

Headwaters Fund (HWF) Board Special Meeting
Retreat Agenda: February 24, 2022, 8:30 AM
Remote Zoom Meeting

*In accordance with Gov. Newsom's Executive Order N-08-21 (June 17th, 2021), all
Headwaters Fund Meetings will be held virtually until further notice.*

*The Headwaters Fund invests in projects through grants and loans with the goal of helping the
citizens of Humboldt County achieve increased economic opportunity, prosperity, and quality of
life.*

Meeting Connection Details

When: February 24, 2022 08:30 AM Pacific Time (US and Canada)

Topic: Headwaters Fund Board Retreat

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/87884184309?pwd=VlhRS2ZwMXlZRExadmRYSU1RcnpNZz09>

Or One tap mobile :

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WebinarID:878 8418 4309

International numbers available: <https://us02web.zoom.us/j/87884184309>

Meeting Agenda

1. Opening
 - a. Board Chair calls meeting to order
 - b. Roll Call of Board
 - c. Approval of the Minutes from the February 8, 2022 Meeting - (Attachment 1)
 - d. Public comment on non-agenda items
 - e. Report out on meetings attended

2. Visioning Exercise (Facilitator: Elizabeth Cameron)
 - a. Discussion
 - b. Public Comment

3. Lending Expansion Opportunities Discussion (Facilitators: Michael Fields and Bruce Rupp)
 - a. Discussion
 - b. Public Comment
 - c. Action

15-Minute Break

4. Targeted Granting approach and Community Engagement planning (Facilitators: Jenna Catsos and Chuck Ellsworth)
 - a. Discussion
 - b. Public Comment
 - c. Action

5. Grant Application / Scoring Rubric discussion (Facilitator: Ryan Heitz)
 - a. Discussion
 - b. Public Comment
 - c. Action

LUNCH 12:30 PM – 01:15 PM

6. Annual Cadence and Financial Reporting (Facilitators: Elizabeth Cameron and Carl Hansen)
 - a. Discussion
 - b. Public Comment
 - c. Action

15-Minute Break

7. Practices for increasing the fund corpus (Facilitator: Ryan Heitz)
 - a. Discussion
 - b. Public Comment
 - c. Action

8. Typographic, Procedural, and Programmatic changes to the manuals (Facilitator: Ryan Heitz)
 - a. Discussion
 - b. Public Comment

9. Adjourn

AGENDA DETAIL

AGENDA ITEM 2

DISCUSSION

Elizabeth Cameron will lead the group in visioning exercises intended to establish the shared and conflicting priorities of individual board member. This session is intended to allow the Board to freely discuss their individual perspectives regarding the future of the HWF and how to best serve the interest of the public through the fund activities.

Recommended Action: Direct staff to return at a future meeting with desired agenda item

AGENDA ITEM 3

DISCUSSION

Michael Field and Bruce Rupp will lead the discussion regarding potential expansion/revision of HWF lending practices. The board will discuss options previously explored as well as new ideas. Potential avenues which have been discussed to date include:

- Creating additional lender partnership
- Housing lending
- Cannabis Lending
- Targeted lending through the Community Initiative Fund
- Potentially drawing funding from the Endowment Fund over time to increase lending capacity as the Revolving Loan fund reaches capacity

Recommended Action: Direct staff to return at a future meeting with desired agenda item

AGENDA ITEM 4

DISCUSSION

Jenna Catsos and Chuck Ellsworth will be leading the discussion on how to engage with the community more regularly to make Headwaters Fund investments through grants and loans more impactful to community needs. Potential topics include but not limited to community outreach strategies, follow up site visits highlighting grantee/borrower success, targeting grant funds, and collaborating with other grant making entities for improved impacts.

Recommended Action: Direct staff to return at a future meeting with desired agenda item

AGENDA ITEM 5/6

DISCUSSION

Ryan Heitz will lead a discussion on applications and the scoring of competitive grants. Goals are to provide the opportunity for more targeted granting, increasing applicants understanding

of the process to improve success, minimizing any bias from the process, and providing equal access to eligible projects.

Recommended Action: Direct staff to return at a future meeting with desired agenda item

AGENDA ITEM 7

DISCUSSION

Elizabeth Cameron and Carl Hansen will lead the discussion on the updated financial reports and the cadence of general HWF activities moving forwards. Goals are to improve financial reporting, minimize duplication of staff efforts, increase relevant information given to the board for decision making processes, and increase transparency of HWF activities and functions.

