



MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
June 16, 2016

- Location:** Hampton Inn, 50 West Daily Drive, Camarillo
- Attendance:** Al Adam – City of Thousand Oaks
Nan Drake – E.J. Harrison Industries
Scott Eicher – Chambers of Commerce Alliance
Rebekah Evans – VCLA (liaison)
Cheryl Heitmann, Vice Chair – City of Ventura
Kathy Long – County of Ventura
Nancy Mayerson – Mayerson Marketing & Public Relations
Chris Meissner – Meissner Filtration Products
Roseann Mikos, Treasurer – City of Moorpark
Michael Morgan – City of Camarillo
Susan Mulligan – Calleguas Municipal Water District (liaison)
Rick Neal – City of Fillmore
Linda Parks – County of Ventura
John Procter – City of Santa Paula
Richard Rush – California State University Channel Islands
Laurel Shockley – Southern California Edison
Sandy Smith – VCEDA
Sim Tang-Paradis – City National Bank
Maria Ventura – Southern California Gas Company
William Weirick – City of Ojai
Hannah Wirz – Monsanto/Seminis
Peter Zierhut, Chair – Haas Automation
- Absent:** Gerhard Apfelthaler – California Lutheran University
Kristin Decas – Port of Hueneme/Oxnard Harbor District
Henry Dubroff – Pacific Coast Business Times
Harold Edwards – Limoneira Company
Brian Gabler – City of Simi Valley, liaison, ED Managers Roundtable
Keith Mashburn – City of Simi Valley
Carmen Ramirez – City of Oxnard
Jim Scanlon – Gallagher, SBG-NIA
Sylvia Muñoz Schnopp – City of Port Hueneme
Tony Skinner – IBEW Local #952
Cari Shore – Rabobank
- Legal Counsel:** Nancy Kierstyn Schreiner, Law Offices of Nancy Kierstyn Schreiner
- Staff:** Marvin Boateng, Loan Officer
Ray Bowman, EDC SBDC Director
Kelly Noble, Office Manager
Bruce Stenslie, President/CEO

- Guests:** Mark Poindexter, Auditor
Mary Dicesare, Mayerson Marketing
- Call to Order:** Chair Peter Zierhut called the meeting to order at 4:06 p.m.
- Roll Call:** Kelly Noble. A quorum is present.
- Amendment to the Agenda:** None
- Public Comment:** Nancy Mayerson introduced Mary Dicesare who will be serving as her alternative. Nancy explained that Sarene Wallace, formerly the alternate for Mayerson Marketing, has taken on a new marketing and communication job in the area of her passion, the food systems sector.
- Minutes:** Chair Zierhut asked if there were any comments on the May 19, 2016 minutes. With none, Zierhut requested a motion to approve the minutes from May 19, 2016. Al Adam moved to approve and file the minutes May 19, 2016. Kathy Long seconded the motion. Sim Tang-Paradis, Maria Ventura and Rebekah Evans were not present for this action item. All Remaining Board members listed in attendance in favor, motion carried.
- Financial Report:** **Review of the Draft Annual Auditor's Report and Financial Statements for December 31, 2015 and 2014. Recommendation to Approve.**
Stenslie noted 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—recently completed in draft by Poindexter and Company, CPA, for our FY 2015—has been emailed to Board members with the meeting notice and agenda. Also sent were the auditor's presentation letter and adjusting and reclassifying journal entries.
- Mr. Poindexter provided an overview of the audit, thanking staff—particularly Shalene Hayman, Kelly Noble and Marvin Boateng for their work—highlighting that it provides an unqualified opinion for the representation of our financial statements. Mark noted one significant adjustment, reclassifying \$25,000 received from the County of Ventura as a temporarily restricted contribution.
- There were no findings in either 2014 or 2015.
- Stenslie also commended the excellent work of Kelly Noble, Shalene Hayman and Marvin Boateng for their exercise of our financial control systems, and thanked Mr. Poindexter for his analysis and assistance in the audit process.
- There was a brief discussion of managing the distribution of duties with a small staff, with assurance from the auditor that the issue receives his full attention, with no concerns identified.
- Chair Zierhut requested a motion to approve the annual auditor's report and financial statements for December 31, 2015 and 2014. Nancy Mayerson moved to approve and file the annual auditor's report and financial statements for December 31, 2015 and 2014. Roseann Mikos seconded the motion. All Board members listed in attendance in favor, motion carried.

Review of the Draft 2015 Federal (Form 990) and California (Form 199) Return of Organization Exempt from Income Tax Filings.

Recommendation to Approve.

