



HUMBOLDT COUNTY

Headwaters Fund

**Headwaters Fund (HWF) Board Special
Meeting Agenda October 13th, 2022,
4:00PM**

825 5th Street, Eureka CA, 95501

Conference Room A

Remote Access Available for Public

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: October 13th, 2022 4:00 PM

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/82140208239>

Or One tap mobile :

US: +16699009128,,82140208239# or +13462487799,,82140208239#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715
8592 or +1 312 626 6799 or +1 646 558 8656

Webinar ID: 821 4020 8239

International numbers available: <https://us02web.zoom.us/j/82140208239>

Meeting Agenda

1. Opening
 - a. HWF Board Chair calls meeting to order
 - b. Public comment on non-agenda items

Consent Calendar

2. Ratification of Actions taken during the October 11th, 2022 Regular Meeting - (Attachment 1)

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

3. Approval of Meeting Minutes for the Regular meeting of the Headwaters Fund Board on October 11th, 2022 – (Attachment 2)
 - a. Discussion
 - b. Public Comment
 - c. Action

4. Adjourn

Next Meeting: November 8th, 2022

AGENDA DETAIL

AGENDA Consent Items

DISCUSSION

Due to an error by staff, incorrect dates were listed on the HWF agenda while the electronic posting had the correct date. As such staff wanted to provide a second opportunity for the public to offer comment on any items in the agenda prior to final ratification by the Headwaters Fund Board.

Corrected Dates:

Meeting Date: 10/11/22

Minutes Date: 8/30/22

Next Meeting: 11/8/22

The Agenda from 10/11/22 (Attachment 1) describes all topics discussed and items which required action by the Headwaters Fund Board.

The Draft minutes (Attachment 2) summarize the actions taken by the Headwaters Board

Recommended Action: Approve the Consent Calendar

Email Public Comment: To submit public comment to the Humboldt County Headwaters Fund Board please email gohumco@co.humboldt.ca.us, provide your name and the agenda item number(s) on which you wish to comment. All public comment submitted after the agenda has been published will be included with the administrative record after the fact.

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Phone Public Comment: You may call into the meeting by dialing +1 669 900 9128 and entering using meeting ID 821 4020 8239. When it is time for public comment on the item you wish to speak on, the Humboldt County Headwaters Fund Board Chair will ask for public comment. Staff will unmute phone lines and you may introduce yourself and express your desire to speak. Staff will then ask you to state your name and begin your comment. You will have 3 minutes to comment.

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Headwaters Fund Board (HWFB) Meeting Agenda

~~August 30~~ October 11, 2022 – 1:30pm

825 5th St, Eureka, CA 95501

Conference Room B

*Public Attendance also available through Zoom

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.

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Webinar ID: 821 4020 8239

International numbers available: <https://us02web.zoom.us/j/82140208239>

1. Opening
 - a. Approval of minutes from August ~~17~~ 30, 2022 - (Attachment 1)
 - b. Public comment on non-agenda items
 - c. Report out on meetings attended
2. Headwaters Fund Board to receive report on Offshore Wind Project - (Attachment 2)
 - a. Discussion
 - b. Public Comment
3. Treasurer Tax Collector to report out on Headwaters Fund Interest apportionment update timelines and field questions from the HWF Board related to the investment and management of Headwaters Fund monies.

- a. Discussion
 - b. Public Comment
4. Headwaters Fund Board to receive Mini Grant request from the Samoa Peninsula Community Service District (CSD) for work on the Samoa Peninsula Wastewater Project and make an award determination - (Attachment 3)
 - a. Discussion
 - b. Public Comment
 - c. Action
5. Headwaters Fund Board to receive Mini Grant request from Cal Poly Humboldt for work on the "Conservation Modelling for California Forest Wildland Restoration for Social, Economic and Environmental Sustainability" and make an award determination – (Attachment 4)
 - a. Discussion
 - b. Public Comment
 - c. Action
6. Headwaters Board to consider staff proposal for creating an open Request for Proposals (RFP) for new Revolving Loan Fund lenders, direct staff in the form and function of the RFP, and direct staff to bring the RFP to the Board of Supervisors for approval – (Attachment 5)
 - a. Discussion
 - b. Public Comment
7. Headwaters Board to consider directing staff to draft a resolution, in line with the provisions of CA Government Code 54950 et seq and CA Assembly Bill 361, supporting hybrid/remote meeting in the face of the continued state of emergency because of Covid-19
 - a. Discussion
 - b. Public Comment
 - c. Action
8. Headwaters Fund staff to provide report on activities to date related to our internal review of past administrative expenses, discuss next steps, and direct staff to work with the County Financial Officer, Treasurer Tax Collector, and Auditor Controller to correct past errors, establish best practices moving forwards, and to identify a secure source of revenue for future Headwaters Fund administration expenses.
 - a. Discussion
 - b. Public Comment
 - c. Action

