

**Headwaters Fund Board Meeting Minutes**  
**January 17, 2017 – 12:15-2:45**  
**Prosperity Center, 520 E Street, Eureka**

**MEMBERS PRESENT:** Chuck Ellsworth, Cedar Reuben, Dianna Rios, Buzz Webb, Zach Zwerdling, Greg Seiler

**MEMBERS ABSENT:** Jeana McClendon

**OTHERS PRESENT:** Scott Frazer, Kent Sawatzky, Chuck Ciancio, Karen Meynell, Debbie Damiano

Item #	Action	Pass/Fail
1	Accept minutes from 11-15-16 meeting	Pass
4	Appoint Ellsworth and Rios to Mini-Grant Ad-Hoc Committee	Pass

**1. Opening**

Chair Zach Zwerdling called the meeting to order at 12:15p.m. A quorum was present. Introductions were made around the room.

It was moved by Buzz Webb and seconded by Cedar Reuben to approve the minutes of November 15, 2016 as written. Chair called for public comment – none received. Motion carried.

Chair called for public comment on non-agenda items. Kent Sawatzky addressed the board commenting on the Humboldt Bay Harbor, Recreation and Conservation District’s Headwaters grant for their pre-permitting mariculture project.

Chuck Ciancio addressed the board commenting on a variety of issues and provided members with a handout. (Attachment 1)

Members reported out on meetings/events attended as follows:

Cedar Reuben reported he had been to an event where the Headwaters Fund came up during conversation and some negative comments were made. Cedar divulged he was a board member and was able to share information about some of the positive outcome projects resulting from Headwaters funding.

Greg Seiler reported he attended a timber industry event and received positive remarks from multiple people regarding the Forest Industry Products grant.

**2. Staff Updates**

Staff reported the following:

- The Decade of Difference contract has been fully executed.

- The Redwood Coast Energy Authority loan request goes before the Board of Supervisors on January 24, 2017.
- Staff and Cedar Reuben met with Redwood Regional Economic Development Commission (RREDC) regarding a potential loan for a palliative care program. Humboldt Area Foundation and the McLean Foundation may also be participating in the loan.
- The airport has approached RREDC regarding a new loan for fire improvements.
- A supplemental operating budget has been submitted to the Board of Supervisors for their mid-year in February. (Attachment 2)

### **3. Annual Report**

The presentation before the Board of Supervisors is tentatively set for March 7, 2017. The report will focus on:

- Stability of the fund
- Loans (suggested presenters: Rescue Mission and Carson Block Building)
- No grant round for fiscal year 2016/17
- Mini-grants resuming for fiscal year 2016/17
- Potential future projects
- Forecast of potential funds that will be available for grant making in fiscal year 2017/18

Staff will prepare a draft report for review at the February meeting.

### **4. Mini-Grants**

Staff would like to have an ad-hoc committee formed to review mini-grant applications. Chuck Ellsworth and Dianna Rios volunteered to serve on the committee. Staff will develop a list of previous mini-grants for the committee so they can get an idea of the types of projects that have been funded in the past.

It was moved by Buzz Webb and seconded by Greg Seiler to appoint Chuck Ellsworth and Dianna Rios to the ad-hoc committee through January 2018. Chair called for public comment – none received. Motion carried.

### **5. New Board Member Recruitment**

Staff will be working with the clerk of the Board of Supervisors to coordinate the interview process. Members are encouraged to reach out to potential applicants encourage those interested in applying to contact Karen Meynell.

### **6. Quarterly Report**

Staff provided a draft 1<sup>st</sup> quarter report for review. (Attachment 3)

### **7. Adjourn**

Chair Zach Zwerdling adjourned the meeting at 1:37p.m.

Next Meeting: February 21, 2017 (potential items: City of Eureka, Dr. Michael Fratkin)

1/16/17

To: Everyone

Subject: Real World Realities

At 73 plus years of age, I have learned to watch, listen, and think.

