expansion, 2) business attraction, and 3) entrepreneurship. For business attraction our primary function is to support the work of the cities, though we do participate in the promotion of the region in the broader sense. Business retention and expansion is addressed both through our business consulting and lending. Entrepreneurship is addressed to some degree through the same programs, though the support of entrepreneurship—as in business start-ups—is not their primary focus.

As an option for balancing our service mix, we have been approached by a loosely organized group of regional CEOs to sponsor a Startup Weekend event and to partner with them and other stakeholders to establish something of a regional entrepreneur's "hall of fame," this latter toward both concentrating attention on our region's achievements in entrepreneurship and to help direct their efforts in supporting other, early stage entrepreneurs in key sectors within the region.

The primary driver behind the effort is local resident Martin Shum, retired network engineer and entrepreneur, past President, Chairman and CEO of Aprisa, current Board Member at St John's Hospital and the Camarillo Chamber of Commerce. Mr. Shum has recently organized a regional CEO's group, with a primary purpose of helping to build the region's capacity to support entrepreneurship in two key sectors, biomedical and health care technologies.

Startup Weekend is a global product or, rather, rolling set of events, supported by Google and other major corporate sponsors. If supported, our co-sponsorship of a Startup Weekend event would be nominal in cost. We would be working with other local stakeholders already involved in promoting entrepreneurship. For more on the concept and events, see <http://startupweekend.org/>.

Unlike Startup Weekend, the idea of a Ventura County Entrepreneur "hall of fame" is unique. As noted above, the idea is both to draw attention to local individual achievements in entrepreneurship (that is, starting and bringing to maturity and significant scale) and to begin to build a network of local entrepreneurs that could be drawn on as mentors and supporters of new business development in the region.

While both of the recommended actions would require some considerable commitment of staff time, they are nominal in cost and appear high in potential value. We anticipate that Startup Weekend may become an annual event, though our agreement to co-sponsor at this time is more to catalyze the effort, not for a longer term commitment.

Chair Mikos asked for a motion to endorse our co-sponsorship of a Startup Weekend Event in Ventura County, in early 2016, and support our sponsorship of a Ventura County Entrepreneurship Recognition Program. Harold Edwards motioned to endorse our co-sponsorship of a Startup Weekend Event in Ventura County, in early 2016, and support our sponsorship of a Ventura County Entrepreneurship Recognition Program. Mike Tracy seconded the motion. All listed in attendance in favor, motion carried.

### **Membership Report, Consideration of Appointment for Vacant Vice-Chair for 2015**

Stenslie informed the Executive Committee that at our Board's annual meeting in January we elected a slate of officers for 2015 that included Sean Morreale, then with Rabobank, as Vice-Chair. At about the same time as our annual meeting, Mr. Morreale changed jobs, moving from Rabobank to Citizens Business Bank.

Mr. Morreale joined Citizens Business Bank as part of its expansion into the

Ventura County market. With that expansion is a still small staff and budget. Unfortunately, as discovered well after our annual meeting and election, the bank's budget doesn't include funds for the bank's membership. As a result, we lost our vice-chair.

One key governing consideration is that our bylaws call for our board chair's position to rotate annually between public and private sector members. Considering that the vice-chair is generally in line for succeeding each year's current chair, the chair and vice-chair have been from one each, public and private sectors. With that noted, it's not a requirement. What is required is that each year the Chair rotates from one sector to the other.

Another consideration is whether to consider the mid-year appointment for the vacant vice-chairperson as a deliberate part of succession planning, or, alternatively, as a placeholder appointment, leaving the larger question of succession planning to the nominations process for officers for 2016.

Stenslie explained that there are several options for the Chair and Executive Committee, acting as the Nominating Committee . . .

- 1) The Executive Committee could choose to nominate a member from among our current Executive Committee members. Under this option, the Chair could elect to:
  - a. then leave the Executive Committee one short of the full complement of nine members, or
  - b. appoint another member of the Board to fill the Executive Committee vacancy.
- 2) The Executive Committee could choose to nominate for vice-chair another member of the board, that is, a member not currently serving on the Executive Committee. That would fill the entire Executive Committee and require no further immediate action.
- 3) The Executive Committee could choose to leave the vice-chair position vacant for the balance of the year. Our bylaws do not explicitly speak to filling such mid-year officer vacancies. We're already in September and per the bylaws will be looking already to forward a slate for 2016 in some three months.

The Executive Committee discussed moving the Executive meeting to either another time or date to accommodate the current members to possibly nominate a member from among our current Executive Committee members.

Staff will work on accommodating the current members with a date or time change and bring this back to the next Executive Committee meeting.

#### **Status Report on Agriculture Sustainability Study**

Stenslie noted for the Executive Committee that last year, through our participation in the California Stewardship Network, 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, we are moving forward this year with an exploration of

the benefits of a more diversified food systems strategy, toward improving opportunity for sustaining our high value agriculture sector.

We anticipate a near final product on time to share with our full Board and receive final comments at its meeting of November 19.

**Small Business Development Center 3<sup>rd</sup> Quarter Report on Outcomes and Activities**

Stenslie stated that today's report addresses outcomes through September of 2015, or for nine months, 75% of the program year.

Funding Background: The program is funded by the US Small Business Administration (SBA), through an annual national appropriation of approximately \$113 million. Our SBA-contributed funding of \$325,000 is secured through a contract with Long Beach City College, which serves as the "lead center" for Los Angeles, Ventura and Santa Barbara counties. Our program service area is all of Ventura and Santa Barbara Counties. Our \$325,000 SBA grant allocation must be matched 100%, half of that in cash, half in-kind.

Outcomes/Service Activity: The baseline SBDC program is focused on delivering specific economic outcomes (summarized below, concentrated on new capital infusion, new jobs created) with small business clients, generally defined as any firm with fewer than 500 employees. Most clients we serve employ fewer than 30 workers, though there is wide distribution by size.

*The primary service activity is direct, professional client advising and technical assistance, organized around scopes of work focused on assisting businesses achieve positive economic outcomes. To deliver that service we maintain some 30 consultants on contract, available to business at no cost. The total direct services consulting budget is approximately \$190,000, or some 40% of the cash available in the total contract.*

Stenslie informed the committee that per SBA regulations, there are three contractual performance goals, concentrating on long-term client engagement, capital infusion and business start-ups. Our outcome targets are prescribed by our SBDC lead center in Long Beach.

For this year, our target for Long-Term Clients was lowered by 12; our target for Capital Infusion was increased by \$4,000,000; and our target for Business Start-ups was increased by two. The outcome data displayed below is for period January through September 2015

<u>Performance Goals</u>	<u>Outcome Target</u>	<u>Outcomes thru 9/15</u>
Long Term Clients (5+ hours)	206	149
Capital Infusion	\$20,000,000	\$35,342,500
Business Start-ups	40	41

Ray Bowman stated that we have some nice success stories in the Santa Barbara region. There will be a lot to come on the E Launch. Stay tuned.

**President's Report**

Nothing more to report at this time.

**New or Unfinished Business:** None.

**Executive Committee Comments:** None

**Adjournment:** 9:47 a.m.

Minutes taken by Kelly Noble