



MINUTES
EDC-VC EXECUTIVE COMMITTEE MEETING
July 7, 2016

- Location:** 1601 Carmen Drive, Suite 215, Camarillo
- Attendance:** Henry Dubroff, Pacific Coast Business Times
Harold Edwards – Limoneira Company
Cheryl Heitmann, *Vice-Chair* – City of Ventura
Kathy Long– County of Ventura
Roseann Mikos, *Secretary/Treasurer* – City of Moorpark
Sim Tang-Paradis – City National Bank
John Procter – City of Santa Paula
- Absent:** Brian Gabler – Economic Roundtable Representative, City of Simi Valley
Peter Zierhut, *Chair* – Haas Automation
- Legal Counsel:** Nancy Kierstyn Schreiner – Law Offices of Nancy Kierstyn Schreiner
- Guests:** Matthew Fienup, California Lutheran University
- Staff:** Marvin Boateng, Loan Officer
Bruce Stenslie, President
- Call to Order:** 4:02 p.m. Vice Chair Cheryl Heitman welcomed everyone.
- Roll Call:** Bruce Stenslie
- Amendment to the Agenda:** None
- Public Comment:** None
- Approval of Executive Committee Minutes** Vice Chair Cheryl Heitmann requested a motion to approve the minutes from the June 2, 2016 Executive Committee meeting. Kathy Long moved to approve and file the minutes from the June 2, 2016 Executive Committee Meeting. Sim Tang-Paradis seconded the motion. All Executive Members listed in attendance in favor, motion carried.
- Administration** **Update from Matthew Fienup, California Lutheran University, on Market Based Groundwater Water Trading**
- As previously discussed, EDC-VC has since 2014 served as one of 13 members of the California Stewardship Network. The Network is self-governing and is the beneficiary of 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.

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 2016 we have received \$60,000 from the Morgan Family Foundation to help support the development and implementation of market-based groundwater trading in Ventura County.

Matthew Fienup from California Lutheran University is the lead on this work. Matthew led a discussion on the topic and provided a detailed summary on current progress..

Fraud Risk Minimization, Annual Review

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 2015 annual audit 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.

Vice Chair Heitmann 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. Harold Edwards motioned that the Executive Committee certify the Annual Fraud Risk Minimization Review as presented, and forward to the full Board for final certification. Kathy Long seconded the motion. All Executive Members listed in attendance in favor, motion carried.

Membership Report and Recommendation for New Member, California Resources Corporation

Stenslie stated 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.

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 (though Oxnard is seven months behind in paying its \$9,900 membership dues and behind by an additional \$34,000 in other invoices for program support).

Private Sector: Assuming approval of today's recommended action, we show 19 private sector members and five current vacancies, for a total of 24 available seats. Of the 19 private sector seats, currently three are "in-kind" (out of a maximum allowable of five), for the Pacific Coast Business Times, Mayerson Marketing and the Chambers of Commerce Alliance. Our *budget* goal is for 19 cash memberships, or to fill three more vacancies. Our leadership goal is to fill all available openings.

California Resources Corporation is a publicly traded oil and natural gas exploration and production company and the largest oil and natural gas producer in California on a gross-operated basis. Focused exclusively on California and active in all four of California's major basins (San Joaquin, Los Angeles, Ventura and Sacramento), CRC reports that 7% of its estimated proved reserves are in the Ventura Basin. Amy Fonzo, Manager, External Relations, is also Chair Elect of the Oxnard Chamber of Commerce, formerly VP of Community Investment at United Way of Ventura County and Executive Director, Workforce Investment Board of Ventura County.

The Executive Committee is currently in a push for new members, filling vacancies, primarily relative to gaps in industry sector representation. Our considerations include not only diversity by industry sector but also by region of the county, economic significance of the business and sector as well as the personal and professional characteristics of the individual members representing the industries and firms we recruit.

Chair Heitmann asked for a motion that the board approve a new membership for California Resources Corporation, as represented by Amy L. Fonzo, Manager of External Relations. Harold Edwards motioned that the board approve a new membership for California Resources Corporation, as represented by Amy L. Fonzo, Manager of External Relations. Henry Dubroff seconded the motion. All Executive Members listed in attendance in favor, motion carried.

Review of EDC-VC Board Leadership and Service

Stenslie stated that this item is for a review of the key talking points board members might have available for communicating about recruiting and retaining board members.

For facilitating discussion, two items were distributed:

- EDC-VC Draft "Board Leadership and Service"
- EDC-VC Fact Sheet 2016

The first item is two pages, including a roster of board membership, and seeks to answer questions that might be asked by prospective board members.

The second item, previously distributed, is a longer, more detailed summary of

the organization, useful for background information on all aspects of our operation.

Under separate development is a new four-page overview of EDC-VC, which will summarize both the service activities of EDC-VC and the broader strengths of the Ventura County region.

The purpose of the materials and discussion is to assure we're collectively speaking from a common message and, to a reasonable extent, that the message is supported by an understanding of who we are and what we do.

From the discussion we'll look to sharpen our message and close any gaps in the communication around our value proposition.

