

Headwaters Fund Board Meeting July 21, 2009
MINUTES
12:30 – 3:00 PM
Prosperity Center – Conference Room
520 E Street, Eureka

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

Members Absent: none

Others Present: David Elsebusch, Dawn Elsbree and Peggy Candrian

1. Meeting called to order at 12:37 p.m.
 - a. **Approval of June 16, 2009 minutes.** It is requested that the word "irregular" be struck from the prior minutes (Section 5 Loan Committee Structure) and leave it as "as needed basis."

Motion made to accept the June 16, 2009 minutes with the above-noted changed by **Alex Stillman. Two abstentions: Dan Opalach and Mark Burtchett. Second by Jon Sapper. Motion carries.**

Public comment on minutes: Mr. Elsebusch has questions regarding the loan committee meetings. He wants to know if there is a meeting of more than two people if it should be governed by the provisions the Brown Act. Since the loan committee has always been three or less of the HW Board and is not a quorum, the meetings do not come under the provisions of the Brown Act

- b. **Public Comment on Non-Agenda items.** Mr. Elsebusch commented about the Delta monies: "How can you take a flyer and give Delta a half million dollars and that goes down the tubes." Then there's the Airport Runway Extension money. He quotes: "...ongoing county operations should not be included in Headwaters funds." He further states that "your board didn't explore any alternatives. What would you do if the County did not get the funds? Shouldn't the airport get the money from the General fund?" There was an item on the BOS agenda and then it was removed, about AEDC requesting funds--He feels we should cancel the contract with AEDC because they aren't cooperative.

2. Humboldt State University BSN Program Funding Request

- a. Patrick Cleary recused himself.
 - b. **Discussion:** Back in February HSU applied in the grant round for funding for a nursing program and the HWF Board declined it. Supervisor Duffy asked that the HW Board reconsider funding this proposal. After discussion, HW Board concluded that the original reasons for denial were still valid. No new information came forward in the presentation from the nursing department at last month's meeting to alleviate the HW Board's concerns about the proposal or its economic development benefit. One weakness in their original application was not having letters of support and there still have not been any submitted.
 - c. **Public Comment:** Mr. Elsebusch thinks the funding will be gotten anyway from another source. And this is an entity unto itself, so they shouldn't be asking for funding.

Action: Motion made to deny funding by Kathy Moxon; Dan Opalach seconds; Motion carries.

3. Mattole Restoration Council Grant Request Update

- a. Presentation made by Seth Zuckerman. They revised the grant request to \$16,347 for the Mattole Diversified Forest Economy Project.
- b. Discussion: They've taken out the request for funding for the PTEIR which would have cost \$54,000. The proposal now includes investigating ways to turn hardwood into different products and looking at carbon offsets. The proposal was originally ranked very low because it was seeking funding for the PTEIR and now they are no longer requesting that. The proposal was also ranked low because the economic benefits were not as clear cut as some other proposals. This is a challenge for small outlying communities. Kathy Moxon would like the HW Board to look at their ranking criteria and come up with a way to rate the benefit of the smaller projects which may have a large impact in their smaller areas.
- c. The Board is very interested in this proposal as it is now presented. Jon Sapper brought up a concern over setting a precedent that allows denied grantees to come back with a modified proposal for the same grant round. Can we delay this request until the next round? The timing would negatively effect the Mattole Restoration Council's ability to get the work done by next logging season. The HW Board should not approve this grant until an appeals process is clarified for future applicants.

Motion made to allocate \$16,347 by Alex Stillman; Kathy Moxon seconds; MOTION IS TABLED UNTIL NEXT MEETING: During the next month Staff will work with Board members (Kathy Moxon, and Zach Zwerdling) to develop an appeals policy.

- d. **Public Comment:** Mr. Elsebusch has trouble with this project, how to measure success and when.

4. St. Joseph's Hospital Funding Request (1:30)

- a. Presentation: Follow up presentation by Joe Mark, St. Joseph Health Systems, requesting funding for the Northeast Tower telemedicine program. The primary economic benefit would be keeping patients here for their procedures rather than them going out of town. They are requesting \$300,000 specifically for the telemedicine program to link doctors here with specialists in other areas. They (St. Joes) are also recruiting physicians, they are trying to bring 21 specialists into the area and having telemedicine will help with this effort.

Action: Motion made to allocate \$300,000 HWF CIF funds for telemedicine equipment by Alex Stillman, Kathy Moxon seconds. Five ayes. Two nays (Mark Burtchett and Jon Sapper). Motion carries.

- b. **Public Comment:** Mr. Elsebusch is definitely opposed to this—it doesn't make sense to him.

5. Review of Headwaters Fund Manuals to Prepare a Slate of Recommended changes to the BOS.

- a. Staff states that nothing in the Charter can be changed without a county wide general vote. The following are manual changes which can be approved by the HW Board and the Board of Supervisors.

Revolving Loan Fund Manual

Do we want to increase the loan limit to more than \$800,000? Comments: We don't want to go above \$800K as a rule, which would be 10% of the fund. Why is there a \$400 maximum and

then an absolute maximum of \$800,000? Change it to just \$800,000 as maximum. Allow loans over \$800K if they meet extraordinary project criteria. The same criteria would apply for one borrower having more than \$800,000 in loans.

Businesses and non-profits must be located in Humboldt County; we might want to loan monies to Trinity and Del Norte counties because it will benefit our county-It could be gap financing for sister counties (water). There are also broadband system providers out of the county who are interested in loans and would be providing economic benefit to the county. Add language to allow loans out of the county if significant economic benefit.

Loan loss fund—leave 6% in the RLF loan loss reserve pool –at all times, change from 11%.

Grant Fund Manual

Project size is \$100K-might want to increase that amount. Leave as is, since larger amounts can be granted for exceptional projects.

Three grant rounds a year are mandated/change it to “up to three” a year.

Sets a limit of up to ten grants a year – this is a guideline, not a rule, and should be in application guidelines information, not the manual.

Contract execution—if grant contracts are not executed in a year-then come back to the HWF Board for review and possible reconsideration.

Grant initiative fund is not in the manual – add appropriate language.

Community Investment Fund Manual

Loan size, \$800K – remove “absolute” and allow larger loans for extraordinary project.

General

Request from Board of Supervisors to define boundaries for Headwaters Funding to the County of Humboldt. Next meeting HW Board will discuss parameters around county grants and loans and the extraordinary project criteria.

6. Closing: Meeting adjourned at 3:15 p.m.

- a. Confirmation of future meetings: August 18, 2009 - September 15, 2009