There is no question I have been helped along the way. Scholarships helped me through college, public assistance helped my family and left me to find my own way, I was allowed to adopt a couple kids and raise a family, I was able to handle my dad falling out of a tree and becoming disabled in my sophomore year in college and my son getting shot and disabled in Idaho on a hunting trip, I hunted and fish, and I did many other things I had the opportunity to do.

Overcoming obstacles left me at the bottom of the economic heap. If I live a long life, my kids will be in trouble, but I have lived a good life. I worked hard getting a "B" average and did without a lot in college, raised a family that is successful and does not do without, worked fifty plus years as a field forester learning a lot, overcome the disabilities in my family, became a timberland owner, got to hunt and fish, and did many other things I chose to do.

Attached outlines some things I have learned which have not been faced by those inexperienced in my life's realities. As a thinker, I see those in control not paying attention to what old farts like me have to say (especially some wealthy folks who are politicians, protectionists, preservationist, regulators in the Fourth Branch of Government, and lawyers). Some of life's realities and truths are not pretty, and with not much life left, I see things getting interesting for ranchers, timber folks, and rural areas. I see California, USA, and world rural and populated areas (especially those who get their information via hi-tech) becoming divided and fed a lot of misinformation which influences how truths ((like trees and many species need sunshine, water, and nutrients (food)) and voting minorities vote.

I watched the "Patriots" movie, and I suggest others see this movie. With my life's experiences, I have some thoughts about how things are going; however, I will leave to you to decide what you think. I see humans and many species in for a world of hurt.

Charles L. Ciancio

California Registered Professional Forester (RPF) #317

(An old tired field forester no one gives much attention who has lived in a working man's world)

P.O. Box 172, Cutten (near Eureka in redwood country), CA 95534, 707-443-2179

1/16/17

To: Everyone

Subject: Real World Realities

All the rain reminds me of many things like my Humboldt State college days back in the sixties. Maybe this area is better prepared for excessive rain and flooding, and maybe the old weather patterns are not coming back when bridges would go-out and Humboldt College students had to caravan and fly home during school breaks. I was reminded when I got soaked going to class, and I learned to buy a sissy umbrella.

I was reminded of when I was blind and wore my glasses paying football for coach Sarboe, when we were a mixed racial team from local schools, junior colleges, working loggers, and other places, when I was a three year letterman and playing first team center on the varsity Lumberjack football at Humboldt State College in the mud bowl, when we used to beat University of Hawaii and power house teams to the north, and Humboldt used to win the Far Western Conference by beating Sacramento, University of Nevada, and Davis.

From fifty plus years as a practicing field forester and being a rural person, I eventually learned field experience can't be beat. I have learned nothing can live without sunshine, water, and nutrients (food), and I learned more about growing and harvesting trees and fire after I left college.

From my teaching at HSU College, I found students **not** learning about the real world, how to properly harvest a beautiful tree, and how to properly grow another beautiful tree. I was reminded how insects and disease followed by destructive fire kills trees during the summer and hillsides erode and slide during winter rains. I was reminded why especially in California protectionists and preservationists use incorrect thinking pushed by the media, erroneously applied legalese, inexperienced Fourth Branch of Government (regulators), and voting minority that forces small and large ranchers and other timber owners to jump through a lot of regulatory hurdles and to not properly harvest timber. As verified by many sources, I was reminded why around 80% of the wood used in California comes from out of the state, and when all the numbers are put together, why I see why Humboldt's number one private economy, timber industry, shrinking.

As a person who is 70 plus years old, has experienced life's realities, someone who is a thinker involving many things, and knows he is on this world for a short time, I see the USA in many ways a divided nation. We will have to wait and see what Trump does especially in rural areas, and I see a lot of things getting interesting. For sure based my experiences, I am not going to believe what is said by San Francisco, Bay Area, LA area, any heavily populated area, and media. I believe humans get what they sow, and conservative leaning folks are lousy publicizing and making it know when they make things better for humans and many species. I believe this area is half supported by taxpayer money, and the average person does not use and understand all the hi-tech stuff thrown at them. As payment for working folks goes down-hill, I see working folks in trouble. My dad was maybe right in saying revolution and World War III is coming, and seeing how those in control are doing things, I am constantly reminded few pay attention or listen to old farts, like me, who are old and have experienced life.

