



**MINUTES**  
**EDC-VC BOARD OF DIRECTORS MEETING**  
**September 15, 2016**

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

**Guests:**

**Call to Order:** Vice Chair Cheryl Heitmann called the meeting to order at 4:08 p.m.

**Roll Call:** Kelly Noble. A quorum is present.

**Amendment to the Agenda:** None

**Public Comment:** None

**Minutes:** Vice Chair Heitmann asked if there were any comments on the June 16, 2016 minutes. With none, Heitmann requested a motion to approve the minutes from June 16, 2016. Kathy Long moved to approve and file the minutes June 16, 2016. Henry Dubroff seconded the motion. All Remaining Board members listed in attendance in favor, motion carried.

**Financial Report:** **Financials for May2016, June2016 and July 2016**  
Shalene Hayman stated that there are three prior month financials to approve today—May, June and July—along with a fourth, for August. She will be going over the August 2016 Financials in some detail.

**August 2016 Financials**

Hayman provided an overview of the financials, concentrating on variances from prior year.

Vice Chair Heitmann asked if there were any questions. With none, Heitmann requested a motion to approve and file the financials from May 2016, June 2016, July 2016 and August 2016. Harold Edwards moved to approve and file the financials from May 2016, June 2016, July 2016 and August 2016. Nancy Mayerson seconded the motion. All Board members listed in attendance in favor, motion carried.

**Administration:** **Fraud Risk Minimization, Annual Review**  
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.

Stenslie informed the Board of Directors that 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 that 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.

A copy of the policy/checklist was included in the Board packet. The Executive Committee reviewed the checklist as presented and attested to by the President at its meeting of July 7, and recommends the full Board's approval.

It is recommended that the Board of Directors

Vice Chair Heitmann asked if there were any question. With none, Zierhut requested a motion that the Board of Directors certify the Annual Fraud Risk Minimization Review as presented. Henry Dubroff motioned to certify the Annual Fraud Risk Minimization Review as presented. Roseann Mikos seconded the motion. All board members listed in attendance in favor, motion carried.

**Membership Report and Recommendation for New Members, California Resources Corporation and Lead Builders, Inc. Recommendation to Approve.**

Stenslie noted that the Executive Committee is currently in a push for new members, with a key consideration to fill vacancies relative to gaps in industry sector representation. Our recruitment considerations include not only distribution and 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. Identified priorities include:

- 1) **Health Care Sector:**
  - a. Community Memorial Health System; we are closing the loop by connecting the value of an EDC-VC membership to their strategic plan and community investment priorities.
  - b. St Johns/Dignity Health dropped off more than a year and a half ago, declined to stay on after some long discussion. Interest remains through its Foundation.
  - c. Kaiser is also of interest, as they continue to invest and expend in Ventura County.
- 2) **Biotech and Related:** Amgen is the priority, though we may consider outreach to other smaller biotech, pharma or medical device firms, to be determined.
- 3) **Patagonia:** The firm has a large and expanding presence and investment in downtown Ventura. It is one of our few local firms with global recognition.
- 4) **Camarillo Premium Outlets:** Large **retail/property management** is a priority. Camarillo Premium Outlets is owned by the Simon Property Group, a \$5 billion commercial real estate company based in Indianapolis. We previously had membership from Macerich (the owner of the Oaks Mall in T.O. and Pacific View in Ventura), but they pulled back on membership investments at the end of 2014.
- 5) **Large Hospitality:** We have a board liaison from the West Ventura County Lodging Association, but no paid membership from a specific property or company. Similar to the interest in Camarillo Premium Outlets, our interest is both in the industry sector and for regionally

leading institutions. The Ojai Valley Inn and Spa may be an opportunity; it is a 5 Diamond property owned by the Crown family.

- 6) **Manufacturing:** We are strong in this sector with two members (Haas Automation, Meissner Filtration), though considering the sector's significance, adding another member would be an important contribution. Should we secure a member in the biotech or related fields (see item #1 above), that would be a contribution to this goal.
- 7) **Aerospace and Defense:** This remains a vital local sector, with no current member, though we are in discussions with a local firm toward presenting a membership recommendation to the Board later this autumn.
- 8) **Energy:** We have not for many years had representation from this sector, though among the largest generators of tax revenue. Today's recommended action addresses this gap.
- 9) **Finance & Insurance** (separate from banking): A priority is PennyMac Loan Services LLC, a national scale mortgage lender based in Moorpark. This is one of Ventura County's largest and fastest growing employers in this important sector of the Ventura County economy.
- 10) **Banking:** We are strong in banking already, with two members (City National Bank and Rabobank). We may consider another bank—if it were agreeable to a significant loan capital investment—or to another partner on the alternative lending side.
- 11) **Construction and Development:** This is another area for which we have for several years lacked representation. Today's recommended action addresses this gap.
- 12) Several other sectors have also been previously identified. For an abbreviated list, these include: another **Agriculture** firm (adding to Limoneira); **Real Estate** (the brokers have proven difficult to recruit).

With this noted, it is recommended by the Executive Committee that the board approve new memberships for

- California Resources Corporation, as represented by Amy L. Fonzo, Manager of External Relations;
- Lead Builders Inc., as represented by Ron Galaviz, President.

The first, 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.

