

Headwaters Fund Board Meeting
May 19, 2009
12:30-3:00
Prosperity Center - Conference Room
520 E Street, Eureka

Minutes

Members Present: Mark Burtchett, Patrick Cleary, Kathy Moxon, Daniel Opalach, Jon Sapper, Alex Stillman and Zach Zwerdling

Members Absent: None

Others Present: Jacqueline Debets, Kirk Girard, Dawn Elsbree, Sandy Alcaraz, Diane Higgins, Barbara Kennedy, Luna Latimer, Ken Miller, Nicole Morrow and Dave Spreen

1. Opening

- a. Approval of April 21, 2009 minutes - Patrick Cleary brought the meeting to order at 12:35. **Motion** made by Mark Burtchett, second by Dan Opalach to accept the previous meetings minutes; so carried. Patrick Cleary abstained.
 - b. Vote on items from 4/21/2009 meeting with quorum
 - I. Redway Community Services District Loan - Jon Sapper recused himself. **Motion** made by Alex Stillman, second by Kathy Moxon to approve and move forward to the Board of Supervisors for approval; so carried. Zach Zwerdling abstained.
 - II. City of Blue Lake Business Park Plan Grant - Jon Sapper recused himself. **Motion** made by Dan Opalach, second by Alex Stillman to approve and move forward to the Board of Supervisors for approval; so carried. Zach abstained.
 - III. YES Data Collection Grant - Mark Burtchett and Jon Sapper recused themselves. **Motion** made by Alex Stillman, second by Kathy Moxon to move forward to the Board of Supervisors for approval; so carried. Zach abstained.
 - IV. Direct to Consumer Marketing Grant - Mark Burtchett recused himself. **Motion** made by Kathy Moxon, second by Alex Stillman to approve and move forward to the Board of Supervisors for approval; so carried. Zach abstained.
 - c. Acceptance of supplemental materials from Competitive Intelligence Phase I as adequate for Board approval of Phase II grant - Last meeting the Board approved the Phase II grant with stipulation that supplemental materials be provided to show that Phase I had measureable outcomes. This was shown; move forward.
 - d. Public Comment - None
2. **Board Officers** - Appointment of Chair and Vice Chair; Mark Burtchett nominates Patrick Cleary. **Motion** made by Alex Stillman to approve Patrick Cleary as Chair for a second term; Alex assumed Chair's position during voting process; second by Kathy Moxon; so carried. Patrick resumed as Chair for the duration of meeting. **Motion** made by Kathy Moxon, second by Jon Sapper for Alex Stillman to continue as Vice-Chair for a second term; so carried.

3. **2009-10 Headwaters Fund Budget** - Slight change since last version; Nicole has updated the expenses. Projecting to spend \$106,000 in actuals for 2008/09 and proposing a little over \$189,000 for 2010/11. The increase is due to the coordinator position being moved up to a 40 hour position. Position was originally allocated as a full time Economic Development Coordinator. *Should this still be allocated as a full time position?* 30 hours per week is the threshold as any fewer hours does not include benefits. This is up to the Board's discretion however. Kirk Girard, Patrick Cleary and possibly two other Board members could form a sub-committee to determine top candidates and then adjust the position according to qualifications. As it stands the coordinator is spending 30 hours per week on the work at hand. An increase in hours would allow added time for specific initiatives such as infrastructure funding, workforce and forestry loans. We underestimated the effort it takes to make some of these things happen with the initiatives. *What's driving the increase of \$66,000 in charges from Economic Development?* The full time position with benefits and beginning at Step C. Motion made by Alex Stillman, second by Kathy Moxon to approve the 09/10 budget as submitted. Discussion followed. There is concern about raising the budget with all that's going on in this economy. County has a hiring freeze now; how does this work? This position does not impact the general fund so there can be an exception to the hiring freeze. So carried with one nay vote by Mark Burtchett. As requested by Patrick, Nicole will provide the Board with revenue projections for 09/10 to be reviewed at the next meeting. Kirk, Patrick, Kathy and Zach will comprise the hiring sub-committee.
4. **Community Investment Fund Manual** - In doing research for another project that was to come before the Headwaters Fund Board, it has come to light that there are inconsistencies between the way the Charter and the Community Investment Fund Manual are written. The loan section of the Community Investment Fund manual does not state that the County of Humboldt or non-profits are eligible for loans. However, the Charter does state that the County and non-profits are eligible. It appears to be an editorial error. The grants section of the Community Investment Fund manual does state that the County and non-profits are eligible for grants. This Board can amend the manual but not the charter. The wisest course of action would be to overhaul the entire manual and then go with a full slate of recommended changes to the Board of Supervisors. Maximum dollar amounts are not proving to be practical. The base guideline should more closely match what the Board is actually doing. This Board recommends that we reevaluate and revise the Headwaters Fund Manuals and bring those revisions to the BOS for approval.
5. **2009 Grant Round Review continued** - Projects Referred to Community Investment Fund - Three grants were referred to the Community Investment Fund: Mid-Klamath Watershed project- Panamnik Building, St. Joseph's Hospital Northeast Tower, City of Blue Lake Wastewater Treatment. **Panamnik building**; revenue side seemed strong for the facility. The building sits on 2 acres, has a fire department and post office. The money will be spent for Phase 1; acquisition of the property. They have negotiated with the owners who are willing to sell the property; a price has not been established, but will be somewhere in the vicinity of \$250,000. Waiting to hear on some grant applications; if those don't come through then the purchaser will be taking a