It is recommended that the Board approve the EDC-VC 2015 Federal Return of Organization Exempt from Income Tax, Form 990, and 2015 California Exempt Organization Annual Information Return, Form 199.

Stenslie noted that as a package of services, our auditor, Mark Poindexter, CPA, also prepares our required annual federal and state "exempt organization" 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 Board member and copies are available in the EDC-VC office and will be available at the time of our meeting.

Mr. Poindexter noted that the returns tie to the audited financial statements.

In discussion it was noted that the addresses of some board members were incorrect. Staff will follow up to correct before filing.

Zierhut requested a motion that the Board of Directors approve the Federal (Form 990) and California (Form 199) Return of Organization Exempt from Income Tax Filings. Nan Drake motioned to approve the Federal (Form 990) and California (Form 199) Return of Organization Exempt from Income Tax Filings. Richard Rush seconded the motion. All board members listed in attendance in favor, motion carried.

Administration:

**Consideration of Amendment to the EDC-VC Employee Handbook.
Recommendation to Approve.**

Stenslie recalled that when the Employee Handbook was adopted in January 2016 the motion requested that EDC-VC have additional special employment counsel review and comment on the handbook. Today's action is a follow-up on that direction.

Nancy Kierstyn Schreiner noted that she secured special employment counsel to review and comment on the adopted Employee Handbook (Handbook).

Nancy stated that subsequent to the adoption of the Handbook the Department of Fair Employment and Housing adopted new rules concerning harassment guidelines effective April 1, 2016 and all employers are now required to revise their harassment policies. New language for section 7.7 is being proposed to comply with this new requirement effective April 1, 2016. Special counsel also suggested that the Meal and Rest Period (5.5) be enhanced to include more language concerning breaks and expanded work hours. Section 5.5 is being revised although it does not significantly expand the original language or that suggested by other employment law attorneys. It is probably more enhanced language than needed however it is better to be overly stated to avoid any liability.

Section 6.16 is being revised concerning pregnancy leave to detail the statutory disability leave requirements instead of just cross-referencing existing

law. It was also suggested that Internet Posting language be enhanced. Thus additional new language is being added to section 7.14.

To further clarify that solicitation is restricted during working hours there is proposed minor language to section 7.16.

Finally it was the preference of special counsel to break into two forms the Acknowledgment of Receipt of the Employee Handbook and the acknowledgement of At-Will Employment. Special counsel felt it was more defensible if in two forms instead of one form. However many other employment law attorneys still have it in one form. As such it is being proposed to break into two forms and section 11.1 and 12.1 are being changed to reflect such.

Following discussion, Zierhut requested a motion that the Board of Directors approve and adopt the proposed revisions to the Employee Handbook. Richard Rush motioned to approve and adopt the proposed revisions to the Employee Handbook. Sim Tang- Paradis seconded the motion. All board members listed in attendance in favor, motion carried.

Consideration of Two Contracts with the City of Ventura, \$27,500 for the Management and Administration of the City's Microloan Program and \$25,000 for the Commercial Rehabilitation and Code Compliance Loan Program, for the Period 7/1/16 – 6/30/17. Recommendation to Approve.
Cheryl Heitmann recused herself from this action item and left the room.

Stenslie stated that the EDC-VC has managed these loan programs for the City of Ventura since the year 2000. We have made 85 loans over this period, for a total of \$3,526,065, creating 255 sustained jobs, for an average cost per job created of \$13,828. The recommended action are to continue this service for another one year period, commencing July 1, 2016.

The programs' purposes are to advance the city's strategy for investing in business growth in its downtown and other commercial neighborhoods, to spur economic growth by assisting business owners to overcome some of the hurdles to successful entrepreneurship, and to add to the city's employment pool.

The two contracts serve different lending goals for the City and augment our countywide lending resources.

- The Microloan contract is funded by Community Development Block Grant funds, is directed to small business entrepreneurs, and is intended to support job creation for low and moderate income workers. This year's contract establishes our access to \$172,500 in loan capital, for an estimated four loans, not to exceed \$50,000 each.
- The Rehabilitation and Code Compliance Loan contract is funded by city general funds, and is intended to support the creation of businesses and jobs by lending to firms that are rehabilitating properties or addressing property code compliance issues. The total pool of funds available for lending includes an estimated \$504,868 for commercial rehabilitation and \$156,806 for code compliance. Commercial rehabilitation loans may range from \$10,000 to \$50,000; code compliance loans may range from \$10,000 to \$25,000. Exceptions on the lower end of the ranges may be considered by the City.

In both contracts our services are to:

- provide technical assistance to loan applicants,
- develop and fund new loans in the number prescribed, and
- service the existing portfolio.

