



HUMBOLDT COUNTY

Headwaters Fund

Headwaters Fund Meeting Agenda

Prosperity Center, 520 E Street, Eureka

A. 08-16-16 Headwaters Fund Board Meeting Packet

Documents:

[08-16-16 HWF Web Packet.pdf](#)

Headwaters Fund Board Meeting Agenda
August 16, 2016 – 12:15-2:45
Prosperity Center, 520 E Street, Eureka

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.

1. Opening (12:15)
 - a. Introductions
 - b. Approval of June 21, 2016 Headwaters Fund Board minutes
 - c. Public comment on non-agenda items
 - d. Meeting updates
2. Cannabis Panel Follow up (12:30)
 - a. Discussion
 - b. Public Comment
3. Attendance Policy (1:15)
 - a. Discussion
 - b. Public Comment
 - c. Action

BREAK (1:50)

4. Decade of Difference Project Update (2:00)
 - a. Discussion
 - b. Public Comment
5. Staff and Board Updates (2:40)
 - a. Staff Updates
 - b. Public Comment
6. Adjourn

Next Meeting: September 20, 2016

AGENDA DETAIL

AGENDA ITEM 2

DISCUSSION

At the June 21st meeting, the Headwaters Fund Board (HFB) hosted a panel to discuss the impact of the cannabis industry on the Humboldt County economy and quality of life. Upon conclusion of the panel discussion, the HFB directed staff to research the following topics and come back with more information about how the HFB may be able to help.

Attached is the information staff was able to collect regarding these topics, and suggestions for next steps for each.

1. Zoning & availability of land near watersheds, but outside the coastal zone
2. Banking & the "know your customer" regulations
3. Bringing jurisdictions together
4. Labs - is development or recruitment needed?
5. Carry out a research study into what is actually happening now in the industry - number of jobs, imported workforce

AGENDA ITEM 3

DISCUSSION

In the May meeting, staff was directed to draft an attendance policy for the HFB review in the June meeting. Attached is a revision of the Board Manual that outlines a clarification of "excessive absence."

As discussed in the May meeting, the HFB is required to meet quarterly, potentially creating an annual schedule of only four meetings. The revision attempts to define clear direction in the event a sparse meeting schedule is adopted in the future.

The proposed definition of excess absences includes two clauses:

1. If a member misses 50% of scheduled meetings, a member could be referred for missing any three of four meetings (with a quarterly meeting calendar) or any 7 of 12 meetings (with a monthly meeting calendar).
2. If a member misses three consecutive meetings, it would be the same result as the first clause in a quarterly meeting calendar, or three consecutive meetings in a monthly calendar.

These definitions would prompt staff to bring the item to the Board of Supervisors (BOS) for action. The BOS could accept or reject the termination based on current circumstances.

ACTION

Approve and recommend the changes to the Board Manual to the BOS to define the term "excess absences."

AGENDA ITEM 4

DISCUSSION

Jon Sapper, from HCOE, will present the latest updates on the Decade of Difference project.

1. Zoning & availability of land near watersheds, but outside the coastal zone

Potential Path of Action:

- Define needs with industry, translate to parameters for land search
- Understand resources available: both technology and staffing/agency expertise
- Open RFP for scope

Further questions:

How fast will information go stale?

What regulations will impact this work? Specifically mandated timelines.

Are there other similar searches for other industries that should also be done? This topic seems to resurface regularly.

2. Banking & the “know your customer” regulations

Background:

Bank Secrecy Act (1970) - by requiring banks to track and report particular types of transactions (large cash transactions, purchasing of negotiable instruments and suspicious or structured transactions) the Federal Government is able to gain evidence and identify money laundering, tax evasion or criminal activities.

Cole Memo provides guidance to DOJ attorneys and law enforcement to focus their enforcement resources on persons or organizations whose conduct interferes with any one or more of the following important priorities (the “Cole Memo priorities”)

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

Further direction, in FIN-2014-G001, gives banks guidance on how to report accounts linked with the industry by using terms like “Marijuana Limited”, “Marijuana Priority” or “Marijuana Termination”

These classifications call out marijuana business and attempts to classify at what level the banking party is doing business (in relation to the Cole priorities).