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Being at the end of my life as a 70 plus year old person, I focus about what I have learned over my life time as a field forester for 50 plus years, working among ranchers, loggers, rural folks, and being a thinker. See if you agree with what I have provided

I see why everything needs water, sunshine, and nutrients (FOOD). I see why disturbance and proper done active management solves many problems, and I see not much done to change things.

With some help I became a college graduate from Humboldt State University and taught at this institution, with a father who became disabled in my sophomore year in college and a son who was later shot and disabled on a hunting trip to Idaho, being a naïve forester and later field experienced forester who earned a low California Registered Professional Forestry License number 317, playing sports until a doctor could not assure me I would not be a cripple, being a skin-diver who now can only hold an inner tube for someone else, being a fisherman until as a grandpa the regulations forced me to not fish, continually giving input to regulatory agencies, boards, and other regulatory groups and being ignored, going outside the Mason-Dixon line called the California border and seeing protectionists, preservationists, and all forms of the media distort the truth about how disturbance and active management helps many species, being on juries, participating in the legal process, and seeing how legalese and lawyers do not use common sense and misapply regulations, seeing politicians and the minority vote misapply regulations, seeing how anyone, at anytime, and in many ways can be in violation of a regulation, seeing field experience is golden, seeing younger folks have skulls full of mush, seeing humans not acting on truths (including many of Trump's supporters), seeing a Fourth Branch of Government (regulators) apply unclear laws that take others like a lawyer to interpret, working with many regulatory agencies (various county agencies, California Department of Forestry, Water Quality, California Department of Fish and Game, U.S. Fish and Wildlife Service, National Marine Fishery and/or NOAA, Archeological groups, Environmental Protection Agency, Corp of Engineers, California Coastal Commission, Bureau of Land Management, and many others), learning from those who make sense, using hi-tech when it makes sense and finding many in the general public do not know how to interpret all that is thrown at them, seeing disease and insects followed by destructive fire happen especially in regulatory minded California (as verified by others why around 80% of the wood used in California comes from out of the state), seeing large and small timber owner in rural timbered areas are having trouble holding onto their ranches and timberlands, seeing creeks dry up as fishing goes to pot, having a good friend die while in a marijuana garden, and seeing marijuana mistakenly being a savior in rural areas; seeing respectful, professional, factual confrontation not getting much done, learning an individual without money accomplishes little to no regulatory change on their own, seeing assimilation failing and separation into different groups not making America great, writing a couple books and many other ideas, seeing Ayn Rand right in so many ways, working for those who knew what they were doing and working for those who didn't learn real world realities, knowing when to keep my mouth shut, when to listen to the truth, and seeing why my dad was right when he said revolution was coming and World War III was possible.

I have learned a lot more, but why bother? I see few paying attention to old farts like me

Charles L. Ciancio

(An old tired field forester no one gives much attention who has lived in a working man's world)

