

**Headwaters Fund Board Meeting Minutes
May 14, 2019 – 12:15-2:45 p.m.
Prosperity Center, 520 E Street, Eureka**

MEMBERS PRESENT: Elizabeth Cameron, Carl Hansen, Dianna Rios, Greg Seiler

MEMBERS ABSENT: Chuck Ellsworth, Bruce Rupp

OTHERS PRESENT: Janet Ruprecht, Barbara LeHaie, Tina Tvedt Schaible, Terri Klemetson, Natalynne DeLapp, Kathy Moxon, Hollie Hall, Donna Wright, Gregg Foster, Scott Adair, Kenny Spain, Debbie Damiano

Item #	Action	Pass/Fail
1a	Approve April 15, 2019 draft minutes	Pass
1a	Table approval of April 23, 2019 draft minutes until next meeting	Pass
2	Accept RREDC's quarterly loan report	Pass
3	Accept AEDC's quarterly loan report	Pass
5	Recommend BOS not fund Greater Eureka Chamber grant application	Pass
5	Recommend BOS award \$65k to Redwoods Rural Health	Pass
5	Recommend BOS award \$30k to Humboldt Senior Resource Center	Pass
5	Recommend BOS award \$27.25k to ICFA	Pass
5	Recommend BOS award \$29k to NCSBRC	Pass
5	Recommend BOS award \$44.75k to HCFA	Pass
5	Recommend BOS not fund DreamQuest's grant application	Pass
5	Recommend BOS not fund MaxMix's grant application	Pass
5	Recommend BOS not fund RCEA's grant application	Pass
5	Recommend BOS not fund HBHRCD's grant application	Pass

1. Opening

Chair Carl Hansen called the meeting to order at 12:23p.m. A quorum was present. Introductions were made around the room.

- a. Approval of minutes from April 15, 2019 and April 23, 2019 (special meeting)
It was moved by Elizabeth Cameron and seconded by Dianna Rios to approve the April 15, 2019 minutes as written.

During discussion Chair Hansen stated he believes Scott Adair gave a summary of action taken on the Humboldt Bay Harbor Recreation and Conservation District's (HBHRCD) grant and feels the issue has been resolved and there should be no further review of that grant.

Elizabeth Cameron stated it was her recollection that a template would be created to help summarize information when there are issues brought up about grants. It was her understanding staff was directed to create the template and use HBHRCD grant's closeout information, not with intent to change anything

about the closeout but to make sure the template will provide adequate information to board members. Greg Seiler was also expecting to see a report. Staff will prepare a couple of examples for the template and will present them at the next regularly scheduled board meeting.

Chair called for public comment, none received. Motion carried unanimously.

It was moved by Dianna Rios and seconded by Carl Hansen to approve the April 23, 2019 minutes as written.

During discussion Greg Seiler stated he feels the scores are inaccurate and the average scores deviate substantially from scores presented in the original document. After discussion, Dianna withdrew her motion. Dianna Rios then moved to table this item until the next meeting, seconded by Carl Hansen. Chair called for public comment – none received. Motion carried with Greg Seiler abstaining. Staff was directed to verify the calculation of scores and have that information available at the next meeting.

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

- Gregg Foster reported they had a credit against the minimum revenue guarantee for the Los Angeles flight for March, and April's service numbers are very good. Gregg anticipates 90% of the grant funds will be returned to Headwaters once the contract ends in June. The launch party for the first Denver flight will take place on June 6th at the airport at 7:00p.m. There are representatives coming from Denver who will be staying to do a two-day tour of Humboldt.
- Hollie Hall commented on the International Cannabis Farmers Association (ICFA) grant application. They are working on a fiscal sponsorship with The Trees Foundation. Should the sponsorship form, The Trees Foundation would purchase/take ownership of ICFA's equipment. She has also made the requested corrections to their budget and resubmitted.

c. Report out on meetings attended

Elizabeth Cameron attended a portion of the Economic Development Summit which was sponsored by the Arcata Economic Development Corporation.

2. Redwood Region Economic Development Commission (RREDC) Quarterly Loan Report

Gregg Foster provided the following information in addition to his written financial report:

- Fire and Light has paid off completely
- The loan that was written off is accelerating payments and the loan loss is anticipated to be around \$18,000
- Southern Humboldt Community Healthcare District should be paid off by the end of June

It was moved by Dianna Rios and seconded by Greg Seiler to accept RREDC's loan report. Chair called for public comment – none received. Motion carried unanimously.