Forth Corner Credit Union, Colorado. Requested by the state, denied by the feds.

<http://www.denverpost.com/2016/01/05/judge-tosses-denver-marijuana-credit-unions-suit-for-federal-approval/>

Reclassification of cannabis at the federal level may help, but not clear how banks will react. Denial of two petitions for reclassification from a Class 1 drug to a Class 2 drug.

<http://abcnews.go.com/US/dea-denies-petitions-reclassify-marijuana-dangerous-drug/story?id=41296154>

Potential path of action:

Action on this topic is far removed from the local Humboldt economy. While the idea of a local credit union was brought up, the Colorado case is not promising; there does not seem to be a clear path to success. Staff recommends It's an issue to monitor, as it is important to act when there's a productive path forward.

3. Bringing jurisdictions together

The County to discuss in a future City Manager/CAO meeting

- Neutral public education on the regulations and possible impacts
- Zoning and identifying land for industry use
- Aligning local regulation to keep the industry from flooding one part of the county (or abandoning the county all together)

With any of these ideas (or others) can you help us to understand who they would like to attend the meeting (jurisdiction staff/leaders, public, outside experts, industry leaders, etc.) and what the outcomes may be?

4. Labs - is development or recruitment needed?

Potential path of action:

Engage with multiple players of industry involved with different stages of production to identify industry needs and current assets of the existing lab facilities.

5. Carry out a research study into what is actually happening now in the industry - number of jobs, imported workforce

Potential questions/issues:

- Confidentiality vs. being able to verify data
- Shifting definitions of "legal" in the industry, would need to have consistent definition throughout data collection,
- Is the industry changing too quickly to really measure with accuracy?

Potential Paths for Action:

Open RFP for potential consultants to do this work. Would want to be very clear about what data desired, and vet sources with contractor.

Scope could include: create benchmarks and data points (with reliable sources) to get a general idea of changes in the industry.

Potential examples of data points:

- Permit applications
- Workforce associated with applications
- Number of dispensaries and suppliers to dispensaries



The Headwaters Fund

INVESTING IN OUR COMMUNITY

BOARD MANUAL

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1. Introduction

- a) As part of the Headwaters Fund, this Manual outlines the Headwaters Fund Board formation, duties, board structure, tenure, termination, behavior, and procedures. The Headwaters Fund Board is an advisory board recommending Headwaters Fund project funding, policies and budgets to the Board of Supervisors for approval. This Manual accompanies the Community Investment Fund, Grant Fund, and Revolving Loan Fund Manuals that outline policies and procedures of the various Headwaters Fund program areas.

2. Definitions

- a) "HFB" means the Headwaters Fund Board.
- b) "HWF" means the Headwaters Fund program.
- c) "BOS" means the County of Humboldt Board of Supervisors.
- d) "Member" means a member of the Headwaters Fund Board.
- e) "Staff" means staff of the County of Humboldt's Economic Development Division administering the Headwaters Fund.
- f) "RLF" means the Revolving Loan Fund program of the Headwaters Fund.
- g) "CIF" means the Community Investment Fund program of the Headwaters Fund.
- h) "GF" means the Grant Fund program of the Headwaters Fund.

3. Duties

- a) The Headwaters Fund Board duties are the following:
 - i) Recommend funding of Grant Fund and Community Investment Fund applications to Board of Supervisors for approval: HWF Staff will provide the initial screening for applications for project grant funding. HFB will pass a slate of recommended applications to BOS for review and approval. The Community Investment Fund and Grant Fund Manuals outline details on project selection criteria and processes.
 - ii) Recommend annual budgets to Board of Supervisors for approval: Utilizing HWF Staff support and recommendations, HFB will recommend annual budgets for CIF, GF, RLF, and HWF administration to the Board of Supervisors for approval.
 - iii) Recommend Headwaters Fund policy and procedures to Board of Supervisors for approval:
 - a) Utilizing HWF Staff support and recommendations, the HFB will recommend to the Board of Supervisors policies and procedures for the management of the Headwaters Fund including the Board Manual, Charter, and CIF, RLF, and GF Policy Manuals.
 - b) Utilizing HWF Staff support and recommendations, HFB will recommend to the Board of Supervisors revisions and variances to policies and procedures for the management of the Headwaters Fund including the Board Manual, Charter, and CIF, RLF, and GF Policy Manuals.
 - iv) Solicit community input: HFB will solicit and receive community input where appropriate.
 - v) Issue annual reports: HFB will present an Annual Report to the Board of Supervisors. The report will summarize projects of the Headwaters Fund and their benefits to the community. The report will include a summary of fund balances, expenditures, revenues, and information on funded projects.
 - vi) Stay informed and active in the Fund's mission and activities: HFB Members have significant responsibility in HWF's management and success. Thus, they should attend all meetings, actively fulfill their duties with diligence and integrity, and remain informed of HWF operations.
- b) County staff will provide the HFB with staff support; in addition, HWF funds will be available for technical or financial consulting to assist the Board in application analysis and review.

