



Headwaters Fund Meeting Agenda

Prosperity Center, 520 E Street, Eureka

A. Opening (12:15)

- a. Approval of minutes from November 13, 2018 - (Attachment 1)
- b. Public comment on non-agenda items
- c. Report out on meetings attended

Documents:

[Attachment 1 - November 13, 2018 Board Meeting Minutes.pdf](#)

B. Election Of Board Officers For Calendar Year 2019 (12:35) – (Attachment 2)

- a. Discussion
- b. Public Comment
- c. Action

Documents:

[Attachment 2 - Chair and Vice-Chair duties.pdf](#)

C. Rescheduling February 2019 Board Meeting Due To Holiday (12:55)

- a. Discussion
- b. Public Comment
- c. Action

D. Staff Request To Extend Competitive Grant Application Deadline To March 29, 2019 (1:10)

- a. Discussion
- b. Public Comment
- c. Action

E. Year End Financial Report-Revised Format (1:30) - (Attachment 3)

- a. Discussion
- b. Public Comment
- c. Action

Documents:

[Attachment 3 - HWF 4th Quarter Report-Final.pdf](#)

F. Comprehensive Economic Development Strategy-CEDS-EDA Approval, And Appointment Of Board Member And Alternate To CEDS Strategy Committee (1:50) – (Attachment 4)

- a. Discussion
- b. Public Comment
- c. Action

Documents:

[Attachment 4 - EDA CEDS Approval Letter and Memo.pdf](#)

G. Staff And Board Updates (2:15)

- Southern Humboldt Loan Update
- a. Discussion
- b. Public Comment

H. Adjourn

Next Meeting: To Be Determined due to Holiday on February 12, 2019

**Headwaters Fund Board Meeting Minutes
November 13, 2018 – 12:15-2:45 p.m.
Prosperity Center, 520 E Street, Eureka**

MEMBERS PRESENT: Carl Hansen, Dianna Rios, Bruce Rupp, Greg Seiler, Buzz Webb

MEMBERS ABSENT: Elizabeth Cameron, Chuck Ellsworth

OTHERS PRESENT: Scott Adair, Gregg Foster, Kerry Reynolds, Jayne Lovig, Kenny Spain, Debbie Damiano

Item #	Action	Pass/Fail
1	Approve October 9, 2018 minutes with changes/corrections	Pass
2	Accept AEDC quarterly loan report	Pass
3	Accept RREDC quarterly loan report	Pass
5	Table acceptance of 2017/18 year end financial report until December	Pass

1. Opening

Vice Chair Carl Hansen called the meeting to order at 12:18p.m. A quorum was present. Introductions were made around the room.

It was moved by Bruce Rupp and seconded by Greg Seiler to approve the October 9, 2018 minutes as written. During discussion, it was noted that the first sentence in Item #3 should be separated as the Denver flight information has no relation to the loan interest rates. It was also noted John Gullam's name was misspelled. Further, Greg Seiler suggested that when a motion is made regarding monies being disbursed, the dollar amount should be included in the motion. It was moved by Bruce Rupp to amend his motion to include the corrections and clarifications discussed, seconded by Greg Seiler. Chair called for public comment – none received. Motion carried with Buzz Webb abstaining.

Chair called for public comment on non-agenda items. The following comments were made:

- Kerry Reynolds, representing the Sohum Guild, introduced herself to the board. She explained the guild was developed by some members of the Humboldt Cannabis Chamber of Commerce and is comprised of licensed cannabis businesses and farmers. The guild is developing classes and workshops focused on appellations, cooperatives, workforce, and political cohesion. They hold workshops and conference calls monthly. Kerry wanted the board to be aware of the guild and hopes the Headwaters Fund may play a part in helping those going through the legalization process.

Members reported out on meetings attended as follows:

- Greg Seiler attended a cannabis industry conference in Oakland.

2. Arcata Economic Development Corporation (AEDC) Loan Portfolio Report

Members reviewed the report. In addition, Jayne Lovig reported the following:

- The Hoopa loan should close soon. Headwaters share of the loan is \$500,000.
- A loan to Kneeland Fire Department was recently approved. Headwaters share will be approximately \$90,000-100,000. The amount isn't finalized yet as the loan was just approved.