P.O. Box 172, Cutten (near Eureka in redwood country), CA 95534

707-445-2179

FY 2016-17  
SUPPLEMENTAL BUDGET  
BUDGET UNIT 286 - HEADWATERS FUND

	Budget	Supplemental Budget	
<b>Revenues</b>			
<b>70 Other Revenues</b>			
705026 Grant Fund #3848	36,593.00	196,593.00	The Grant Fund requires an additional \$150,000 to cover grant commitments to HCOE for Decade of Difference. HFB authorized \$20,000 in mini-grants (up from \$10,000).
705027 Income/Liquidity Fund #3847	41,728.00	33,263.75	
705028 Income/Revolving Loan Fnd/3843	125,185.00	99,792.25	
705029 Income from Comm. Inv Fd. 3846	210,800.00	510,800.00	
<b>Total Other Revenues</b>	<b>414,306.00</b>	<b>840,449.00</b>	The CIF requires an additional \$300,000 to cover grant commitments to Decade of Difference.
<b>Total Revenues</b>	<b>414,306.00</b>	<b>840,449.00</b>	
<b>Expenditures</b>			
<b>01 Salaries &amp; Employee Benefits</b>			
1400 Extra Help	8,000.00	(1,536.98)	Overages in extra help staff time
1450 Unemployment Insurance	-	(29.82)	
1470 Health Insurance	4,000.00	(3,093.80)	
1500 Retirement	1,700.00	(349.14)	
1600 FICA	-	(405.31)	
<b>Total Salaries &amp; Employee Bene</b>	<b>13,700.00</b>	<b>(5,415.05)</b>	Appropriation in progress to zero this item
<b>02 Services and Supplies</b>			
2110 Insurance	12.00	12.00	
2115 Memberships	200.00	200.00	
2117 Office Supplies	250.00	250.00	
2118 Professional & Special Service	10,000.00	10,000.00	
2119 Publications & Legal Notices	200.00	200.00	
2123 Special Departmental Expense	1,000.00	1,000.00	
2125 Transportation & Travel	1,000.00	1,000.00	
2225 Transportation-Out of County	500.00	500.00	
2561 Mini Grants	10,000.00	20,000.00	HFB authorized \$20,000 in mini-grants
2614 Staff Development & Training	1,000.00	1,000.00	
2920 Audit Expense	1,500.00	1,500.00	
<b>Total Services and Supplies</b>	<b>25,662.00</b>	<b>35,662.00</b>	
<b>03 Other Charges</b>			
3109 Grant Fund Disbursements	26,593.00	176,593.00	HWF will disperse \$150,000 from Grant Fund to HCOE for Decade of Difference
3137 A-87 Overhead Charges	58,121.00	58,121.00	
3244 Admin. Chgs from Econ Develop	10,700.00	10,700.00	
3246 CIF Grants	210,800.00	510,800.00	HWF will disperse \$300,000 from CIF to HCOE for Decade of Difference
3928 Expense Transfers	67,957.00	53,215.05	Reduction in staff costs
3940 Central Service Charges	773.00	773.00	
<b>Total Other Charges</b>	<b>374,944.00</b>	<b>810,202.05</b>	
<b>Total Expenditures</b>	<b>414,306.00</b>	<b>840,449.00</b>	

## Headwaters Fund 2016-17 Quarter Report

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Quarter ending: 9/30/2016

	Budget	Actual to Date
FY 15-16 Interest Earned	\$ 433,265	\$ 433,265
FY 16-17 Operating Budget	\$ (166,913)	\$ (13,574)
FY 16-17 Loan Loss Repayment	\$ -	\$ -
FY 16-17 LLR transfer		
FY 16-17 Grant Budget	\$ (10,000)	
FY 16-17 Spending Plan	\$ (176,913)	\$ (13,574)
Contribution to Fund Balance*	\$ 256,352	\$ 419,691

FY 2016-17 OPERATING BUDGET					
Fund Number	Description	Budget	Actual	% Fiscal Year Completed	% Funds Expended
1120-286	Operating Budget	\$ 166,913	\$ 13,574	25%	8%
FY 2015-16 LOAN LOSS RESERVE REPAYMENT OBLIGATION**					
Fund Number	Description	Budget	Awarded/ Accrued	% Fiscal Year Completed	% Funds Obligated
3844	Loan Loss Reserve Repayment**	\$ -		25%	0%
FY 2016-17 AWARDED BUDGET					
Fund Number	Description	Budget	Awarded/ Accrued	% Fiscal Year Completed	% Funds Obligated
3846	Community Investment Fund	\$ -	\$ -	25%	0%
3848	Grant Fund	\$ -	\$ -	25%	0%
3848	Mini Grant Fund	\$ 10,000	\$ -	25%	0%
3849	Initiative Fund	\$ -	\$ -	25%	0%
<b>TOTAL Award Budget</b>		<b>\$ 10,000</b>	<b>\$ -</b>		<b>0%</b>

\* Must be greater than "0"

