

Headwaters Fund Board Meeting
August 18, 2009
12:30 - 3:00
Prosperity! Center - Conference Room
520 E Street, Eureka

Minutes

Members Present: Patrick Cleary, Kathy Moxon, Jon Sapper, Alex Stillman and Zach Zwerdling

Members Absent: Mark Burtchett and Daniel Opalach

Others Present: Members of the public and staff members Dawn Elsbree and Sandy Alcaraz

1. Opening

- a. Approval of July 21, 2009 minutes - **Motion** made by Alex Stillman, second by Zach Zwerdling to accept the previous meetings minutes; so carried.
- b. Public commend on non-agenda items - None

- 2. Economic Impacts of Marine Life Protection Act** - The MLPA Economic Impact study is being done out of Portland, Oregon by EcoTrust. The concern is that the study is not currently designed to be comprehensive enough to truly measure the economic impacts of the proposed MLPA options. The study is not taking into account any on- shore ramifications. *Do the impacts on the fishing industry concern the HFB enough to take a role?* There is potential economic impact from implementing the act here on the North Coast and the decisions made where those protected areas may be identified could have a definite bearing on local fisheries. Fisherman's Terminal and the Ice Plant have both been supported by the HWF Board with economic benefit to the fishing industry. *What will happen to businesses related to commercial and recreational fishing?* The act itself calls for a redesign of already existing protected areas. The precedent in other regions has been creating areas for protection of about 20% of the state waters. The protected areas would begin roughly from shore to 3 miles out. This process is going to begin very soon and take approximately 6 months to complete. *What is the concern from other areas of the state?* Economically there has been quite a bit of concern from the fishermen at smaller ports. The fishing industry itself would like these protected areas as far away from the ports as possible. There are cases where the boundaries have been moved to accommodate local fishing. *Has the city done any review or assessment of the concerns or considerations involving the waterfront? Are the waters of the bay going to be impacted?* There certainly could be an impact on the

oyster industry. *What is the purpose of the act?* Fisheries management and getting the ecosystems protected. This is the equivalent of an underwater park for fish; would create a habitat for them to reproduce without threat of being harvested. *Is there any concern from the City of Eureka as to where these protected areas might be set?* City Council has come out against the MLPA at this point; however, this is a state mandate, opposing it doesn't really affect any outcomes. *Is there a way to influence the result or the decision making process? Should we consider advocating for a survey that would show the true impact on the industry (something past the dock); a comprehensive economic survey?* The state has no money identified for future management or enforcement of this act; this is a very controversial issue. The majority of the funding is coming through private means with a very public outcome. *Is it feasible to think that other counties would be interested in putting up money to help do a study?* We can certainly look into that option. **Motion** made by Jon Sapper, second by Zach Zwerdling to recommend writing a letter to Secretary Mike Chrisman asking that an analysis be conducted in the North Coast area which takes into account the impact to on-shore and off-shore business and looks at potential for blight with regards to the CEQA process; this should be conducted and paid for by the state and relate to all options being considered. So carried. **Motion** made by Alex Stillman, second by Jon Sapper that a second letter be sent to the Foundation funding this process asking them to consider funding an economic development study that would take into consideration our particular situation here in the Northwest and the threat of blight should these protected areas be set close to our bay and regular fishing grounds. So carried. Jon and Patrick will review the letters and then move them forward.

3. **Headwaters Fund Manuals** - The goal is to bring the manuals in alignment with the charter and clarify procedures. There are items that still need to be discussed.
 - **Timing of Competitive Awards** - Currently the manual states that awards will be made three times a year. Change wording to "up to three times a year."
 - **Grantee Appeals Process** - Currently the manual states Section 1 1b.iii - "HFB decision on grants cannot be appealed by applicants." And Section 15.a.ii - "HFB decisions on grants cannot be appealed by applicants." Let stand as is.
 - **Grants to County Departments** - Currently the manual states that non-profit organizations and government jurisdictions located in Humboldt County are eligible for Grant Fund grants. Headwaters Funds are segregated from the General Fund and the budget of the County. The funds are irrevocably committed to

the Headwaters Fund and cannot be used for financing on-going government operations. The funds are considered “un-available” to the County for general purpose spending or working capital, even during times of fiscal emergencies. No change recommended.

- **Community Investment Fund Manual** - Currently in the loan section, the manual states that non-profits and governments, except for the County of Humboldt are eligible to apply. This language should match charter and grant section - “Government jurisdictions and non-profit organizations are eligible to apply.” Organizations may be located outside of the County if Extraordinary Project criteria in section 37 are met.
- **Extraordinary Projects** - Change Section 37c so language matches charter and grant section of CIF manual. “Government jurisdictions and non-profit organizations are eligible to apply.” Keep the clause that states that under no circumstances can the Extraordinary Project include using the Headwaters Fund money for general County government funding.
- **Grant Fund Manual** - Change manual to read that the contract must be executed within 6 months of the grant award. The grantee may request an extension in writing for extenuating circumstances. If the extension requested is for more than a year from the award date, the extension requires HW Board approval.
- **Revolving Loan Fund Manual** - The manual currently states the HWF Loan size can be a minimum of \$25,000 and “Maximum(established firms) \$400,000 (with exceptions, up to \$800,000 absolute maximum) (Section 4, Figure 1). Change language to read: Maximum (established firms) \$800,000 with exceptions as allowed by the Extraordinary Project criteria in section 17.
- **Location** - Manual states eligible organizations: Businesses (including start-ups) and non-profit organizations located in Humboldt County. (4.b.i). Change language to read: Eligible Organizations: Businesses (including start-ups) and non-profit organizations located in Humboldt County. Organization may be located outside of the County if Extraordinary Project criteria in section 17 are met.
- **Loan Loss Reserve** - The manual states that when a new loan is made a total of 6% is set aside to mitigate the depletion of RLF funds from loan losses and 5% is set aside to provide liquidity and funds for unplanned loan extensions.(10.b.iv-v). Change: delete section 10.v.a. Capital/Liquidity Reserve. Keep an interest reserve for losses of 8%.

Dawn will bring back an update of the manual at the next scheduled meeting.

4. **2009 Grant Round Allocation and Timing - Motion** made by Kathy Moxon, second by Alex Stillman for a grant round of up to \$150,000 allocated for the year. Grant round to begin October 2009, second round to be February 2010 and the third round June 2010; applications will be due at the beginning of the month; dates to be set at a later time. So carried.
5. **Mattole Restoration Council Grant Request** - This issue was already dealt with by saying no to appeals; they are free to reapply in October.
6. **Workforce Development Update** - PowerPoint presentation given by Jon Sapper. Presentation sent out along with draft minutes to Board members.
7. **Closing** - Meeting adjourned at 3:20pm
 - a. Staff updates
 - Semi-annual report
 - Measurable Outcomes Study
 - b. Confirmation of future meetings: September 15 & October 20, 2009
 - c. Meeting adjourned at 3:20pm