4. Board Structure

- a) HFB consists of 7 members of the community, recommended by the Board of Supervisors Headwaters Fund Subcommittee, and appointed by the Board of Supervisors.

5. Selection of HFB Members

- a) The selection process will consist of three stages: recruitment, Headwaters Fund Subcommittee screening, and Board of Supervisors approval. This process will be performed with the assistance of the Clerk of the Board of Supervisors in conformance with the Maddy Act (Gov. Code Section 5490 et. seq.).
- b) During the recruitment stage, the Headwaters Fund Subcommittee (i.e. County Treasurer/Tax Collector, the County Administrative Officer and two Supervisors) will publish criteria and desired qualifications for HFB Members and solicit applications. In order to be considered for the HFB, all candidates must first submit a timely application.
- c) Once the deadline for submitting applications has expired, the Headwaters Fund Subcommittee will conduct interviews and evaluations of candidates. County staff will provide the committee with recommended interview questions and evaluation criteria based on best practices. The Committee will also identify any potential conflicts of interest the candidate may have. Top candidates will meet with the Committee, hear an overview of the organization, receive relevant organizational materials describing the organization's products or services, and ask/answer questions about their fitness for HFB service. Using selection criteria, including the criteria in Section 6, below, the Screening Committee will recommend (with reasons) to the Board of Supervisors a pool of up to 14 candidates for appointment. All applications for appointment will be submitted to the full Board of Supervisors for consideration. The Board of Supervisors may conduct interviews with candidates in a process open to the public. The Board of Supervisors will deliberate on and appoint the Headwaters Fund Board, considering how to achieve the best balance of skills and competencies on this standing committee.
- d) If a seat is vacated by an HFB Member or a HFB Member is removed by the Board of Supervisors, Headwaters Fund Staff will notify the Clerk of the Board of Supervisors within 20 days. The Clerk of the Board of Supervisors will publish notice of the unscheduled vacancy for 10 working days. After said noticing period, the vacancy shall be filled using the selection process as described above.

6. Selection Criteria

- a) Individuals selected for HFB should exhibit the following characteristics:
 - i) Integrity: Members should strive for the highest level of non-partisanship, resist all efforts by groups or individuals to influence HFB decisions, and keep commitments outside of the HWF from influencing positions taken on HWF decisions. Members should support, without prejudice, investments in the community interest that meet the HWF priorities. Political, racial, religious, and other differences must never be criteria for declining funding, or providing funding. Members must preserve the independence of HWF decision-making from outside pressures of special interest groups, friends, business associates or others.
 - ii) Breadth of Interest: Members are selected to bring diverse community experience and knowledge to HWF decision-making. Each Member's background becomes an asset to HWF relations, investment decisions, and service. During HFB decision-making, each Member must scrupulously set aside past interests and commitments in order to serve the community as a whole. Only those individuals, no matter how selfless and committed, able to employ past experiences for the general community good should become Members.
 - iii) Background: Members should be selected from a reasonable cross-section of the

community but should not be expected to represent the special interest of a group or sector. People with experience in the following areas should be considered:

- a) Environmental affairs
 - b) Social welfare
 - c) Rural development
 - d) Governmental operations
 - e) Industry clusters
 - f) Banking and finance
 - g) Non-profit administration
 - h) Public interest
 - i) Economic development
- iv) Team Considerations: HFB should be considered as a team. Each Member will bring his/her own assets, and the group overall must have the necessary breadth and depth of expertise. Members should also be willing and able to work as team players at all times.
- v) Time Requirements: Because of the importance of HWF to the County, Members selected to HFB must make HWF their highest service and community commitment. Board service requires substantial time, thought and energy. Thus, only individuals able to make the needed commitment will be chosen.

