



MINUTES
EDC-VC BOARD OF DIRECTORS MEETING
May 19, 2016

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

Guests: Bill Bartels, Ventura County Film Liaison
Greg Glover, City National Bank
Julia Justus, Assemblymember Jacqui Irwin Field Representative
Darren Kettle, Ventura County Transportation Commission

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: None

Minutes: Chair Zierhut asked if there were any comments on the January 21, 2016 Special Board Meeting minutes. With none, Zierhut requested a motion to approve the minutes from January 21, 2016 Special Board Meeting. Sim Tang-Paradis moved to approve and file the minutes January 21, 2016 Special Board Meeting. Roseann Mikos seconded the motion. Nan Drake was not here for this action item. All other Board members listed in attendance in favor, motion carried. Doug Breeze and Peter Zierhut abstained.

Chair Zierhut asked if there were any comments on the April 21, 2016 minutes. With none, Zierhut requested a motion to approve the minutes from April 21, 2016. Sim Tang-Paradis moved to approve and file the minutes April 21, 2016. Roseann Mikos seconded the motion. Nan Drake was not here for this action item. Doug Breeze and Peter Zierhut abstained. All other Board members listed in attendance in favor, motion carried.

Financial Report: **March 2016 Financials**
Shalene Hayman advised the Board of Directors that that the EDC-VC was at the end of their annual audit and did not expect to have any findings. Hayman stated that the auditor, Mark Poindexter will be presenting the draft audit at the June 2016 board meeting. Hayman briefly reviewed the April 2016 Financials explaining the variances in the P&L and going over the Loan programs. With no questions, Zierhut requested a motion that the Board of Directors approve the April 2016 financial reports. Richard Rush motioned to approve the April 2016 financial reports. Gerhard Apfelthaler seconded the motion. Nan Drake was not here for this action item. All remaining board members listed in attendance in favor, motion carried.

Presentation **Darren Kettle, Executive Director, Ventura County Transportation Commission**
Mr. Kettle provided an overview of the Ventura County Transportation Commission's recently approved Transportation Investment and Expenditure Plan. Darren addressed priorities relative to streets and roads, freeways, regional roads, bus and transit, commuter rail, bicycle and pedestrian and environmental enhancements and mitigations. There was discussion about the value of a robust and efficient transportation infrastructure to the region's economy.

Administration: Review of the 2016 Small Business Development Center Network Service Center Agreement, \$435,000 in SBA Funds and \$167,500 Local Cash Match. Recommendation to Approve.

Stenslie stated 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 2015 performance report is attached.

We anticipated the award of these funds and included the revenue and expenditures in our approved budget for this year. The SBA share is \$435,000; our local cash match is \$167,500.

Though the contract is coming late for our consideration from Long Beach, we had received on December 16, 2015 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.

The contract requires that we provide 100% in matching funds (with an exception noted below). 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 2016 projects cash match through several sources (though actuals may vary):

- 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: \$87,500
- \$167,500**

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.

The Lead Center has designated the EDC-VC Small Business Development Center to serve as the region’s coordinator for all international trade consulting. That share of the contract is \$100,000, requiring no cash match.

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):	310
Capital Infusion	\$25,000,000
Business Starts	60

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.

Chair Zierhut asked for a motion to Approve the FY 2016 Small Business Development Center (SBDC) Network Service Center Agreement (CN99733.6), between EDC-VC and the Long Beach Community College District, for \$435,000 in U.S. Small Business Administration funds and \$167,500 local match. (The contract has been forwarded under separate cover and is available at today’s meeting.) As well as delegate authority to the President/CEO to sign the Network Service Center Agreement. John Proctor motioned to Approve the FY 2016 Small Business Development Center (SBDC) Network Service Center Agreement (CN99733.6), between EDC-VC and the Long Beach Community College District, for \$435,000 in U.S. Small Business Administration funds and \$167,500 local match as well as delegate authority to the President/CEO to sign the Network Service Center Agreement. Sim Tang-Paradis seconded the motion. Richard Rush, Scott Eicher, Linda Parks and Greg Glover Left the board meeting prior to the motion for this action item. All remaining Board members listed in attendance in favor, motion carried.

Consideration to Extend Contract with First 5 Ventura County, for the Child Care Investment Fund for One Year, July 1, 2016 – June 30, 2017, Receipt of \$28,570 in Operating Funds, up to \$750,000 in Loan Funds. Recommendation to Approve.

Stenslie stated that the Ventura County Children and Families First Commission (First 5 Ventura County) was created by the Ventura County Board of Supervisors pursuant to the Children and Families First Act of 1998 (sometimes called “Prop 10”). The purpose and mission of First 5 Ventura County is to promote, support, and improve the early development of children from the prenatal stage through five years of age. The Commission is funded by an annual allocation of tobacco tax funds, as established by Prop 10.

In 2009, First 5 Ventura County established its “Community Investment Loan Fund,” the intent of which is “to increase the capacity and infrastructure of programs serving young children and their families . . . through affordable, accessible capital for the development and maintenance of quality child care

and preschool facilities for Ventura County's children." Following a competitive selection process, EDC-VC was awarded the contract for the management of the loan program.