\*\* From Previous Fiscal Year Loan Loss Experience

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Quarter ending: 9/30/2016

FY 2015-16 INCOME/ FY 2016-17 PROJECTED BUDGET					
Fund Number	Description	Forecasted Earnings	Actual	% Fiscal Year Completed	% Funds Earned
<b>3847 &amp;</b>					
<b>3849</b>	<b>County Pool Interest</b>	<b>52,000</b>	<b>\$ 13,122</b>	<b>25%</b>	<b>25%</b>
	Average Balance***		\$ 5,182,737		
	Yield		0.25%		
<b>3843 &amp;</b>					
<b>3846</b>	<b>Lending Interest (RLF &amp; CIF)</b>	<b>210,000</b>	<b>\$ 53,015</b>	<b>25%</b>	<b>25%</b>
	Average Receivables Balance***		\$ 4,959,408		
	Yield		1.07%		
<b>3852</b>	<b>Long Term Endowment</b>		<b>\$ 12,462</b>	<b>25%</b>	
	Average Receivables Balance***		\$ 7,000,000		
	Yield		0.18%		
	<b>TOTAL INTEREST</b>	<b>\$ 262,000</b>	<b>\$ 78,599</b>	<b>25%</b>	<b>30%</b>

FY 2015-16 LOAN LOSSES*** / 2016-17 LOAN LOSS RESERVE REPAYMENT OBLIGATION					
Fund Number	Description	Budget	Actual	% Fiscal Year Completed	% Funds Obligated
<b>3844</b>	<b>Loan Losses****</b>	<b>\$ -</b>	<b>\$ -</b>	<b>25%</b>	

FY 2015-16 LOANS IN DEFAULT					
Fund Number	Description	Unresolved	Resolved	% Fiscal Year Completed	% Funds Obligated
	AEDC		0		
	RREDC	\$ -	\$ -		
	CIF	\$ -	\$ -		
	<b>Loans in Default</b>	<b>\$ -</b>	<b>\$ -</b>	<b>25%</b>	<b>0%</b>

\*\*\* ESTIMATES ONLY Balances assume transfer to LT Endowment was exactly mid year

\*\*\*\* Carries forward to Next Fiscal Year Loan Loss Reserve Repayment Budget/Spending





# Headwaters Fund 2016-17 Quarter Report

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Quarter ending: 9/30/2016

FY 2014-15 AR/AP SHEET										
	3843	3844	3846	3847	3848	3848	3848	3849	3852	
	Revolving Loan Fund	Loan Loss Reserve Fund	Investment Fund	Liquidity Fund	Grant Fund	Mini Grant Fund	Initiative Fund	Endowment Fund	TOTAL	
ASSETS										
Cash	\$ 2,043,072	\$ 560,000	\$ 2,362,525	\$ 42,498	\$ 2,006	\$ -	\$ 28,019	\$ 7,144,617	\$ 12,182,737	
Receivables										
	AEDC \$ 2,299,724								\$ 2,299,724	
	RREDC \$ 2,659,685								\$ 2,659,685	
	CIF								\$ 262,677	
LIABILITIES										
Grants			\$ (321,600)		\$ (1,169)	\$ -	\$ -		\$ (322,769)	
Operating	\$ (115,004)			\$ (38,335)					\$ (153,339)	
<b>TOTAL</b>	<b>\$ 6,887,476</b>	<b>\$ 560,000</b>	<b>\$ 2,303,602</b>	<b>\$ 4,164</b>	<b>\$ 837</b>	<b>\$ -</b>	<b>\$ 28,019</b>	<b>\$ 7,144,617</b>	<b>\$ 16,928,714</b>	

Notes:

Loans in Default: AEDC  
RREDC  
Total \$ -

CIF Liabilities  
Decade 300,000  
Mariculture 21,600  
321,600

Grant Liabilities  
Aquaculture 1,169  
1169

MRG 250,000 Expired 7/1/15

HBC 15,000 No funds drawn. Contract expired 12/31/15  
Orick 37,017 Non-active. County Obligation terminated 12/31/15