

BOARD OF DIRECTORS MEETING
AGENDA PACKET

JUNE 21, 2023



AGENDA

Board of Directors Meeting

Wednesday, June 21, 2023

8:00 a.m.

Palm Desert iHub

37023 Cook Street

Palm Desert, CA 92211

In Person and Via Zoom – Hybrid

1. Call to Order
2. Board Member Attendance
3. New Board Member Introductions
4. Approval of May 17th, 2023 Minutes
5. Presentation:
 - Christian Elliott
 - CareVirtue
 - [New iHub client]
6. Executive Committee Report – Deborah McGarrey
7. CEO Report – Joe Wallace
8. Board Member Updates/Comments
9. Adjournment

Next Meeting:

Wednesday, July 19, 2023

8:00 a.m.

Palm Desert iHub

37023 Cook Street

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BOARD OF DIRECTORS ROSTER



Investor Agency/Organization	Representative(s)	Jul 20	Dark	Sep 21	Oct 13	NOV 16	Dec 14	Jan 18	Feb 22	Mar 22	Apr 19	May 17	Jun 21
Agua Caliente Band of Cahuilla Indians	Todd Hooks	EXC		EXC	EXC	X		X	X	X	EXC	X	
Charter Communications/Spectrum	Sandra Cuellar	EXC		X	EXC	EXC		EXC	X	EXC	X	X	
City of Cathedral City	Mark Carnevale/Ernesto Guitierrez	EXC		X	X	EXC		X	X	X	X	X	
City of Desert Hot Springs	Roger Nunez/Russell Betts	EXC		X	EXC	EXC		X	X	X	X	X	
City of Indian Wells	Greg Sanders	X		X	X	X		X	X	EXC	X	X	
City of Indio	Waymond Fermon	X		X	X	EXC		EXC	EXC	X	X	X	
City of Palm Desert	Jan Harnik/Gina Nestande	X		X	X	X		EXC	X	X	X	X	
City of Palm Springs	Grace Garner/Ron de Harte	EXC		X	X	EXC		EXC	X	X	X	X	
City of Rancho Mirage	Meg Marker/Steve Downs	X		X	EXC	EXC		EXC	X	X	X	EXC	
College of the Desert	Rodrigo Garcia	X		X	X	X		EXC	X	X	X	X	
Desert Care Network	(To be determined)	X		X	EXC	X		EXC	EXC	EXC	EXC	EXC	
Eisenhower Medical Center	Ken Wheat	EXC		X	EXC	EXC		EXC	EXC	EXC	EXC	EXC	
GCVCC	Brandon Marley	EXC		EXC	EXC	EXC		X	EXC	EXC	EXC	X	
Gulf California Broadcast Co./KESQ	Jerry Upham	X		X	EXC	EXC		EXC	X	X	X	X	
Hunter Johnsen	Chris Hunter	X		X	X	X		X	X	X	X	X	
LifeStream Blood Bank	Dan Ballister	X		EXC	X	EXC		X	X	EXC	X	X	
Oliphant Enterprises	Richard Oliphant	EXC		X	X	X		X	X	X	X	X	
Osborne Rincon	Lee Osborne	EXC		X	EXC	EXC		EXC	EXC	EXC	EXC	EXC	
Pacific Western Bank	Tracy Tremblay	EXC		X	X	X		EXC	EXC	X	X	X	
Palm Springs Life	Paulina Larson	EXC		X	EXC	EXC		EXC	EXC	EXC	EXC	EXC	
Riverside County EDA	Joaquin Tijerina/Bob Wright	X		X	X	X		X	X	X	X	X	
Southern California Edison	Jeremy Goldman	X		X	EXC	EXC		X	X	EXC	X	EXC	
Southern California Gas Company	Deborah McGarrey	X		X	X	EXC		X	X	X	X	X	
Sunrise Company	Phil Smith	EXC		X	EXC	X		X	EXC	EXC	EXC	X	
The Desert Sun LOCALiQ	Tom Niva	X		X	X	EXC		EXC	X	EXC	EXC	X	
University of California, Riverside	Tamara Hedges/Agam Patel	X		X	X	X		X	X	X	X	X	
U.S. Bank	Alan Brimmer	EXC		X	EXC	EXC		EXC	EXC	EXC	EXC	EXC	
Wells Fargo Bank	Amanda Kramer/Moises Aguirre	EXC		X	X	X		X	EXC	X	X	X	
Honorary Board Member													
CSUSB	Dr. Jake Zhu	EXC		EXC	X	EXC		EXC	X	X	X	X	

**BOARD OF DIRECTORS MEETING
MAY 17, 2023
8:00 AM
CVEP - PALM DESERT IHUB
IN PERSON AND VIA ZOOM - HYBRID
37023 COOK STREET
PALM DESERT, CA 92211**

Call to Order

The meeting was called to order at 8:05 am by Chair, Deborah McGarrey.

Also Present

Joe Wallace Ian Vos
Laura James Ezekiel Bonillas
Lesla Bodnar

Welcome and Roll Call

Chair Deborah McGarrey welcomed the board and attendance was noted.