9. Headwaters board to discuss cross board/committee collaboration between Humboldt based public boards and committees as it relates to economic and workforce development.
 - a. Discussion
 - b. Public Comment
 - c. Action

10. Staff and Board updates
 - a. Discussion
 - b. Public Comment

11. Adjourn

Next Meeting: ~~September 13~~ November 8, 2022

Agenda Staff Report

AGENDA ITEM 2

DISCUSSION

County and district staff to provide a report out on progress to date in support of the Offshore Wind Development Project off the coast of Humboldt County. Staff are available to answer questions from the HWF board related to this work.

No Action

AGENDA ITEM 3

DISCUSSION

The Treasurer Tax Collector will provide and update on Headwaters Fund interest apportionments for the past few fiscal years, provide a timeline for current underway, and answer questions from the HWF board on the HWF Endowment Fund investments and the County Pooled Investment Fund, of which the Liquidity Fund is a part of.

No Action

AGENDA ITEM 4

DISCUSSION

The Headwaters board will review, discuss, and make an award determination on the Mini Grant request submitted by the Samoa Community Service District (CSD). This proposal is in support of planning work, matched by \$30,000 in United States Department Agriculture funds. This funding will support work needed to apply for over \$20 million in State Water Resources

Control Board Funding and USDA for the design, permitting, and construction of the wastewater project.

Recommended Action: Staff recommendation is to approve the request and authorize staff to draft and execute and agreement pending county counsel and risk management review.

AGENDA ITEM 5

DISCUSSION

Staff have received a request for funding from Assistant Professor Ho Yi Wan, PhD, of Cal Poly Humboldt for work supporting a graduate student working under his supervision to complete modeling work in pursuit of the answer to the question “What are the capitalization and annual funding distribution needs required to restore forest health on a landscape level?” This work is being done in support of regional efforts led by the forest service to support local economic development by identifying and facilitating the use of forest debris and small diameter timber as feed stock in manufacturing processes.

These efforts have been supported by the Forest Service through the CalForest WRX alliance, which is a partnership between the County, forest service, for-profit businesses, nonprofits, and Tribal entities to promote forest health, economic investment, workforce development, and minimize risk of catastrophic forest fires.

Recommended Action: Staff recommendation is to approve the request and authorize staff to draft and execute and agreement pending county counsel and risk management review.

AGENDA ITEM 6

DISCUSSION

The Headwaters fund has operated its Revolving Loan Fund with two primary lenders since the earliest operation of the fund. These arrangements were made following submittals in response to RFPs issued to find qualified lenders seeking funding to provide businesses with gap financing.

Despite long time successes with both of our current lenders, the Headwaters Fund has never fully deployed the funds available through the Revolving Loan Fund (\$7 Million) and currently has approximately \$4.2 million out in loans with and additional \$2.8 million dollars in cash.

Additionally, the county pooled investment rate and endowment earnings are being outpaced significantly by recent inflation, reducing the purchase power of the fund. As such, it is no longer financially prudent to hold such significant cash reserves as a source of grant revenues.

Discussions in the past have led staff to begin talks with various parties about potential HWF partnerships and at this time staff have determined that an open-ended Request for Proposals (RFP) will allow organizations with capacity and interest to engage into lending agreements with the HWF, increasing earning and community impact of the fund. By drafting an RFP with no time limit, staff hope to encourage municipalities, financial institutes, Tribes, and foundations to consider the possibilities of working with the HWF and provide critical financing to Humboldt based businesses and organizations.

Recommended Action: Direct staff to work with Counsel and the Purchasing department to draft an open RFP, in line with HWF Charter and Revolving Loan Fund Manual, for submittal to the Board of Supervisors prior to publication.

AGENDA ITEM 7

DISCUSSION

As per California state Assembly Bill 361, modifications to the Brown act have been made to allow for the operation of public bodies in a hybrid or remote fashion, with restrictions to posting location/time, member location attendance/posting requirements, and meeting facilitation is a state of emergency requiring social distancing is in effect. The HWF can return to hybrid/remote model by passing a resolution by majority vote, indicating the continuing state of emergency within the state poses a continuing threat to the body and members of the public. For the resolution to remain in effect, it must be renewed every thirty days by majority vote.