Second, Lead Builders Inc., is a Thousand Oaks based general and electrical

contracting firm with an extensive footprint in both private and publicly financed projects throughout California, New Mexico, Arizona and Texas. Established in 2003, Lead Builders is a minority business enterprise and holds a US Small Business Administration 8(a) certification. The firm employs some 30 workers and generates some \$15 million in annual revenue. Currently growing and catching attention, Lead Builders was recognized just this past August by the Pacific Coast Business Times, Spirit of Small Business Awards, as the Minority Owned Business of the Year. Among other contributions, the firm's participation in our board leadership would fill a gap in this important industry sector.

Following some brief discussion, Vice Chair Heitmann asked for a motion that the board approve new members, California Resources Corporation and Lead Builders, Inc. for a board membership. Maria Ventura motioned that the board approve new members, California Resources Corporation and Lead Builders, Inc. for a board membership. Kathy Long seconded the motion. All board members listed in attendance in favor, motion carried.

**Consideration of a \$40,000 Grant from the Governor's Office of Business and Economic Development and Long Beach City College, for the Capital Infusion Project. Recommendation to Delegate Authority to the President/CEO to Execute Grant Agreement.**

It is recommended that the Board of Directors delegate authority to the President/CEO to sign and approve grant agreements as necessary and appropriate for the receipt of \$40,000 in Capital Infusion Small Business Development Center Grant Funds from the State of California.

Stenslie explained that in beginning in 2014 the Governor's Office of Business and Economic Development has allocated special funding in support of a business capital infusion program to be administered through the several Small Business Development Centers (SBDCs) located throughout the state. The funds are to be used for business technical assistance in capital access, as a matching fund to the SBDC's federal funding.

The Capital Infusion Program funds are awarded on a competitive basis. In 2014 we received \$75,000. In 2015, our award was \$65,000, reduced essentially as the fund was distributed to a higher number of Small Business Development Centers (to 41 local centers, up from the prior year's 34). We have exceeded our grant commitments for increasing business access to capital.

Stenslie added that for the current year, we learned on July 7 that our allocation is \$40,000, as the total funding available statewide has been reduced from \$2 million to \$1.5 million. Our \$40,000 share is essentially equivalent to our share of the State's allocation of federal SBDC funds.

The new allocation is for the period July 1, 2016 through June 30, 2017. These funds, at \$65,000, have already been included in our 2016 budget. The lower amount of \$40,000 in new funds will have a nominal impact on our budget this year because the award is on a July/June project basis, as compared to our calendar year budget. Put another way, our 2016 budget includes a share of the \$65,000 awarded in July of 2015, plus a share of these new funds. That noted, there will be a reduction to our consulting hours as a result of the lower funding level. Of greater concern, we are not confident that these funds will be available again to the statewide SBDC network in 2017.

Stenslie informed the board that while we do not yet have a contract document from either the Governor's Office or our Lead Center, staff is recommending action now through a delegation of authority so that we have no discontinuity in accessing the fund once the grant agreement documents become available. Staff's signature to any agreement would be subject to prior legal review and approval.

Vice Chair Heitmann asked for a motion that the board delegate authority so that we have no discontinuity in accessing the fund once the grant agreement documents become available. Staff's signature to any agreement would be subject to prior legal review and approval. Henry Dubroff motioned that the board delegate authority so that we have no discontinuity in accessing the fund once the grant agreement documents become available. Staff's signature to any agreement would be subject to prior legal review and approval. Kathy Long seconded the motion. All board members listed in attendance in favor, motion carried.

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

Stenslie explained to the board that beginning in 2012, California Forward and the California Stewardship, 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 2016 summit is scheduled for Sacramento on December 13-14. The Summit leadership is actively recruiting for attendance and participation in the December summit. Accordingly, we are encouraging business, economic development and civic leaders to attend and participate in the Summit.

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

*Discussion focused on what specifically from the larger "economic roadmap" we are endorsing. It was clarified that the action before us today is only to consider re-confirming that prior action on the principles, not the detail on the "one million" priorities.*

Vice Chair Heitmann asked for a motion for the board reconfirm our endorsement of the "California Economic Summit Roadmap's Principles for Shared Prosperity". William Weirick motioned to reconfirm our endorsement of the "California Economic Summit Roadmap's Principles for Shared Prosperity". John Procter seconded the motion. All board members listed in attendance in favor, motion carried.

### **Small Business Development Center Quarterly Report**

Stenslie stated that 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 in Long Beach.

For this year, our target for Long-Term Clients was increased marginally, 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. Attached is the Report Card displaying our results on one page and the larger LA region on the other. The reports continue to demonstrate a high level of performance.

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

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

Stenslie informed the Board that 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.

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 wanted to draw the Board’s attention to our two-year grant from the CA Public Utilities Commission came 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 ended 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.

**Committee Reports**

**VCEDA**

Sandy Smith handed out a flyer for the 2016 Business Outlook Conference that is being held on 09/22/19. Smith stated that the Conference will explore the challenges we face in Ventura County as we struggle to balance our need to promote and support a healthy economic climate with our desire to maintain our high quality of life.

The conference will focus on solutions – how to find that balance. The keynote speakers and panelists will provide business owners and managers, community leaders, decision makers, and residents with a forward-looking view of current trends, strategies, and their own perspectives on how not only survive, but also to thrive, given the growth-control policies of Ventura County and our cities.

**Economic Developers Roundtable**

None

**Ventura County Lodging Association**

None

**Calleguas Municipal Water District**

None

**New or Unfinished Business:**

None.

**Board Member Comments:**

Roseann Mikos updated the board on the Moorpark West Studios status and progress.

**Adjournment:**

Meeting adjourned at 5:13 p.m. to October 20, 2016.