Recommended Action: Direct staff to return at a future meeting with desired agenda item

AGENDA ITEM 8

DISCUSSION

Ryan Heitz will lead the discussion relating to opportunities for building/protecting the fund corpus for future generations. Options include but are not limited to: Setting aside a corpus injection during the spending plan, limiting grant activities as result of low earnings, increased activity through Community Investment Fund, pursuit and comingling of HWF with other programmatic dollars.

Recommended Action: Direct staff to return at a future meeting with desired agenda item

AGENDA ITEM 9

DISCUSSION

Ryan Heitz will present the grant and board manuals based upon previous discussion. The board could direct staff to explore changes to areas of the governing manuals and charter based upon earlier discussion in the meeting or in areas as yet undiscussed.

Recommended Action: Direct staff to return at a future meeting with desired agenda item

Headwaters Fund (HWF) Board Meeting Minutes
February 8, 2022, 1:30 pm
Held Remotely via Zoom Web Conferencing

COMMITTEE MEMBERS ATTENDANCE:

- Bruce Rupp – Present
- Jenna Catsos, Vice Chair - Absent
- Carl Hansen – Present
- Elizabeth Cameron, Chair – Present
- Chuck Ellsworth – Present
- Michael Fields – Present

STAFF: Dianna Rios, Kimberly Hopmann, Scott Adair and Cathie Childs

OTHERS IN ATTENDANCE: No official members of the public. Gregg Foster from RREDC and Jayne Lovig from AEDC were also in attendance.

1. Opening:
 - a. Chair Cameron called the meeting to order at 1:33PM
 - b. Board Members Present: Chuck Ellsworth, Michael Fields, Carl Hansen, Elizabeth Cameron, Bruce Rupp
 - c. It was moved by Bruce Rupp and seconded by Carl Hansen to approve the January 18th, 2022 regular meeting minutes. Motion carried 5:0
 - d. No public present to comment
 - e. Elizabeth Cameron attended a meeting with Life Care Humboldt. She learned more about how they would like to help support the county with the eldest residents. Michael has worked with them and believes there is a presentation in the works for HWF in March.

Business Items

2. Redwood Region Economic Development Commission (RREDC) to present FY 2021-22 Quarter 2 (Q2) reports on the Headwaters Fund (HWF) Revolving Loan Fund (RLF) portfolio. (Attachment 2)
 - a. Discussion
Gregg Foster reporting states that there was an initial mistake noticed in the attachment provided and should reflect 18,792.06 as the total interest paid to date. They are continuing to recover from the JR Stevens loans. Their overall loan balance is decreasing which is the result of payoffs coupled with Covid impacts and the result of demands in drawing EDA granted funds received in 2020 down. It is expected that after drawing down the EDA funds in the next couple months, RREDC should be back in a position to use HWF dollars in their new loans. The portfolio is performing as best it can at this time. Bruce raised a question regarding the RCEA loan and whether there has been any movement on that front, which Greg responded that nothing is in the works at this time.
 - b. Public Comment
No public comment.
 - c. Action
It was moved by Bruce Rupp and seconded by Michael Fields to approve the FY21-22 Q2 report from RREDC. Motion carried 5:0

3. Arcata Economic Development Corporation (AEDC) to present Fiscal Year FY 2021-22 Q2 reports on the Headwaters Fund (HWF) Revolving Loan Fund (RLF) portfolio. (Attachment 3) Discussion
 - Jayne Lovig reports that all Paycheck Protection Program (PPP) loans are paid off in full. Portfolio is in excellent health. There are no delinquent or at risk loans and no one is having difficulty making payments. They are picking up a lot of inquiries to send to HWF to present. Carl Hansen raised a question about entrepreneurs working from home and if AEDC and RREDC had noticed anything related to COVID-19 causing a trend in that direction. Jayne (AEDC) mentioned that they have not seen any trends moving that direction, that they deal mostly with the service industry. Greg (RREDC) mentioned that they have helped a couple borrowers from other real estate firms purchase commercial real estate to use in transition to new online brokerage firms, however, they do not know if COVID-19 was a contributing factor.
 - a. Public Comment
 - No public comment.
 - b. Action
 - It was moved by Michael Fields and seconded by Chuck Ellsworth to approve the FY21-22 Q2 report from AEDC. Motion carried 5:0
4. HWF Board to consider reappointment recommendations for Carl Hansen and Bruce Rupp for their third term of 3 years for the HWF board.
 - a. Discussion
 - The HWF Board discussed recommending that Bruce Rupp and Carl Hansen be reappointed to the HWF Board for their third and final terms of 3 years. Bruce Rupp, despite his stated respect and admiration of the work undertaken by the HWF Board, regretfully declined the recommendation to continue with the HWF Board for a third term. His plate is currently too full to give the HWF Board the attention it needs as his workload with local and statewide water districts has expanded. He will complete his current term and leave a vacant seat on the board. Carl Hansen was in favor of accepting a third term on the HWF Board.
 - b. Public Comment
 - No Public to Comment
 - c. Action
 - It was reluctantly moved by Michael Fields and seconded by Elizabeth Cameron to accept Bruce Rupp relinquishing his seat on the board at the end of his current term. Motion carried with three in favor, with Chuck Ellsworth against, and Bruce Rupp abstaining.
 - It was moved by Bruce Rupp and seconded by Michael Fields to approve the recommendation to the Board of Supervisors that Carl Hansen be reappointed for a third term and final term to the HWF Board. Motion Carried with four in favor and Carl Hansen abstaining.
5. HWF Board to confirm schedule for upcoming regular board meetings and the upcoming retreat.
 - a. Discussion