The current contract agreement was approved in July 2013. The recommended action today is to extend the program for an additional year. First 5 Ventura County has its action to extend the agreement scheduled for this month as well, though it's not yet been acted upon.

As noted in the recommendation, our cost for operating the program is \$28,570, up by about \$1,000 from the prior year, though about even with our average years' expenditures since launching the program. Our administrative expenses are for business outreach and technical assistance, loan underwriting and the servicing of the portfolio. The technical assistance component of this contract is considerable and is augmented by our Small Business Development Center resources, which makes the project feasible.

The agreement this year includes a loan capitalization of \$750,000, which is the balance remaining in the loan pool, set at \$1.3 million total.

Three loans are currently open, totaling \$606,868, successfully leveraging an additional \$243,132 in other loan funds, for a total of \$850,000 loaned. The fund is extraordinarily cost effective, creating 255 new child care slots—including 85 in the high value/tight market space for infants and toddlers—and creating 38 new jobs.

EDC-VC's responsibilities under the agreement include:

- Conduct loan consultation for potential borrowers.
- Conduct risk-assessment of loan applicant and the proposed project.
- Provide or identify resources for pre-financing technical assistance to loan applicants in areas such as business planning, market research and analyses, real estate and capital finance information, facilities development budget and timeline, access to other funding, etc.
- Evaluate loan applications and make underwriting decisions.
- Establish and manage a loan board that operates as a decision making body, guiding the development of loan policies and procedures and making funding decisions for loans.
- Manage and monitor the use and repayment of loan funds, ensure compliance with the loan terms and program guidelines, forecast loan repayment challenges, and provide mitigation support before challenges become serious.
- Outreach to other commercial, public and community-based lending institutions to invite and secure participation and co-investment in the Community Investment Loan Fund.

Our motivations for engaging in this project are several:

1. Local analyses have identified a large gap between the capacity of the formal child care industry and community need and demand. In December 2010, the Local Child Care Planning Council reported that there are only 32,037 licensed child care slots, with capacity sufficient to serve only 36% of all children between birth and age 13 with all

parents in the labor force (88,893 children, based on 59% of parents in the workforce).

2. Limited finance capacity and economic challenges within the industry—particularly limited access to capital—comprise two of the three greatest barriers to the development of facilities and to closing the gap between capacity and need (the other significant barrier is “regulatory,” that is, inconsistent local development standards, procedures and planning processes).
3. The child care industry is itself an economic driver in the economy as it enables parents to work and earn or upgrade their skills. If parents don’t have coverage for their children, we lose out on the human capital contributions of these parents.
4. High quality child care and early child education help prepare our youth for entering the formal education system and for developing the skills essential for succeeding in school and work throughout their lives. *The skills of our future workforce are foundational to our long-term economic competitiveness.*

Chair Zierhut asked for a motion to approve a contract extension with the Ventura County Children and Families First Commission (First 5 Ventura County), for the period July 1, 2016 – June 30, 2017, for \$728,570, of which \$28,570 is for EDC-VC’s administration of \$750,000 in loan capital for the Community Investment Loan Fund as well as delegate authority to the President/CEO to sign contract agreements, subject to legal review. Roseann Mikos motioned to approve a contract extension with the Ventura County Children and Families First Commission (First 5 Ventura County), for the period July 1, 2016 – June 30, 2017, for \$728,570, of which \$28,570 is for EDC-VC’s administration of \$750,000 in loan capital for the Community Investment Loan Fund as well as delegate authority to the President/CEO to sign contract agreements, subject to legal review. All remaining Board members listed in attendance in favor, motion carried.

Film Commission Update

Stenslie announced that one of our unique roles as EDC-VC is to serve as the Ventura County Film Commission. Toward carrying out that role, in mid-2013 we established the function of Film Liaison, the purpose of which is to facilitate communication between industry and location representatives, specifically to help avoid conflicts and to improve the over-all filming experience for all parties.

The outcome we are seeking is to generate an increase of well-managed film activity countywide, resulting in increased local spending (particularly in overnight lodging), local job retention and creation, and increased positive exposure of Ventura County in media.

The report focused on current status and activities, with particular attention to the 2015 data on film permits and film industry investment in Ventura County and the funding strategy for moving forward our Film Liaison activities through 2016.

Presidents Report

Stenslie mentioned that we applied for just less than \$100,000 from the California Workforce Development Board to support a pilot program intended to improve the efficiency of identifying at-risk firms for layoff aversion services. We anticipate having more information to share by our next meeting.

**Committee
Reports**

VCEDA

Nan Drake announced that the VCEDA 2016 Business Outlook Conference is going to be held on September 22, 2016 at the newly remodeled Tower Club. VCEDA will keep us updated on the event.

Economic Developers Roundtable

None

Ventura County Lodging Association

None

Calleguas Municipal Water District

None

**New or Unfinished
Business:**

None.

**Board Member
Comments:**

None

Adjournment:

Meeting adjourned at 5:22 p.m. to June 16, 2016.