Consideration for Reconfirming Our Endorsement of the California Economic Summit Roadmap's Principles for Shared Prosperity

Stenslie explained that beginning in 2012, California Forward and the California Stewardship Network (or CSN, of which EDC-VC is a member) have served as co-sponsors of the California Economic Summit.

The Summit initiative is a broad spectrum effort to coordinate the work of the several regions of California, around solutions for economic sustainability. The Summit concentrates efforts around key focus areas, which have coalesced for the current year on what's being called the "One Million Challenges:

- One Million More Skilled Workers
- One Million More Homes
- One Million More Acre-Feet of Water

The first actual "summit" was in late 2012, in the Bay Area, followed by a large summit in Los Angeles in 2013, a smaller scale legislative summit in Sacramento in 2014, and a major statewide event in Ontario in November 2015. The next summit is scheduled for Sacramento on December 13-14, 2016.

In March of 2015 our Board of Directors endorsed the Principles and expressed our support for the summit priorities.

The action before us today is to consider re-confirming that prior action and providing input or examples of local action that align with the "one million challenges."

The Summit leadership is also actively recruiting for attendance and participation in the December summit.

Chair Heitmann asked for a motion that the Executive Committee approve and forward to the full Board of Directors a recommendation to re-endorse the California Economic Summit, Roadmap's Principles for Shared Prosperity. Henry Dubroff motioned that the Executive Committee approve and forward to the full Board of Directors a recommendation to re-endorse the California Economic Summit, Roadmap's Principles for Shared Prosperity. Kathy Long seconded the motion. All Executive Members listed in attendance in favor, motion carried

Small Business Development Center Quarterly Report

Today's report addresses outcomes for January through June of 2016, or for six months, 50% of the program year.

The program is funded by the US Small Business Administration (SBA), through an annual national appropriation of approximately \$115 million. Our SBA-contributed funding of \$425,000 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 core program service area is all of Ventura and Santa Barbara Counties. Funding for that activity is \$325,000 from SBA, which must be matched 100%, half in cash, half in-kind. The cash portion comes from the cities (except Oxnard for the last two years) and County of Ventura, and for Santa Barbara County from Santa Barbara City College and Scheinfeld Center for Entrepreneurship and Innovation. We also receive \$65,000 from the Governor's Office of Business and Economic Development, targeted to facilitating business access to capital. This fund may also be used as a match to the SBA contribution.

We receive an additional \$100,000 in SBA funds, to serve as the international business lead for the entire LA region. That portion of our contract does not require a match.

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 for the core program is approximately \$190,000, or some 40% of the cash available in the total contract.

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

For this year, our target for Long-Term Clients was increased significantly, from 206 to 310; our target for Capital Infusion was increased by \$5,000,000, from \$20 million to \$25 million; and our target for Business Start-ups was increased by twenty, from 40 to 60. These increases reflect the lead center's drive to improve outcomes region-wide.

The outcome data displayed below is for the period January through June 2016, or 50% of the contract term, with the "outcome target" number representing the full year goal. The data continues to demonstrate a high level of performance by EDC-VC.

<u>Performance Goals</u>	<u>Annual Outcome Target</u>	<u>Outcomes thru June</u>
Long Term Clients (5+ hours)	310	136
Capital Infusion	\$25,000,000	\$31,178,650
Business Start-ups	60	39

All outcomes are documented by signed agreement from the businesses served.

Through this six month period we have already exceeded the twelve month capital infusion goal and we are on-track to exceed our goal for business starts. We are just short on the "process measure" long-term clients. We anticipate exceeding all the measures by year end.

In addition to tracking economic outcomes, we also pay close attention to the distribution of our services by region and industry sector. We continue to have an extremely diversified industry mix. Staff will update the distribution displays for sharing at our meeting.

As previously reported, historically we have had little activity in north Santa Barbara County (primarily weak in Santa Maria). While that region hosts a significant share of Santa Barbara County's business activity, it's been difficult for us to develop a client base as the Santa Maria Chamber has run its own separate economic development activity. That's changed over the last two years, with a change in chamber management.

Following in-depth discussions with the Santa Maria Chamber, we have reached out and secured an additional \$15,000 from the Lead Center, to be matched 100% by sources secured through the Santa Maria chamber, creating a new \$30,000 fund, dedicated wholly for north Santa Barbara County services. We plan to add to that with our existing funds as well. That all noted, we are encouraged that we may see some new and significant client activity in the Santa Maria area.

President's Report

Stenslie informed the Executive Committee that our two-year grant from the CA Public Utilities Commission comes to an end on June 30. California approved "urgency legislation" in 2015 that established funding for the continuation of the regional consortia activity for the period starting July 1, 2016, though CPUC staff have not yet acted on the proposals solicited in January 2016. We've been instructed that new grants, if any, per CPUC discretion, will not be awarded until September or later this year. Though our grant ends on June 30, and there's no assurance of continued funding, our efforts will continue, though unfunded. This does not involve a significant draw on resources and the gap in funding is not material to our operations. We'll keep the board apprised of any new movement on this.

New or Unfinished Business: None

Executive Committee Comments: Sim Tang-Paradis reminded the Executive Committee that tomorrow is the last day to register for City National Bank's Economic Forecast.

Adjournment: 5:40 p.m.

Minutes taken by Bruce Stenslie