It was moved by Buzz Webb and seconded by Dianna Rios to accept the loan report. Chair called for public comment – none received. Motion carried unanimously.

3. Redwood Region Economic Development Commission (RREDC) Loan Portfolio Report

Members reviewed the report. In addition, Gregg Foster reported the following:

- Loan performance should be comparable to last year.
- One loan has been having issues, but a plan is being put together and the loan is well-secured.
- The Board of Supervisors approved the Southern Humboldt Community Healthcare District's Community Investment Fund loan at their meeting today.
- A \$2 million loan is being put together to expand a manufacturing business and make building improvements. Headwaters share of the loan will be \$200,000.

It was moved by Buzz Webb and seconded by Bruce Rupp to accept the loan report. Chair called for public comment – none received. Motion carried unanimously.

4. RREDC Minimum Revenue Guarantee

Gregg Foster reported the minimum revenue guarantee to secure the non-stop flights to Denver is \$950,000. It will be secured with the previously awarded \$123,750 Headwaters Fund grant, \$685,000 in federal grant funds, and the remaining amount coming from various community contributors. Flights will begin June 7th with a 6:30am departure from Arcata and a 10:00am arrival in Denver.

5. Year End Financial Report

Members reviewed the report. During discussion, it was noted the report is not providing the same financial information it was originally developed to provide. Greg Seiler volunteered to meet with staff to explain the history of the form and how it was intended to be used. Staff will rework the report after meeting with Greg. It was moved by Buzz Webb and seconded by Bruce Rupp to table the acceptance of the report to the December meeting. Chair called for public comment – none received. Motion carried unanimously.

6. Staff and Board Updates

Staff provided the following updates:

- The \$1.8 million loan to Southern Humboldt Community Healthcare District was approved by the Board of Supervisors today. Headwaters total share is \$650,000, with \$500,000 coming from the Community Investment Fund and \$150,000 coming from the Revolving Loan Fund.
- The Comprehensive Economic Development Strategy (CEDS) was approved by the Board of Supervisors today.
- There are 5-6 potential applicants already for this year's grant round. It was decided to announce in December that applications will be accepted February 1 through February 28, 2019. A total of \$130,000 will be granted, with a maximum of \$65,000 awarded per successful application. Funding will be available to awardees in May.

7. Adjourn

Vice Chair Hansen adjourned the meeting at 2:40p.m.

Next Meeting: December 11, 2018



HUMBOLDT COUNTY

Headwaters Fund

January 4, 2019

The Headwaters Fund Board Manual

Section 10 – Operating Procedures

F)

i) HFB Officers, as described in this section, will be selected annually by majority vote of HFB.

ii) Chairperson: The Chairperson will ensure the effective action of the board in governing and supporting the HWF. Among other tasks, the Chairperson will be responsible for meeting agendas, communications within the Board, and setting decision-making processes.

iii) Vice-Chairperson: The Vice-Chairperson will act as Chairperson in absence of the Chairperson and will assist the Chairperson on other duties or special projects. In case of the resignation, removal or death of the Chairperson, the Vice-Chairperson shall perform such duties as are imposed on the Chairperson until such time as a new Chairperson is selected.

Headwaters Fund 2017-18 4th Quarter Report

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Quarter ending: 06/30/2018

	Budget	Actual to Date
FY 16-17 Interest Earned	\$ 487,146	\$ 542,357
FY 17-18 Interest Earned		
FY 17-18 Operating Budget	\$ (120,000)	\$ (83,584)
FY 17-18 Loan Loss Repayment	\$ -	\$ -
FY 17-18 LLR transfer	\$ -	\$ -
FY 17-18 Mini-Grant Budget	\$ (20,000)	\$ (14,155)
FY 17-18 Grant Budget	\$ (75,000)	\$ (74,557)
FY 17-18 Initiative (DoD)	\$ (150,000)	\$ (150,000)
FY 17-18 Expenses	\$ (365,000)	\$ (322,296)
Unallocated Funds *	\$ 122,146	\$ 220,061