A return to a hybrid/remote model will facilitate wider community engagement and potentially draw additional applicants to the Headwaters Board from non-central locations. Staff are fully supportive of a hybrid model and ready to facilitate meetings in this fashion.

Recommended Action: Direct staff to return at a future meeting with a resolution authorizing remote meetings in compliance with CA government Code 54950 et seq. and Assembly Bill 361.

AGENDA ITEM 8

DISCUSSION

Headwaters Staff have been working to correct past errors related to the use of HWF dollars for administrative costs which is prohibited by charter other than the use of the \$1.8 million set aside at its inception. This was later confirmed during the 2009 Grant Jury investigation into the fund's activities.

Staff have corrected these errors from fiscal year 2019-20 to date and have begun exploring past practices related to the management of the fund. It appears that past errors have been used as precedent to defend the use of liquidity funds in the administration of the HWF. Staff are currently working to establish a report detailing these issues over the lifetime of the fund. Frequent staff turnover has also made these problems worse due to lack of longevity in positions serving the HWF board and management of the Headwater Fund corpus.

It was identified in a 2013 update from the County Administrative Office that the \$1.8 million set aside for administrative expenses for a twenty-year period was almost completely exhausted. An alternative source of funding from the Redevelopment Agency (RA) Funds being returned to the county because of the closure of the RA. However only two payments were made into the "Set-aside Fund". Additionally, the twenty-year span has nearly been completed and the Headwaters Fund does not have sufficient funding to support ongoing staff support of the fund.

Therefore, it is the recommendation of the Headwaters Fund Staff, including the Headwaters Fund Coordinator and Economic Development Division Director, that an alternative source of revenue is necessary to support the Headwaters Fund mission of funding economic development activities in perpetuity.

Recommended Action:

1. Authorize staff to continue exploration of past practices related to admonitive expenditure and seek remediation by working with the Auditor Controller, Treasurer Tax Collector, and County Financial Officer.
2. Bring forward an item to the Board of Supervisors recommending that a secure source of revenue be identified for future HWF administrative costs and to mitigate the negative fund balance in the "Set Aside fund" which is a result of these past errors.

AGENDA ITEM 9

DISCUSSION

The Director and Coordinators of Economic Development have discussed the separation of information between county boards, committee, and commissions in relation to economic/community/workforce development. To better understand the full scope of projects, potential impacts, and collaboration in support of these efforts, staff feel it is important to reduce this isolation through coordination efforts of the governing bodies.

Staff would like the HWF board to discuss how they think the HWF board could benefit from input from other bodies and how they may be of benefit to other organizations. Staff intend to bring this discussion to other boards and committees and bring forward a proposal based upon that input which would assist the regional efforts of economic/community/workforce development across the county of Humboldt.

No Action

AGENDA ITEM 10

DISCUSSION

The Staff and Board updates section is intended to provide an avenue for brief updates on housekeeping/administrative topics and to make requests of staff for future agenda items.

No Action

Remote Public Comment and ADA accommodation requests:

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phone. Staff will then ask you to state your name and begin your comment. You will have 3 minutes to comment.

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Headwaters Fund Board (HWFB) Meeting Minutes

October 11, 2022 – 1:30pm

825 5th St, Eureka, CA 95501

Conference Room B

*Public Attendance also available through Zoom

Board members Present: Michael Fields, Elizabeth Cameron, Jenna Catsos, Tammy Brown

Board members absent: Carl Hansen (Participated in discussions on items but was not counted towards quorum or able to virtual due to lack of inability to make location publicly accessible and post notice 72 hours in advance)

Staff Present: Scott Adair, Ryan Heitz, Logan Ashworth

Others in attendance: Larry Oetcker, Christy Prescott, Ho Yi Wan, Brett Vivyan

1. Opening

a. Modification to agenda

- Staff notified board of changes needed to be made to the agenda. Change in the minutes date and a special meeting the following Thursday.

b. Approval of minutes from August 30, 2022 - (Attachment 1)

- It was moved by Tammy Brown seconded by Michael Fields to approve minutes with correction to duplication of second.
- Motion passed with one abstention (Cameron).

c. Public comment on non-agenda items

- Public comment was provided with accessibility feedback.

d. Report out on meetings attended

- Tammy Brown sat in the Economic Development Summit and women for wellness as promotion for Providence St Joe's.
- Elizabeth Cameron notified the Board of a meeting among new hires to feel welcome in the city.