loan out. Hopefully this will move forward this summer with an appraisal and inspection. The new owner of the building will be a non-profit. CIF currently has 3.5 million dollars available. *Any conditions around the money being loaned?* Documentation of match funding will be in place before putting out a contract. **Motion** made by Alex Stillman, second by Mark Burtchett to approve the Panamnik building project; so carried. **St. Joe's Hospital**; request for \$300,000. Having decent healthcare in our county is very important. The medical field has a strong place in our Targets of Opportunity for growing jobs; St. Joe's plays a pivotal roll in this. Decision to invite St. Joe's to come and present any special opportunities related to economic development that they might have available for us with the building project. **Blue Lake Water Treatment Plant** - Jon recused himself from the discussion. Have they accessed any federal programs? No they have not but they could. They have a new City Manager who hasn't had a chance to look this over yet. *How have other communities dealt with this same issue?* There is funding available out there. We are not the last resort here; we don't seem to be a critical piece. Possibly this could be a bridge loan.

6. **Revolving Loan Fund Direct Loans to Businesses** - Is there a role for Headwaters to make loans when requests to RREDC and AEDC fall outside their parameters? Perhaps we should be have a role in extending credit when banks won't. This could especially apply to local entrepreneurs needing financial support right now. No one seems to have the funds available for large loans. *Do we think this is part of our role?* There seems to be a gap in the community with this kind of financing right now. We also have two other broadband applications coming in; large amounts of money. Possibly the RLF could be used. If there needs to be modifications to the agreement with RREDC or AEDC then we can work on that when we look at proposed revisions to the manual.
7. **Discussion of Headwaters Fund 2003 Transportation Grant** - Presentation by Dave Spreen and Ken Miller. Two extensions were given to this grant. The original budget stated no wages would be allocated, however \$15,000 was billed to wages; also a PR contractor has been hired. Would like to look at other options for use of the remaining grant funds. PowerPoint presentation was given. Copy attached. According to presenters, the public relations campaign ignores alternatives. Remaining funds could be used to conduct an education campaign; reconsider socio-economics, consider consequences and alternatives. Fifteen thousand has already been spent with approximately \$12,000 in invoices to be paid. The grant is roughly half spent out. Remaining funds are targeted for monitoring the project and to support the Buckhorn Summit project. Community forums have been done; we could do more. *Have there been public hearings?* Yes. The work is not complete yet. Project manager for the grant, Jacqueline Debets will come back to the next meeting to discuss the remaining budget and grant deliverables. Discussion on use of the remaining funds, status report and what is left to be completed will be held at that time.
8. **Closing** - Meeting adjourned at 3:16
 - a. Staff updates - Template for Semi-annual grant reports - Template has been set up for annual grant reports
Botanical Garden Tour - Possible tour
Website - Website has been launched
 - b. Confirmation of future meetings: June 16, July 21, 2009