3. Arcata Economic Development Corporation (AEDC) Quarterly Loan Report

A representative from AEDC was not available to attend today's meeting. Elizabeth Cameron wanted to verify AEDC had made the changes to their report as requested at their last quarterly review. Staff confirmed those changes had been incorporated into their report. It was moved by Dianna Rios and seconded by Greg Seiler to accept AEDC's loan report. Chair called for public comment – none received. Motion carried unanimously.

4. Competitive Grant Applicant Presentations

All eleven grant applications were reviewed and preliminarily scored at the April 23, 2019 special meeting. Board members had a few questions on some of the proposals. Other proposals didn't require any follow-up and therefore were not asked to make presentations.

Eureka Chamber of Commerce

Donna Wright provided an overview of their proposal. Members had the following questions:

Q: Are 501(c)(6) non-profits eligible?

A: Staff responded that members had previously decided to only grant awards to 501(c)(3) or 501(c)(4) organizations.

Q: Is the flexible workspace a permanent space or will there be a time limitation.

A: There is no limitation at this time.

Q: How many will be served?

A: 25 at any one point.

Q: Any data to back up that there is enough interest to fill the 25 spaces?

A: The previous incubator closed for a variety of reasons, but even though it had to close it was still fully booked. Those clients were displaced back to their homes, so it is anticipating they will come back when the new incubator space becomes available.

Redwood Rural Health Center

Tina Schaible and Terri Klemetson provided an overview of their proposal. Members had the following questions:

Q: What's the net gain of patient visits?

A: It's expected it will be doubled.

Q: If you don't receive the Headwaters grant, are there potential resources available to still move the project forward?

A: Yes. But they would like to diversify their funding and have local funds contributing.

Humboldt Senior Resource Center

Janet Ruprecht and Barbara LeHaie provided an overview of their proposal. Members had the following questions:

Q: If you don't receive the Headwaters grants, are there potential resources available to still move the project forward?

A: Yes.

Q: What's the breakdown on how the \$30,000 would be used.

A: It would be used for match and equipment.

North Coast Small Business Resource Center (SBRC)

Natalynne DeLapp provided an overview of the proposal. Members had the following questions:

Q: What's the method for sustainability beyond the grant term?

A: We have been in communication with the City of Eureka, and there are opportunities through Project Trellis/Measure S, as well as some of the large companies – especially manufacturing and distribution. It will also be supported by HCGA memberships and through fees for service.

Q: In the grant fund guidelines there's criteria for 50% matching funds. The proposal doesn't meet the 50% required match.

A: We interpreted the 50% match amount to be based on the grant amount requested, not the total amount of the project. They will make the correction to their match amount in the budget and resubmit.

Q: If you don't receive the Headwaters grant, are there potential resources available to still move the project forward?

A: It would continue, but without the ability to staff appropriately in order to meet the needs of the industry.

Q: How does the SBRC operate and will they be doing the actual work?

A: The SBRC was the parent organization that created the Small Business Development Center. It has been dormant for a while but is being brought back to serve the specialty ag industry. The same services will be provided as are provided by the Small Business Development Center.

Q: The proposal included a budget for the HCGA, but not the SBRC.

A: This is the first project out of the gate for the resource center and they were hesitant to submit a budget with zeros.

Q: Is half-time staffing adequate?

A: It's currently 5-10 hours a week for administrative oversight. They would contract out for the coordinator position which would require anything from 15-40 hours/week, depending on need for services.

Q: Does the SBRC have a bank account?

A: Yes.

Q: Who is on the board of directors?

A: Gregg Foster
Paul Gallegos
Scott Davies
Elan Firpo
Ashley Hanson

Q: Can the budget be updated to include the in-kind match with HCGA, as well as any anticipated revenue?

A: Yes. It will be revised and resubmitted.

Chair Hansen called for a break at 2:10p.m. and reconvened at 2:30p.m.

5. Determine Grant Applications to be Selected for Recommendation to the Board of Supervisors for Funding

The ranking scores were updated based on a final review of all applications and the additional information received from the oral presentations. (See Attachment A for final ranking scores).