2. Headwaters Fund Board to receive report on Offshore Wind Project - (Attachment 2)

a. Discussion

- Director of Economic Development with the County of Humboldt along with Larry Oetcker, Director of the Humboldt Bay Harbor Conservation and Recreation District, presented on the status and future goals of the Offshore Wind Project.

b. Public Comment

- No public comment was provided.

3. Treasurer Tax Collector to report out on Headwaters Fund Interest apportionment update timelines and field questions from the HWF Board related to the investment and management of Headwaters Fund monies.

a. Discussion

- Interim County of Humboldt Treasurer Tax-Collector, Amy Christensen, spoke with the Board to answer outstanding questions Board members may have regarding the investment and management of the Headwaters Fund.
- b. Public Comment
 - No public comment was provided.
4. Headwaters Fund Board to receive Mini Grant request from the Samoa Peninsula Community Service District (CSD) for work on the Samoa Peninsula Wastewater Project and make an award determination - (Attachment 3)
 - a. Discussion
 - Michael Fields moved to accept the Mini Grant request for work on the Samoa Peninsula Wastewater Project with the award amount of \$5,000. Tammy Brown seconded
 - b. Public Comment
 - No public comment was provided.
 - c. Action
 - Motion passed unanimously.
 5. Headwaters Fund Board to receive Mini Grant request from Cal Poly Humboldt for work on the "Conservation Modelling for California Forest Wildland Restoration for Social, Economic and Environmental Sustainability" and make an award determination – (Attachment 4)
 - a. Discussion
 - Elizabeth Cameron moved to accept the Mini Grant request to fund work on the "Conservation Modelling for California Forest Wildland Restoration for Social, Economic and Environmental Sustainability" at the award amount of \$5,000. Motion was seconded by Michael Fields.
 - b. Public Comment
 - No public comment was provided.
 - c. Action
 - Motion passed unanimously.
 6. Headwaters Board to consider staff proposal for creating an open Request for Proposals (RFP) for new Revolving Loan Fund lenders, direct staff in the form and function of the RFP, and direct staff to bring the RFP to the Board of Supervisors for approval – (Attachment 5)
 - a. Discussion
 - Staff presented this item to not have an action, but to begin the discussion of this item prior to action later. The board held discussion with staff over the intent and options related to this agenda item. Board members provided feedback on the steps to streamline the process of the RFP and getting in agreement with the County.
 - b. Public Comment
 - No public comment was provided.
 7. Headwaters Board to consider directing staff to draft a resolution, in line with the provisions of CA Government Code 54950 et seq and CA Assembly Bill 361, supporting hybrid/remote meeting in the face of the continued state of emergency because of Covid-19
 - a. Discussion
 - Michael Fields moved to direct staff to draft a resolution supporting hybrid/remote

meeting options in the face of the continued state of emergency because of Covid-19. Motion was seconded by Tammy Brown.

- b. Public Comment
 - No public comment was provided.
- c. Action
 - Action passed unanimously.

8. Headwaters Fund staff to provide report on activities to date related to our internal review of past administrative expenses, discuss next steps, and direct staff to work with the County Financial Officer, Treasurer Tax Collector, and Auditor Controller to correct past errors, establish best practices moving forwards, and to identify a secure source of revenue for future Headwaters Fund administration expenses.

- a. Discussion
 - Elizabeth Cameron moved to accept staff report on the activities to date related to the internal review of Fund's finances and directed staff to work with the County's Financial Officer, Treasurer Tax Collector, and Auditor Controller. Motion seconded by Michael Fields
- b. Public Comment
 - No public comment was provided.
- c. Action
 - Motion passed unanimously.

9. Headwaters board to discuss cross board/committee collaboration between Humboldt based public boards and committees as it relates to economic and workforce development.

- a. Discussion
 - Staff discussed options with the Board on ways in which the Headwaters Fund Board can support cross board/committee collaboration within the community.
- b. Public Comment
 - No public comment was provided.

10. Staff and Board updates

- a. Discussion
 - Staff provided updates on connection opportunities with the Hoopa Tribe on a series of economic development initiatives along with other CDFI's, updates regarding Tribal resolutions to engage with the Economic Development division, and staff schedules.
 - Board requested future agenda items to speak with the Blue Lake Rancheria and their economic development opportunities. Future engagement with the current active ad hoc committees.
- b. Public Comment
 - No public comment was provided.

11. Adjourn

- a. Meeting adjourned at 4:05 PM.

Next Meeting: November 8th, 2022