Minutes

On a motion by Dick Oliphant, seconded by Greg Sanders, the minutes of the April 19th, 2023 meeting were approved as presented...all in favor.

Presentation: Inland Empire Center for Entrepreneurship

Dr. Ezekiel Bonillas presented data and information about the 2022 State of Entrepreneurship. It included material about local entrepreneurs, their activities and challenges.

Executive Committee Report

Deborah McGarrey reviewed the information from the April committee meeting – she noted that a large portion of the meeting was spent reviewing and discussing the CA Forward contract. Financials were also reviewed.

Business Services Report

Laura James reviewed her report – a copy is included in the packet.

CEO Report

Joe Wallace presented his report – a copy is included in the packet.

Board Member Updates

Jan Harnik noted that there was a meeting held yesterday regarding statewide broadband access and noted that this work is ongoing.

Adjournment

There being no further business, the meeting was adjourned at 9:10 a.m.

BUSINESS SERVICES REPORT
MAY 17, 2023

Business Services Updates

- Since we last met, CVEP held the following events:
 - June 14: Morning Insights at Palm Desert iHub – Raw Truth of STVRs
 - May 20: CVWBC Small Business Saturday Pop-up (hosted at PDiHub)

- Upcoming events:
 - July 12: Morning Insights at Palm Desert iHub – Raw Truth of Successful Startups
 - August 9: Morning Insights at Palm Desert iHub – topic TBD
 - Date TBD: Business 101

- We are applying for funding (\$5,000) from National Renewable Energy Laboratory (NREL) to produce a small renewable energy innovation event this fall. More details to come if funding is approved.

- New Data Digests published: Employment Centers of the Coachella Valley; Agriculture in the Coachella Valley.

- We continue to work through activating the Google Scholarship partner program. There have been multiple layers of approvals and training to work through. Through the program, once activated, CVEP will provide scholarships to Google's Cybersecurity Certificate program, which also includes job placement assistance. More details yet to come as we work through the process.

- iHub projects over the last month include:
 - CBU Intern provided to Hello Computer, Inc. and TwinCare. Both have reported very positive results!
 - Business and investment plan consulting with Moducan Corporation
 - Meet and greet at PSiHub Accelerator Campus with Moducan Corporation
 - Business plan consulting with Hello Computer, Inc.
 - Outreach and partnership work with Hello Computer, Inc.
 - Managing internship projects for Hello Computer, Inc and TwinCare
 - E-commerce consulting with Yvonne E White Lifestyle
 - PDiHub tour with representatives from Bighorn Cares and iHub clients

- Community impact projects include: CSUSB Advancement Executive Committee, IEGO, SCE Community Advisory Panel, CVJF, and more.

- Events attended in the past month include: DHCD 75-Year Celebration, 9-City Chamber Mixer, Women Who Lead Luncheon, Building Entrepreneurial Ecosystems for Women of Color (webinar), Imperial Valley Economic and Energy Summit.

Investor Spotlights

- Investor Spotlights:
 - Charter Communications
 - Riverside County Office of Economic Development

- Investor content shared in *insights* and on social media (partial list):
 - **Desert Sun** (Water agreement article)
 - **UCR (AAU)**
 - **LifeStream Blood Bank** (Blood Drive Info)
 - **Palm Springs** (commission openings)
 - **KESQ** (Joe Wallace Top 50 Award)

A reminder: please add Laura@cvep.com to your media lists!

CEO REPORT

JUNE 21, 2023

Operational Highlights May 2023

1. IEGO released their Request for Applications (RFA) to be a regional sub-convenor for what they have called the Inland Empire High Road Transition Collaborative. The RFA is quite different in its mission than we have spent the last year discussing. The original discussions were regarding the development of an economic development plan for the Coachella Valley and the Morongo Basin with a compensation opportunity that would minimally cover all expenses associated with performance including staff labor. The RFA has converted the mission to “build an equitable and inclusive region where all residents have a say in shaping our collective economic future and addressing historical inequities.” The offered compensation is \$100,000 over a two-year period. The geographic region goes to Blythe, so it is much larger than we were led to believe.

The task changes in the RFP are outside of CVEP’s mission and without adding staff that are primarily focused on facilitation of town halls across half of Riverside County, we are in no position to perform. A preliminary cost analysis conducted by CVEP staff projects the contract to cost between \$250,000 and \$300,000 to complete. With the compensation offered only at \$100,000 it is recommended that CVEP should not respond to the RFA. The due date for response is June 28th.

2. CVEP has initiated the disposal of surplus and abandoned equipment. We have a verbal agreement to sell off the surplus capital equipment in Building #12 for \$5,000. Some sandbags have been sold on Ebay. The shipping cost was so high that it is not the preferred way of disposing of the sandbags. We will continue to seek large volume buyers and will redirect our retail-like efforts to Amazon where Prime members get free shipping.

3. CVEP and CA Forward have signed an agreement to merge the California Summit that will be held at the Renaissance Esmeralda Resort & Spa in Indian Wells from October 11-13, 2023, with the CVEP Economic Summit. We are currently working together to secure sponsors. CVEP will form its own agenda, as will CA Forward.