2018-2019 Projected

Interest Earned 17/18	\$ 542,357
Loan Loss	\$ (73,393)
Operating Budget	\$ (102,198) Includes \$15K for CEDS
Mini-Grants	\$ (20,000) DoD, mini-grants
Competitive Grants	\$ (130,000) 18-19 grant round
Decade of Difference	\$ (150,000) Year 9 of 10 year commitment
Unallocated	\$ 66,766

FY 2017-18 OPERATING BUDGET						
Fund Number	Description	Budget	Actual	% Fiscal Year Completed	% Funds Expended	
1120-286	Operating Budget	\$ 120,000	\$83,584	100%	70%	
FY 2017-18 LOAN LOSS RESERVE REPAYMENT OBLIGATION**						
Fund Number	Description	Budget	Awarded/ Accrued	% Fiscal Year Completed	% Funds Obligated	
3844	Loan Loss Reserve Repayment**	\$ -	\$ -	100%	0%	
FY 2017-18 AWARD BUDGET						
Fund Number	Description	Budget	Awarded/ Accrued	% Fiscal Year Completed	% Funds Obligated	
3846	Community Investment Fund***	\$ 250,000	\$ 250,000	100%	100%	
3848	Mini Grant Fund	\$ 20,000	\$ 14,155	100%	71%	
3848	Grant Fund***	\$ 75,000	\$ 74,557	100%	99%	
3849	Initiative Fund	\$ 150,000	\$ 150,000	100%	100%	
TOTAL Award Budget		\$ 495,000	\$ 488,712		99%	

When the budget is developed, Interest Earned includes three types of interest earnings: 1.) * Interest earned on accounts at the County Treasurer's Office (apportionment) on all eight Funds; 2.) ** Interest earned on Endowment Fund 3852 (CD's); and, 3.) *** Interest earned on loan repayments from AEDC, RREDC & CIF.

* The amount in Type 1 includes the last quarter of the previous fiscal year and the first three quarters of the current fiscal year. This allows building a budget after April 1st and prior to July 1st each year.

** Type 2 includes the interest earned in the current fiscal year from July 1 to June 30.

*** Type 3 includes the interest earned in the current fiscal year from July 1 to June 30.

FY 2017-18 PROJECTED BUDGET						
Fund Number	Description	Forecasted Earnings	Actual	% Fiscal Year Completed	% Funds Earned	
3847 &						
3849	County Pool Interest	65,000 \$	51,822	100%	80%	
	Average Balance	\$ 4,365,429				
	Yield	1.19%				
3843 &						
3846	Lending Interest (RLF & CIF)	225,000 \$	354,323	100%	157%	
	Average Receivables Balance	\$ 6,009,450				
	Yield	5.90%				
3852	Long Term Endowment	140,000 \$	136,212	100%	97%	
	Average Receivables Balance	\$ 7,000,000				
	Yield	1.95%				
	TOTAL INTEREST	\$ 430,000	\$ 542,357	100%	126%	

FY 2017-18 LOAN LOSSES**** / 2018-19 LOAN LOSS RESERVE REPAYMENT OBLIGATION						
Fund Number	Description	Budget	Actual	% Fiscal Year Completed	% Funds Obligated	
3844	Loan Losses****	\$ 73,393	\$ -	100%		

FY 2017-18 LOANS IN DEFAULT						
Fund Number	Description	Unresolved	Resolved	% Fiscal Year Completed	% Funds Obligated	
AEDC			73,393			
RREDC		\$ -	\$ -			
CIF		\$ -	\$ -			
	Loans in Default	\$ -	\$ 73,393	100%	0%	