The over-riding consideration in all activities is to support job creation and retention.

The city takes the lead in identifying eligible loan recipients through its economic development program. The EDC-VC partners with the City in this outreach through our Small Business Development Center and provides all loan underwriting, servicing and general loan administration.

Maximum loan terms are seven years. Loans are currently being made at 5.50%, facilitating affordable capital through this program to the city's small business owners and entrepreneurs. Additional detail on allowable uses of funds is outlined in the attachment to this memorandum.

Job creation goals and performance, loan portfolio: The goal of the lending programs is to create at least one job for each \$25,000 loaned. As noted above, the cumulative performance is one job created per every \$13,828 loaned, far exceeding our baseline goals. Along with the job creation, the lending has also contributed to the retention of more than 100 additional jobs.

The loan program has also performed well in managing risk, with less than 5% of the loan fund charged off by the loan board. Considering all loans both charged-off and at-risk of non-payment, the rate increases to 6.43%. The contracts specify that underwriting standards must be tightened if more than 25% of the loans are in collection or liquidation, with such a high ceiling reflecting the loan pool's purpose to facilitate access to capital for the purpose of job creation and for businesses unable to secure commercial credit.

We last presented a comprehensive summary of our total lending activity at our meeting of October 15, 2015. We provide such an update not less than annually. Members may request a copy of the loan portfolio at any time and we'll have copies available at the time of this item's consideration.

Zierhut requested a motion that the Board of Directors authorize the President's and Chair's signature approval of two contracts (separately distributed) with the City of Ventura, for the period July 1, 2016 through June 30, 2017, for the management and administration of the City's:

1. Microloan Program, \$27,500 for business technical assistance and underwriting services to fund a minimum of four loans, with loans not to exceed \$50,000 each, out of a loan pool of \$172,500, and for servicing the existing loan portfolio.
2. Rehabilitation and Code Compliance Loan Program, \$25,000 for underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

Roseann Mikos motioned that the Board of Directors authorize the President's and Chair's signature approval of two contracts with the City of Ventura, for the

period July 1, 2016 through June 30, 2017, for the management and administration of the City's:

1. Microloan Program, \$27,500 for business technical assistance and underwriting services to fund a minimum of four loans, with loans not to exceed \$50,000 each, out of a loan pool of \$172,500, and for servicing the existing loan portfolio.
2. Rehabilitation and Code Compliance Loan Program, \$25,000 for underwriting services to fund a minimum of two commercial rehabilitation loans not to exceed \$50,000 each and two code compliance loans not to exceed \$25,000 each, and servicing of the existing loan portfolio.

Kathy Long seconded the motion. . All remaining board members listed in attendance in favor, motion carried.

Consideration of a \$95,000 Contract with the County of Ventura, Workforce Development Board, for Continuing Business Retention and Layoff Aversion Services, for the Period 7/1/16 – 6/30/17. Recommendation to Approve.

Kathy Long and Linda Parks recused themselves and left the room.

Stenslie stated that this is a continuation of a program that we have successfully operated since 2002. Funding for this activity comes through the Workforce Development Board's annual allocation of federal Workforce Innovation and Opportunity Act funds, specifically the category of funding called "Rapid Response."

Rapid Response funds are used primarily by the local workforce and Jobs Center system to assist in the re-employment of workers who have been laid off. A parallel priority and goal—with the service provided by EDC-VC—is referred to as "layoff aversion," that is, to work with businesses at-risk of decline, to help stabilize them and to keep their workers employed.

There are two primary outcomes:

- 1) Retention of jobs at-risk of layoff. *In 2015-16 our contract goal is for 80 jobs retained; through May we had secured 60 with more than one hundred pending completion of services in June.*

Our agreed upon goal for 2016-17 is to continue at 80 at-risk jobs retained.

- 2) Connection of at-risk workers to specific skills training, in such instance that the training is part of a strategy to help the workers and businesses improve their competitive position and the continued employment of the at-risk workers. *In 2015-16 our contract goal is for 50 workers trained; through May we had trained 96.*

Our proposed goal for 2016-17 is to continue with a goal of 50 workers trained, leveraging non-WIA funds (e.g., CA Employment Training Panel, California Community College funds, private employer, etc.).

The proposed budget is \$95,000, same as the current and prior program year, though may be subject to change based on final allocations of federal funds to

the state and county. If the dollar amount changes, there will be a corresponding adjustment to the outcome goals.

We have also pledged an in-kind contribution of \$69,250, of which \$19,250 is from Small Business Development Center resources, toward the initial assessment of firms to determine at-risk status, and \$50,000 in Employment Training Panel or other funds toward incumbent worker training. These funds are already secured and reflected in our adopted budget.

