



**BOARD OF DIRECTORS**

**AGENDA**

Date: Thursday, August 25, 2011

Location: Chico Chamber  
Conference Room

Time: 7:30 A.M. TO 9:00 A.M.

Address: 300 Salem Street  
Chico

Chair: Steve Gonsalves

Attendees: Board of Directors

Guest: Jon Gregory, Robert Strazzarino, Rory  
Rottschalk and Members of the CEPCO Tech Group

**Preparation for Meeting**

	Please bring agenda and packet with you to the meeting.	
--	---	--

**I Objective for Meeting**

<b>1</b>	Objective 1: 1. Presentation by Jon Gregory: Results from the Chico Innovation Scorecard Process. Objective 2- Report on "Home Grown" Innovation	3. Updates from Economic Development Partners 4. Comprehensive Educational Reform 5. Annual Excellence in Business Awards Schedule
----------	--	--

**II Agenda Topics**

	Agenda Topics	Presenter	Duration
<b>Intro</b>	<b>Welcome- Self Introductions</b>	<b>Steve Gonsalves</b>	
<b>1</b>	Introduction of Presenter	Steve Gonsalves	1 minutes
<b>2</b>	Presentation: Chico Innovation Scorecard-Board Room Results	Jon Gregory/Rick Hubbard	20 minutes + questions
<b>3</b>	Presentation: Home Grown Innovation- College Scheduler	Robert Strazzarino	15 Minutes
<b>4</b>	Chico Innovation Council: Report of Upcoming Meetings (Economic Growth & Competitiveness Agenda)	Courtney Nelson	5 minutes
<b>5</b>	Briefing: Comprehensive Educational Reform through Community Partnership	Rory Rottschalk	10 minutes
<b>6</b>	Report from Economic Development Partners	Bob Linscheid	15 minutes
<b>7</b>	27th Annual Excellence in Business Awards: Sponsors and Award Nominations	Bob Linscheid	10 Minutes
<b>8</b>	Old/New Business- Airport Marketing, County of Butte Update	All	10 Minutes

Next Board Meeting- Thursday October 27

**IV Close Meeting**



**BOARD OF DIRECTORS - MINUTES for August 25, 2011**

**Meeting Title / Project Name & Number**

**Date:** Thursday, August 25, 2011 **Location:** Chico Chamber Conference Room  
**Time:** 7:30 A.M. TO 9:00 A.M.  
**Called By:** Bob Linscheid, CEPCO President/CEO **Address:** 300 Salem Street  
**Attendees:** Steve Gonsalves (CEPCO Chairman, NMR Architects & Engineers), Katy Thoma (Rabobank), Jim Walker (Physician Asst., Chico City Council), Dick Stein (CSU Chico College of Communication & HJ Promotions), Dr. Mike Ward (Dean - CSU Chico College of Engineering & Computer Science, College of Business), Robert Strazzarino (College Scheduler, LLC), Dr. Moaty Fayek (Chair, CSU Chico Dept. of Computer Science), Matt York (Vidoemaker), Ann Schwab (Mayor, City of Chico), Jon Gregory (GROW-California/Golden Capital), Tyler Smith (Matson & Isom Tech Consulting), Derek Sine (Roomio), Ken Naas (CSU Chico Career Center), Linda Zorn (Butte College), Annie Rafferty (Butte College), Boyd Trolinger (Butte College), John Shepherd (Principal, PV High), Jerry Hight (CSU Chico College of Construction, Engineering, Computer Science), Heather Keag (DCBA), Jennifer MCarthy (Butte County), Paul Hahn (Supervisor, Butte County), James Bennett (Sungard BI-Tech), Ben Juliano (CSU Chico), Rory Rottschalk (Community Alliance for Educational Excellence), Dr. Rick Hubbard (CSU Chico/GROW-California), Ray Block (Wells Fargo), Valerie Lee (5 Star Bank), Jolene Francis (Chico Chamber of Commerce), Andy Holcomb (Chico City Council), Ryan Cheung (Matson and Isom), Aaron Stewart (Law Offices of Aaron J. Stewart), Jill Ortega (Recology), Mark Hendry (Creative Composition), Carolyn Carver (US Bank), Barry Sherwood (Sunset Net), John James (Academic Professionals of California), Bob Linscheid (CEPCO/GROW-California), Matt Rabobank (CEPCO)

I Open Meeting			
	<b>Objective 1: 1. Presentation by Jon Gregory: Results from the Chico Innovation Scorecard Process. Objective 2- Report on "Home Grown" Innovation</b>	<b>3. Updates from Economic Development Partners Educational Reform Awards Schedule</b>	<b>4. Comprehensive 5. Annual Excellence in Business</b>