7. Orientation

- a) New Members will receive an orientation, Board Manual, and sign all appropriate documents.

8. Board Tenure

- a) HFB members will serve staggered terms to avoid 100% turnover of the HFB at the expiration of the term.
- b) HFB Members will serve an initial 2 year appointment followed by two possible 3-year renewal terms (re-appointments come as recommendations from the Headwaters Fund Board and are approved by a majority vote of the Board of Supervisors) for a total possible service time of 8 years. The HFB shall make recommendations for re-appointments to the Board of Supervisors who may then accept or reject the re-appointment by a majority vote. In the event a recommendation for re-appointment is rejected by the Board of Supervisors, the seat shall be deemed vacated at the expiration of the term and the selection process as described in Section 5 shall commence.

9. Termination

- a) A HFB Member shall be terminated from HFB due to excess absences as defined by the Board of Supervisors, unexcused absences, behavior detrimental to HWF, or any other reason. The HFB shall first make a recommendation of termination to the Board of Supervisors who may then accept or reject the recommendation for termination on a majority vote.
- a)b) Excess absences shall be defined as: missing more than 50% of the scheduled meetings in a calendar year, or three consecutive meetings.
- b)c) A Board Member's service can also be terminated after failing an annual performance review as determined by the HFB and the Board of Supervisors.-

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10. Operating Procedures

- a) Meetings and notice
 - i) Regular Meetings: HFB shall meet at least once per quarter or more as required to review applications and appeals, at an agreed upon time and place. Upon a vote of the HFB any regular meeting may be cancelled or moved to a date specified in said vote.
 - ii) Special Meetings: HWF Staff shall, upon the written request of 2 members of the HFB, call a special meeting of the HFB for the purpose of transacting the business designated

secretary at meetings of the HFB, record all votes and keep a record of the proceedings of the HFB in a journal of proceedings to be kept for such purpose.

- g) Vacancies
 - i) Vacancies will be handled according to the process outlined in Section 5.
- h) Resignation
 - i) Resignation from the board must be in writing and received by the Board of Supervisors.
- i) Minutes and official recommendations
 - i) HWF Staff will record and distribute minutes of the meeting.
 - ii) All official recommendations to BOS shall be in writing and an approved copy of each recommendation filed in the official book of recommendations of the HFB.
- j) Conduct During HFB Meetings
 - i) Parliamentary Procedure. Unless a different procedure is established by resolution of the HFB or set forth in this Manual, the rules of parliamentary procedure as set forth in Robert's Rules of Order Revised shall govern all meetings of the HFB.
 - ii) The Chairperson, or in the Chairperson's absence, the Vice-Chairperson shall call the meeting of the Members to order and shall act as the chairperson of the meeting. The Chairperson, or the Chairperson's designee, shall establish rules of the meeting that will freely facilitate debate and decision-making. The Chairperson will indicate who may speak when and when a vote will be taken.
- k) Brown Act Requirements
 - i) The provisions contained in this Section 10 are consistent with the provisions set forth in the Brown Act. In the event any provision contained herein is inconsistent with the Brown Act, as it currently exists or as it may be subsequently amended, the provisions contained in the Brown Act shall prevail.

11. Conflict of Interest Policy

- a) This Policy covers economic conflicts of interest (as defined in California Government Code 8100 et. seq.; and Humboldt County Ordinance) and other conflicts of interest. Any HFB Member or HWF Staff who has an interest in a contract or other transaction presented to HFB or a committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of his/her interest to HFB or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction and the nature of the potential conflict. Said person will recuse himself/herself from decision-making, voting, and using personal influence in the discussions with respect to such contract or transaction. Such person may be counted in determining whether a quorum is present for the Board meeting but may not be counted when the Board or a committee of the Board takes action on the transaction. The minutes of the meeting shall reflect the disclosure made, the vote thereon, the abstention from voting and participation, and whether a quorum was present.