Members then discussed each grant application and reached the following decisions:

Greater Eureka Chamber of Commerce

It was moved by Dianna Rios and seconded by Carl Hansen to recommend the Board of Supervisors not award the Greater Eureka Chamber of Commerce funding at this time because of their 501(c)(6) status and other opportunities for funding being available. Chair called for public comment – none received. Motion carried unanimously.

Redwoods Rural Health Care

It was moved by Dianna Rios and seconded by Carl Hansen to recommend the Board of Supervisors award \$65,000 to Redwoods Rural Health Care. Chair called for public comment – none received. Motion carried unanimously.

Humboldt Senior Resource Center

It was moved by Greg Seiler and seconded by Elizabeth Cameron to recommend the Board of Supervisors award \$30,000 to Humboldt Senior Resource Center. Chair called for public comment – none received. Motion carried unanimously.

International Cannabis Farmers Association (ICFA)

It was moved by Greg Seiler and seconded by Elizabeth Cameron to recommend the Board of Supervisors award \$27,250 to ICFA; said amount shall not be used to cover administrative costs and is contingent upon their ability to negotiate a fiscal sponsorship by May 28, 2019.

During discussion, it was moved by Greg Seiler and seconded by Elizabeth Cameron to table his original motion pending discussion and decision on the grant applications from North Coast Small Business Resource Center and the Humboldt County Fair Association. Chair called for public comment – none received. Motion carried unanimously.

After discussion and decision on the grant applications from North Coast Small Business Resource Center and the Humboldt County Fair Association, it was moved by Greg Seiler and seconded by Elizabeth Cameron to take from the table his original motion and put it to vote. Chair called for public comment – none received. Motion carried unanimously.

Chair called for public comment on the original motion taken from the table and now on the floor – none received. Motion carried unanimously.

North Coast Small Business Resource Center (NCSBRC)

It was moved by Greg Seiler and seconded by Dianna Rios to recommend the Board of Supervisors award \$29,000 to the NCSBRC contingent on the Board of Supervisors allocating reserve funds towards the grant round. Chair called for public comment – none received. Motion carried unanimously.

Humboldt County Fair Association (HCFA)

It was moved by Greg Seiler and seconded by Dianna Rios to recommend the Board of Supervisors award \$44,750 to the HCFA contingent on the Board of Supervisors allocating reserve funds towards the grant round. Chair called for public comment – none received. Motion carried unanimously.

DreamQuest

It was moved by Dianna Rios and seconded by Elizabeth Cameron to recommend the Board of Supervisors not award DreamQuest funding at this time due to the timeline being too far out relative to other applicants having more immediate projects. Chair called for public comment – none received. Motion carried unanimously.

MaxMix

It was moved by Elizabeth Cameron and seconded by Dianna Rios to recommend the Board of Supervisors not award MaxMix funding at this time because other applications have more potential to result in a larger economic impact in jobs created and given the for-profit nature of the work and training component there may be other funding sources that are more appropriate. Chair called for public comment – none received. Motion carried unanimously.

Redwood Coast Energy Authority (RCEA)

It was moved by Elizabeth Cameron and seconded by Dianna Rios to recommend the Board of Supervisors not award RCEA funding at this time because the benefits of the work are further out than other projects having a more immediate economic impact. Chair called for public comment – none received. Motion carried unanimously.

HBHRCD

It was moved by Elizabeth Cameron and seconded by Dianna Rios to recommend the Board of Supervisors not award HBHRCD funding at this time because the benefits of the work are further out than other projects having a more immediate economic impact. Chair called for public comment – none received. Motion carried unanimously.

6. Staff and Board Updates

Staff reported the following:

- AEDC's and RREDC's contracts for the revolving loan fund expire in June and need to go before the Board of Supervisors for renewal.
- Staff will not be available for the June 11, 2019 meeting

It was decided that a special meeting will be held on May 28, 2019 in order to receive confirmation of ICFA's sponsorship and to consider extending AEDC's and RREDC's revolving loan fund contracts. It will also be decided at the May 28, 2019 special meeting to either reschedule or cancel June's meeting.

7. Adjourn

Chair Hansen adjourned the meeting at 4:45p.m.

Next Meeting: May 28, 2019 – 1:00-3:00p.m.