



Headwaters Fund Board Meeting Agenda

April 14, 2020 – 1:30-4:00

Remote Zoom Meeting

In accordance with Gov. Newsom's Executive Order N-29-20 (March 17th, 2020), all board members and staff will be attending remotely.

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.

Join Zoom Meeting

<https://zoom.us/j/561083836?pwd=VDYvNllzb3NqYTRYOjQlPSRTNIUT09>

Meeting ID: 561 083 836

Password: 546135

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1. Opening (1:30)
 - a. Approval of minutes from March 27, 2020 Special Meeting - (1:30) - (Attachment 1)
 - b. Public comment on non-agenda items
 - c. Report out on meetings attended

2. Board to Consider Final Authorization to Transfer One-Million Dollars from Community Investment Fund (CIF) to Revolving Loan Fund (RLF) for Covid-19 Related Emergency Lending funds for AEDC and RREDC in Excess of Current Allocations - (1:45)
 - a. Discussion
 - b. Public Comment
 - c. Action

3. Board to Authorize Transfer of Additional One-Million Dollars from the Community Investment Fund to Arcata Economic Development Corporation, in Support of Increased Volume of SBA-Paycheck Protection Program (PPP) guaranteed Loans – (2:00)
 - a. Discussion
 - b. Public Comment
 - c. Action

4. Board to Provide Staff with Direction on Delaying the FY 20-21 Competitive Grant Round(s) - (2:30)
 - a. Discussion
 - b. Public Comment

5. Board to Review and Approve Staff Recommendations on FY 20-21 Spending Plan – Including timing of Competitive Grant Round(s) - (2:40) – (Attachment 2)
 - a. Discussion
 - b. Public Comment
 - c. Action

6. Board to Authorize Staff to Extend Mini-Grant Contract Terms as Needed Due to Disruption of Programs Related to Covid-19 - (2:40) –
 - a. Discussion
 - b. Public Comment
 - c. Action

7. Discussion of Economic Impacts Due to Covid-19 - (2:45)
 - a. Discussion
 - b. Public Comment

8. Staff and Board updates - (3:20)
 - a. Discussion
 - b. Public Comment

9. Adjourn

Next Meeting: May 12, 2020

AGENDA DETAIL

AGENDA ITEM 2

DISCUSSION

Following up on the action taken at the March 27th meeting, when Headwater Fund Board Approved staff recommendation for Headwaters Fund to revise existing agreements (contracts) with Arcata Economic Development Corporation (AEDC) and Redwood Region Economic Development Commission (RREDC) as part of an overall recommendation to the Board of Supervisors to provide relief to local businesses.

Staff, working with multiple non-profit and local jurisdictions, is proposing to create a Business Resiliency Emergency Loan Fund Program Group (BRELf) allowing HWF Lenders to make loans to businesses negatively affected by the COVID-19 pandemic. Upon approval, the BRELf would involve revising a portion of the RLF guiding documents for approximately six months to provide rapid and less restrictive lending provisions to businesses experiencing hardship. Participants in this group will sign agreements directly with Lenders, not with the Headwaters Fund. The BRELf would entail a temporary adjustment to address the economic emergency which now exists in the County of Humboldt.

Staff recommends one-million dollars (\$1,000,000) be moved from the Community Investment Fund to the Revolving Loan Fund to provide additional funds for this effort. Funds would be made available on an as-needed basis to RREDC and AEDC based on demand.

Staff to coordinate with AEDC and RREDC to assure each organization knows future availability. Funding is for lending to businesses under the BRELf rules as adopted by the Board of Supervisors or their designee, the County Chief Administrative Officer (CAO).

Action: Approve or Deny Request

AGENDA ITEM 3

DISCUSSION

Staff recommends moving an additional one-million dollars (\$1,000,000) from the Community Investment Fund to the Revolving Loan Fund to provide the AEDC with funding specifically for loans made under the US Small Business Administration's Paycheck Protection Program (PPP). The SBA provides a 100% guarantee on all loans made under the PPP. AEDC is an approved SBA 7-A Preferred Lender and as such is authorized to make PPP loans. Ross Welch, Executive Director of AEDC, will be available for this meeting to answer questions of the HWF Board.

Action: Approve or Deny Request

AGENDA ITEM 5

DISCUSSION

Board to review/approve staff recommendations for the FY 20-21 spending plan, with the understanding that due to current economic uncertainty, future modifications may be necessary to maintain the corpus balance of the Headwaters Fund.

Action: Approve or Deny Staff Recommendation with Modifications

AGENDA ITEM 6

DISCUSSION

Due to disruption of programs related to Covid-19, staff requests the authority to extend existing mini-grant contracts as needed to allow recipients time to complete their projects once the shelter in place orders have been rescinded and some level of normal program activities can continue.

Action: Approve or Deny Staff Request

PROPOSED SPENDING PLAN FOR HEADWATERS FUND FOR FISCAL YEAR 2020-2021

REVENUE PROJECTIONS

Projected revenue based on YTD-3/31/2020	Interest Earnings 7/1/2019 thru 3/31/2020	
	AEDC	93,068.26 Payments thru March 2020
		<u>10,340.92</u> Monthly average
		124,091.01 Annualized
		<u>(12,409.10)</u> Covid-19 Adjustment
		111,681.91 Adjusted Revenue Estimate
	RREDC	105,128.51 Payments thru March 2020
		<u>13,141.06</u> Monthly average
		157,692.77 Annualized
		<u>(15,769.28)</u> Covid-19 Adjustment
		141,923.49 Adjusted Revenue Estimate
	Combined	253,605.40
County Pooled Investments-does not include Endowment Interest		20,674.00 Interest earned on 4th Quarter FY2018-19
		<u>63,819.87</u> First 3 Quarters of 2019-20
		84,493.87 Annualized
Fund-3852 Endowments		94,726.06 7/1/2019-3/18/2020
		<u>11,144.24</u> Monthly Average (8-1/2 Months)
Combined Totals		133,730.91 Annualized
Total Estimated Reveue for FY 2019-20		471,830.18 Estimated
2019-2020 Projected		
Estimated interest to be earned in FY 2019-20		471,830.18
Provision for Loan Loss		33,742.76 Write-Off for FY 2019-20 loan loss.
Operating Budget		134,553.61 Adds Division Director (5%), Staff Training & allowance for Prof Svcs/Extra Help
Mini-Grants		30,000.00 Mini-grants
Competitive Grants		150,000.00 Proposed funding for FY 20-21 competitive grant round
CPI Corpus Adjustment		50,000.00 Plugged Amount
Sub-total		398,296.37
Contingency		73,533.80
Unallocated		-