It should be noted that this funding was anticipated in our budget adoption for 2016, based on then current contract performance. We estimate that approximately \$48,000 would be drawn down and expensed under this agreement prior to the end of December, with the balance carried forward to our 2017 fiscal year.

Zierhut asked for a motion that the Board of Directors, subject to legal review, approve a contract with the County of Ventura, Workforce Development Board (WDB) for Business Retention and Layoff Aversion Services, for \$95,000, for the period July 1, 2016 through June 30, 2017, subject to legal review. Nancy Mayerson motioned that the Board of Directors, subject to legal review, approve a contract (separately distributed) with the County of Ventura, Workforce Development Board (WDB) for Business Retention and Layoff Aversion Services, for \$95,000, for the period July 1, 2016 through June 30, 2017, subject to legal review. Mike Morgan seconded the motion. With Peter Zierhut abstaining, all other board members listed in attendance in favor, motion carried.

Consideration of a \$97,580 Contract with the California Employment Development Department, for the Period 6/1/16 – 6/30/17, for a Pilot Project for Improving the Efficiency of Identifying At-Risk Firms for Layoff Aversion Services. Recommendation to Approve.

Stenslie stated that as addressed separately on today's agenda, EDC-VC has long operated a layoff aversion program, helping to stabilize businesses at-risk of failure or layoffs, with the goal of keeping the workers employed.

The program has been supported by a share of the Ventura County Workforce Development Board's annual formula allocation of Workforce Innovation and Opportunity Act (or WIOA, which by federal legislation recently replaced the Workforce Investment Act) Rapid Response funds. Rapid Response funds are primarily directed at assisting workers that have already been laid off gain access to training and new employment opportunities.

Up until the last two years, the delivery of layoff aversion services has been an optional activity for California's 48 local workforce areas. Two years ago the California Workforce Investment Board established a new statewide distribution of funds, specifically dedicated to layoff aversion.

While this new allocation is a positive movement, it has not come without problems. Specifically, many of the state's local workforce areas have had no experience in delivering a program of layoff aversion, so implementation and results have been inconsistent.

The CA Workforce Development Board occasionally solicits proposals for new and innovative projects for improving local delivery of workforce services and/or to encourage and test new strategies. One such cycle of funding is

branded as its "Accelerator" program. EDC-VC applied for funding in April and was recommended for a contract award in mid-May.

Our proposed, and now funded, pilot project is intended to contribute to a systemic solution to one of the primary problems in layoff aversion programming, that is, the efficient and timely identification of at-risk firms.

Even given our long experience in layoff aversion services, we struggle to identify firms needing or likely to benefit from the service. We've tried several strategies in assessment, but too often firm owners are either reluctant to share information about how highly at-risk their firms are or the owners themselves are not fully aware of their condition.

Our Small Business Development Center Director, Ray Bowman, has spent much time and energy analyzing client data to determine if there are some clear correlates to firms at risk. Some promise is shown in looking at firm revenue per employee, adjusted for industry sector. Our proposal to the California Workforce Development Board and Employment Development Department is to test the strategy and model in three local areas this year.

Ray Bowman went through a Ppt presentation explaining this program in detail.

Zierhut requested a motion subject to legal review, that the Board approve a \$97,580 contract with the California Employment Development Department for the period June 1, 2016 through June 30, 2017, for a Pilot Project for Improving the Efficiency of Identifying At-Risk Firms for Layoff Aversion Services with a revision to the resolution to correct the signee from Kathy Long to Roseann Mikos. Kathy Long motioned, subject to legal review, that the Board approve a \$97,580 contract with the California Employment Development Department for the period June 1, 2016 through June 30, 2017, for a Pilot Project for Improving the Efficiency of Identifying At-Risk Firms for Layoff Aversion Services with a revision to the resolution to correct the signee from Kathy Long to Roseann Mikos. Laurel Shockley seconded the motion. All remaining board members listed in attendance in favor, motion carried.

Committee Reports

VCEDA

Nan Drake announced reminded the Board that the VCEDA 2016 Business Outlook Conference is going to be held on September 22, 2016 at the newly remodeled Tower Club. The BOC will be about growing our economy while sustaining our quality of life.

Economic Developers Roundtable

None

Ventura County Lodging Association

None

Calleguas Municipal Water District

Susan Mulligan updated the Board on the drought situation.

New or Unfinished Business:

None.

Board Member Comments:

None

Adjournment:

Meeting adjourned at 5:15 p.m. to July 21, 2016.