FY 2017-18 CASH FLOW STATEMENT

	3843	3844	3846	3847	3848	3848	3849	3852	
	Revolving Loan Fund	Loan Loss Reserve Fund	Community Investment Fund	Liquidity Fund	Grant Fund	Mini Grant Fund	Initiative Fund	Endowment Fund	TOTAL
6/30/2017									
Beginning Balance:	\$ 1,335,087	\$ 560,000	\$ 1,359,684	\$ 34,726	\$ 17,506	\$ 50,610	\$ 7,148,071	\$ 10,505,685	
	(20,970)	(7,545)	(19,925)	19,925	148,071	20,970	(148,071)		
Transfers	(75,000)			449	75,000	7,545			
	(250,000)		250,000	(20,000)	20,000			0	
				(449)					
Loan Principle Paid	\$ 87,248								\$ 87,248
AEDC									
RREDC	\$ 1,043,237								\$ 1,043,237
CIF			\$ 285,459						\$ 285,459
Loan Interest Paid	\$ 152,296								\$ 152,296
AEDC	\$ 171,525								\$ 171,525
RREDC			\$ 30,502						\$ 30,502
CIF									\$ 51,822
Account Interest	\$ 20,970	\$ 7,545	\$ 19,925	\$ 532	\$ 449	\$ 814	\$ 1,587	\$ 136,212	\$ 136,212
Endowment Int (CDs)									\$ 542,357
RLF & Initiative									
Liquidity & CIF									
Disbursements									
Charge Offs									
RLF: AEDC	\$ (3,729)								\$ (3,729)
RLF: RREDC	\$ (716,063)								\$ (716,063)
CIF & Initiative:					\$ (150,000)				\$ (150,000)
Grants			\$ (126,250)			\$ (4,500)			\$ (130,750)
Operating	\$ (62,688)			(20,896)					\$ (83,584)
AEDC Fees	\$ (14,430)								
Ending Balance:	\$ 1,667,482	\$ 560,000	\$ 1,799,395	\$ 34,736	\$ 70,577	\$ 15,500	\$ 79,939	\$ 7,137,799	\$ 11,379,859

Headwaters Fund 2017-18 4th Quarter Report

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Quarter ending: 06/30/2018

FY 2017-18 AR/AP SHEET										
	3843	3844	3846	3847	3848	3848	3848	3849	3852	
	Revolving Loan Fund	Loan Loss Reserve Fund	Community Investment Fund	Liquidity Fund	Grant Fund	Mini Grant Fund	Initiative Fund	Endowment Fund	TOTAL	
ASSETS										
Cash	\$ 1,667,482	\$ 560,000	\$ 1,799,395	\$ 34,736	\$ 70,577	\$ 15,500	\$ 79,939	\$ 7,137,799	\$ 11,365,429	
Receivables										
AEDC	\$ 2,869,240								\$ 2,869,240	
RREDC	\$ 2,725,670								\$ 2,725,670	
CIF		\$ 414,541							\$ 414,541	
									\$ -	
LIABILITIES										
Grants			\$ (123,750)		\$ (74,557)	\$ (11,155)			\$ (209,462)	
Operating					\$ -				\$ -	
TOTAL	\$ 7,262,392	\$ 560,000	\$ 2,090,186	\$ 34,736	\$ (3,980)	\$ 4,345	\$ 79,939	\$ 7,137,799	\$ 17,165,417	



U.S. DEPARTMENT OF COMMERCE

Economic Development Administration
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174
206-220-7660

December 18, 2018

Kenneth Spain
Economic Development Specialist
County of Humboldt
825 5th Street
Eureka, CA 95501

Dear Mr. Spain:

Congratulations, EDA Seattle Regional Office staff have reviewed and approved the EDA-funded Comprehensive Economic Development Strategy (CEDS) entitled *Prosperity 2018* submitted on November 30, 2018.

This CEDS will expire in five years. As this CEDS was development under an EDA Short Term Planning grant there are no special requirements or due dates set by EDA for updates. However, if you intend to use it in support of an application for EDA funding, it will be necessary to ensure that the document remains current, revising or updating it as needed within one year of the grant application date.

We commend your organization for its good efforts, and we look forward to working with you as you continue to address the economic development planning and implementation needs of Humboldt County.

Sincerely,

Malinda S. Matson
Economic Development Representative
Coastal and Northern California.

Spain, Kenneth

From: Matson, Malinda (Federal) <MMatson@eda.gov>
Sent: Tuesday, December 18, 2018 2:59 PM
To: Spain, Kenneth
Subject: CEDS approval
Attachments: Humboldt county CEDS approval letter 12-18-2018.pdf

Kenneth,

I know this is a little anti-climactic, but attached is your CEDS approval letter.

Both Raul and I thought the CEDS was excellent, your team did a great job. I look forward to working with you on some potential EDA projects.

Enjoy your Holidays

Malinda

Malinda Matson
Economic Development Representative for Northern and Coastal California
Economic Development Administration
mmatson@eda.gov
Phone - 916-235-0088

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