4. A dialog has begun regarding the changes needed to the agreements between the City of Palm Springs and CVEP with respect to the CVEP Headquarters and the Accelerator Campus. The first meeting was held on May 16, 2023, at the City of Palm Springs. Initial feedback from the City Manager is favorable and we expect details to be worked out over the next month.

5. A series of meetings with the investor cites has secured commitments for funding at historical levels from 6 of the 7 cities and we expect the 7th will be on board. One local funder has increased funding by 33% and two others have pledged to consider COLA increases in FY 24-25.

FINANCIAL SNAPSHOT JUNE 19, 2023

Cash Positions

Cash on Deposit:	\$ 296,388
Cash Expectations thru EOM:	\$ 122,000 (AR + new billings)
Total Cash & AR:	\$ 418,388
Less Projected Ops :	\$ 35,000 (through 6/30)
Projected Cash & AR End of June	\$ 383,388 (approx. 4.2 months)

Comparison of YTD FY 22-23 and FY 21-22

Financial Metric	YTD FY 22-23	YTD FY 21-22	Year to Year Change
Revenue	\$1,100,564	\$1,188,491	-\$87,927 (-7.4%)
Expenses	\$1,150,490	\$1,110,830	+39,660 (+3.6%)
Revenue less Expenses	-\$49,926	\$77,661	-\$127,587 (NA)

Comparison of YTD FY 22-23 and YTD Budget FY 22-23 (after mid-year adjustments)

Financial Metric	YTD FY 22-23	Budget YTD FY 22-23	Deviation from Budget
Revenue	\$1,100,564	\$1,117,040	-\$16,476 (-1.5%)
Expenses	\$1,150,490	\$1,190,331	-\$39,841 (-3.3%)
Revenue less Expenses	-\$49,926	-\$73,291	\$23,365 (NA)

1. Excludes depreciation and interest.
2. Taken from Osborne Rincon Reports for May31, 2023, June 30, 2022, and May 31, 2022
3. Revenue shortfalls from budget are driven by delayed sales of abandoned equipment, rent collection shortages, and the Summit.
4. \$38,024 bad debt is from previous years was absorbed into FY 22-23 expenses.
5. Expense increases in events, utilities and other operations activities range from 12% to 29% above budgeted levels and last year's expenses.

Balance Sheet Changes Post June 30, 2022

- Cash decreased to \$313,584 from \$467,653
- Total Assets decreased to \$415,295 from \$657,076
- Liabilities decreased to \$489,607 from \$583,419 (short term liability is \$186,396)
- Total Net Assets decreased to (\$74,311) from \$73,657

Note: Abandoned Assets are **NOT INCLUDED** on the balance sheet

Mid-Year Budget Analysis: CVEP has reached the 11 month point in FY 22-23 with revenue less expenses of negative \$49,926. This is above our amended budget of (\$73,291) by \$23,365. The contributors to lower performance relative to last fiscal year are deferring the sale of abandoned assets, lower Summit revenue, some reduced investments and increased expenses driven by inflation across all expense sectors. It is to be noted that the category of salaries and wages is under budget, so talent costs are not contributing to the deviation from the budgeted financial performance. CVEP currently has a strong cash position with 4.2 months of expenses on deposit. As expected, revenue through April 2023 maintained a positive performance through that time but May saw that metric fall to a negative number. June is expected to continue the decline. A detail of the expectations for the remainder of the fiscal year is below. It is vital to end the year with positive performance to liquidate existing assets and maintain a frugal operating discipline. It is also noted that since FY 20-21 CVEP has absorbed roughly \$400,000 in reduced funding and lost rental opportunities in our facilities.

Best Opportunity to Mitigate Risks: On February 17, 2023, all of the abandoned assets can now be sold, and the liquidation value has the potential to be nearly \$100,000. We are moving on this now. The first deal to sell off surplus equipment has been made but has not closed. First sandbag sale has closed but Ebay sales are slow. We are converting to Amazon Prime to reduce the shipping charges that have been reducing first revenue substantially.

Approved Expense Budget Jan – June 2023: \$491,046

Proposed Reduced Expense Budget Feb- June 2023: \$433,941

Proposed Expense Reduction: \$57,105

	Revenue	Expense	YTD Rev - Expense
January YTD (actual)	\$871,063	\$786,701	\$84,362
February YTD (actual)	\$897,069	\$872,892	\$24,177
March YTD (actual)	\$949,587	\$965,544	(\$15,957)
April YTD (actual)	\$1,067,568	\$1,049,930	\$17,638
May YTD (actual)	\$1,100,564	\$1,150,490	(\$49,926)
June (projected)	\$16,250	\$90,154	(\$73,904)
FY Totals	\$1,116,814	\$1,240,644	(\$123,830)

CVEP will be receiving some deferred income in the Spring that will strengthen our already strong cash position. We typically take in about \$85,000 so our end of fiscal year cash and AR should be in the \$350,000 range. July typically is the best cash flow month of the year, and we are expecting to bill at least \$300,000.

Focusing on FY 23-24 revenue sources and selling available assets should be front of mind alongside our mission of mentoring entrepreneurs and supporting local businesses.



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