II	Action Items from Previous Meeting	Responsible	Due Date
1			
2			

III	Agenda Topic	Notes
1	Introduction of Presenter	Steve Gonsalves, Chairman
2	Presentation: Chico Innovation Scorecard-Board Room Results	More than any singular factor, Higher Education is the Chico region's catalyst for innovation. If economic growth is metaphorically a game, "Games change all the time- why can't we change our economy?" With limited proven methods to shift local economies, the imperative is to focus on a singular, carefully evaluated strategy. Bob Linscheid reminded the board that old models of economic development, even when supported with significant resources and data, have failed to secure our economic future and have led to substantial job loss. 2007 marked the beginning of a new model with the creation of the CEPCO Tech Group to analyze and support the burgeoning local tech sector. These jobs feature scalable business models, high wages, and liquidity potential. Jon Gregory sees a "path we should be following" to ensure a financing "food chain" for growth oriented innovative companies. The Scorecard is an on-the-ground practicum for evaluating a community's economic potential and progress. It is necessary to educate community leaders on the importance of sustained focus and real attention on improving the impediments to fostering innovation, which are community specific. For more on Chico's impediments, see the attached sheet, which incorporates ideas generated at the CEPCO meeting.
3	Presentation: Home Grown Innovation- College Scheduler	Robert Strazzarino's company College Scheduler, started when he was a CSU Chico student, produces fully pre-made schedules for college students. College Scheduler is a "software as service" company, in which universities pay a yearly subscription fee for the service. Robert has proven successful adapting his revenue and corporate structure to find the appropriate combination of factors for success. It is a dynamic process, and tools like Salesforce.com, Jira, and GoToMeeting have helped. College Scheduler represents exactly the type of locally grown, growth-oriented, first-to-market companies that CEPCO is looking to develop here in Chico.
4	Chico Innovation Council: Report of Upcoming Meetings (Economic Growth & Competitiveness Agenda)	The Chico Innovation Council will hear a series of talks from local innovation companies, beginning next week (September 1) with Derek Sine of Roomio.
5	Briefing: Comprehensive Educational Reform through Community Partnership	Rory Rottschalk of the Community Alliance for Educational Excellence presented to the board, as his organization is looking to bring one-on-one tutoring to the roughly 40% of Chico students who cannot perform at grade level. Part of the Alliance's objective is to decrease pressure on teachers to focus on underachieving students, leaving educational resources free to help advanced students continue to excel and push them. The focus is on reading skills, with math shortly behind. They are also overhauling K-12 tech offerings, and John Shepherd solicited the Board for advice on this measure, distributing a Fresno school's course offerings and requesting the board's input on if Chico should adopt something similar, and if so, what the courses should be.

IV	Action Items	Responsible	Due Date
1	Provide Butte County Officials with feedback on business growth potential	ALL	Next quarter
2	Submit CEPCO Excellence in Business Awards nomination form	ALL	September 1st is nomination deadline
3	Review booklet from Fresno school, contact Rory Rottschalk or John Shepherd with recommendations	ALL	Earliest convenience
4	Finalize the Innovation Scorecard report, work with Business sponsor and schedule the final presentation including an event.	Jon/Bob/Rick	Last week of September

V Decisions	
1	The Innovation Scorecard, as presented to the board by GROW-California, is on a path which will greatly illuminate Chico's capacity to support, inspire, and grow innovative entrepreneurial endeavors.
2	

**VI Close Meeting**

# Chico/Butte County Innovation Scorecard

---

2011 Innovation Readiness Score: 51-56

## Primary Impediments:

Major Impediments to Innovation Readiness:

### 1. Access to Capital – Particularly Seed and Early Stage Investment Capital

Innovation-based growth companies (whether start-up or existing) need access to higher-risk, higher-reward investment capital, and other nontraditional sources of capital (such as SBIR grants). Until they become profitable (which can be a much longer cycle than other types of companies), they are not viable candidates for bank or other more risk-averse debt capital products. Unfortunately, readily identifiable, formal sources of seed and early-stage capital are hard, if not impossible, to find in the region. Though this is also a challenge for companies in urban areas, it is exacerbated in more remote locations like Chico/Butte County.

### 2. Transportation- Ingress/Egress Into and Out of the Community

Innovation-based growth businesses do business on a statewide, national and even global basis. Deals must be struck with vendors, suppliers, customers, strategic partners, investors, specialized service providers, advisors, etc. who are most often not located in the North State. Despite the proliferation of the Internet and other communications tools, executive-level deals of this nature almost always involve face-to-face meetings. It is extremely difficult, and not time-efficient, for “captains of industry” to get to Chico/Butte County for business purposes. Its also hugely inefficient (and often expensive) for local executives to travel to the destinations where they are having important meetings.

### 3. High Speed Internet

With its growing number of tech-based entrepreneurs, Chico has the potential to become a burgeoning technology center, focused around a cluster of software/IT, web, health care and laser technology companies. Key to achieving the full growth potential of many of these companies, and a burgeoning technology center, is access to ultra-high bandwidth and high-speed Internet. Such connectivity could provide Chico with a unique comparable advantage in attracting more technology companies and start-ups versus other small- to medium-sized communities that are not located on the “innovation grid”. Though the University possesses ultra high speed Internet, much of the community does not.