Elizabeth Cameron confirmed the date the retreat will be held on is February 24 2022 from 8:30AM-4:15PM via Zoom Webinar. She also recommended that the HWF Board maintain the current schedule for upcoming meetings reserving the second Tuesday of each month at 1:30PM. Carl Hansen noted a scheduling change that occupies all of his mornings resulting in him expecting to attend the retreat however he will be joining late.

b. Public Comment

No public comment.

c. Action

It was moved by Bruce Rupp and seconded by Michael Fields to confirm the date, time and location of the retreat (February 24th, 8:30am) as well as the continuation of the current HWF Board meeting schedule (second Tuesday of each month at 1:30pm). Motion carried 5:0

6. Administrative Ad Hoc Committee Report Out

a. Discussion

Michael Fields, Bruce Rupp and Ryan Heitz met up and went through the revolving loan fund manual. It was agreed that there is a need to maintain and increase the corpus fund. Administrative costs still need to be addressed and budgeted for accordingly. There is some minor legal verbiage mentioned that could be adjusted to hopefully achieve some flexibility with the programs, what could be funded, as well as who would be expected to fund it. There is an area regarding housing lending and terminology surrounding “restoration” and “redevelopment” that could also benefit from an adjustment to make it more accommodating for people in the program. The overall goal to achieve expanded lending opportunities, manual changes and sorting out practices for increasing the corpus will be discussed further during designated time at the retreat. There was a comment from Carl Hansen pertaining to making the language as inclusive as possible and focus the conversation on priorities for funding.

b. Public Comment

No public comment

7. Finance Ad Hoc committee Report out

a. Discussion

Carl Hansen and Elizabeth Cameron have scheduled an official meeting for discussion of the financial reports and the annual cadence and what is needed for those so that it can be discussed further at the retreat.

b. Public Comment

No public comment.

Community Ad Hoc Committee Report out

c. Discussion

Chuck Ellsworth is preparing to meet up with the rotary club program scheduler Matthew Owen as continued community outreach.

d. Public Comment

No public comment.

8. HWF Board to determine the agenda items for the February retreat and the distribution of the tasks.

a. Discussion

Elizabeth Cameron led the discussion regarding the agenda schedule and a brief run through of the tasks and the time slots. They discussed their assignments and how each segment was going to be handled. There was also mention of making the retreat and each segment public, at this point Cathie Childs determined that she would have to look into what would be required and then follow up with Dianna Rios to create a plan for these segments of the retreat.

b. Public Comment

No public comment

c. Action

A motion was made by Bruce Rupp and seconded by Michael Fields to approve the agenda for the retreat. Motion carried 5:0

9. Staff Report Out

- Ryan Heitz was recently promoted to coordinator.
- County recently hired a new CFO Tabitha Miller, a former city manager from Fort Bragg.
- Ryan Heitz, Dianna Rios and Scott Adair plan to sit down with her and discuss a secured source of funding for administrative costs for HWF so that it does not affect the corpus.
- Michael Fields was curious if there were any new developments regarding potential new board members. Dianna Rios mentioned there are applications in the queue to be vetted and she and Ryan Heitz are working with the clerk's office to get a meeting set up with the Board of Supervisors to get them on the panel and get them scheduled.

Adjourn – 2:38PM