### 4. Lack of Local Innovation Expertise and “Deal Makers”: Serial Entrepreneurs, Industry Veterans, Business Development Executives and Highly Specialized Professional Services Providers

Growing innovation-oriented companies involves a process of assembling the right management team, board, investors, strategic partners and professional services providers. Like virtually any other small-to-medium sized community, Chico/Butte County does not possess enough of these folks. As a result, local entrepreneurs struggle in finding and attracting all the components of their “extended” team. More linkages to the innovation centers of the universe is required to access the “extended” team members that are essential to growing companies. We can’t go it alone.

# Chico/Butte County Innovation Scorecard

---

## Recommendations to Address the Impediments

### Access to Capital – Particularly Seed and Early Stage Investment Capital

- Form an angel investor group (or some variation of that concept)
  - Join Angel Capital Association, become active
  - Create the group on a regional basis (including Shasta Co. and Nevada Co.)
  - Host a “Power of Angel Investing” seminar
  - Incorporate members with specialized expertise (some of whom may not be local to help bring professional investment capital capacity)
- Create an “Angel Side Car” Fund to leverage resources, mitigate risk
- Become a community “pooled LP” in an early-stage fund like Wavepoint Ventures
- Have several local accredited investors join the Sacramento Angels or other angel groups in Northern California or Northern Nevada
- Establish a new kind of financing entity or investment bank
  - The current lending environment must be considered when evaluating loan sources
- Build more personal and community ties to Silicon Valley angels, VCs, PE funds and Investment Bankers
  - Go There, Or Bring Them Here
- Put more time and energy into making local deals more fundable (create a standard stock option plan for those who help)
- Sponsor key investment conferences and have a significant presence
- Start an annual “Road Show” to Sand Hill Road and rent out a bar or restaurant for a night where the VCs and Angels hang out
  - Regular “field trips” to Palo Alto
- Work to improve confidence in the local economy to spur investment
  - Educate potential investors as to the opportunities available locally
- There is capital in our community: we need to utilize our region’s assets more efficiently

### Transportation- Ingress/Egress Into and Out of the Community

- Establish a subsidized or shared executive stand-by air service
- Establish a study group (including those most affected) to carefully look at this issue
- Explore an airline guarantee program
- Establish a shared or subsidized pre-scheduled charter service
- Persuade commercial carriers to add new flight destinations
- “Nerd Bird” concept that Rick noted
- This is a problem for the entire community, a broad coalition for transit reform and enhancing ingress/egress options can be mobilized
- Improving driving conditions and roads between Sacramento and Chico
- Investigate potential for improved bus and train transport, infrastructure we already have

# Chico/Butte County Innovation Scorecard

---

## High Speed Internet

- Through CENIC, CSU Chico has access to ultra-high bandwidth; the potential to extend access this bandwidth throughout the tech community should be fully explored
  - It is available, but not currently pervasive or affordable
- Establishing High Speed Internet could be pursued as a top community-based strategy
- Encourage the tech sector to collectively identify solutions and share in the cost and the benefit of making it happen
- What are some of our specific constraints in this sector?
  - Current service is unreliable, redundancy options unavailable
  - Different sized “pipes” for bandwidth exist for some local organizations (ultra-high speed at CSUC, CUSD, Butte College, Enloe) but not for private consumption
  - Our region has an inefficient market for high-speed web service.

## Lack of Local Innovation Expertise and “Deal Makers”: Serial Entrepreneurs, Industry Veterans, Business Development Executives and Highly Specialized Professional Services Providers

- Establish an economic development office or ongoing presence in the Bay Area (think like Foreign Countries do, as an example)
- Organize industry-specific trade missions
- Organize geographic market trade missions
- Sponsor annually key technology conferences and have a major presence
- Target a recruitment campaign on individuals versus companies
- Continue to build on alumni base in Bay Area (Come Home to Chico)
  - CSU Chico, Butte College, and local K-12s can find alums
- Create a targeted hit list of service providers, major corporations, etc. and create relationships with them
- Make new contacts – we have a short list of experienced Innovators and Industry Vets
  - Same names on everyone’s list, we need fresh faces and opinions
  - Increase inroads to innovation centers to get more people involved

## Next Steps

- Develop the full report that includes the comprehensive survey results, action steps including a multi-year plan to reduce impediments and a list of the innovation companies in our region.
- Review contents of the final report through CEPCO’s Chico Innovation Council(CIC).
- Present the final report to a community meeting held at a local innovation company including media, elected officials and leadership and membership of the Chico Chamber and CEPCO.
- Schedule regular meeting of the CIC to review action and implementation plans.