

Headwaters Fund Board Meeting

July 20, 2010

12:30-3:00PM

Prosperity Center – Conference Room

520 E St., Eureka

Minutes

Members Present: Mark Burtchett, Leigh Pierre-Oetker, Cedar Reuben, Alex Stillman and Zack Zwerdling

Members Absent: Kathy Moxon and Jon Sapper

Others Present: Charles Ciancio, John Woolley, Dawn Elsbree and Catherine Munsee

1. **Opening:** Alex Stillman brought the meeting to order at 12:32 pm
 - a. **Approval of June 15, 2010 minutes - Motion** made by Cedar Reuben, second by Leigh Pierre-Oetker to approve minutes from previous meeting; so carried. Mark abstained due to absence from meeting of June 15.
 - b. **Public comment on non-agenda items** - None

2. **Briefing Regarding Proposal for Revolving Lines of Credit for Child Care Providers:** Carol Hill from Changing Tides Family Services will present information related to the crisis involving state subsidies for child care and its potential economic impact. Proposal for Headwaters Fund and First 5 Humboldt to set aside funds at a local bank which would be invested in a CD and provide collateral for loans.

Dawn provided background regarding a proposal to ameliorate the impact of a delay in state funding for child care subsidies within the County. The proposal, which is not before the Board at this time, was the result of collaboration between Humboldt County First Five, Changing Tides and the Workforce Investment Board. The insecurity surrounding the state budget and the governor's statement regarding cuts to child care subsidies has resulted in First Five Humboldt feeling uncomfortable proceeding with the proposal at this time.

John Woolley provided additional background information to the Board through a discussion of the level of risk and a comparison to last year's budgetary process. Working on a fund-based system at the local level may not be feasible due to the state budgetary process; however John noted that Alameda and Monterey Counties have working models we may want to replicate in Humboldt County.

There was discussion among the Board members regarding the assertion that this is a workforce issue and Zach mentioned a direct

impact of \$700,000 to our local economy and additional comments regarding the ripple effect of this event. Dawn mentioned that Carol Hill, at Changing Tides, explained that they have 1,000 local children on waiting lists.

Cedar Reuben and John Woolley explained that the conversations have been had, that the lending institutions are on board and those structures have been defined to provide stop-gap funding support at the local level. The concept has been worked out but the uncertainty surrounding the state's budgetary process combined with the identification by the governor of child care subsidies for this year's budget cuts has created an environment that is too fiscally insecure to allow for implementation.

- 3. Review outcomes of Public Forum:** Discuss grant applications submitted to the Headwaters Fund Board for the July 1 deadline. Two proposals have been submitted; County of Humboldt Economic Development and North Coast SBDC.

Discussion regarding the outcomes of the Public Forum. Dawn relayed a conversation she had with Dr. Steve Hackett: Two areas of focus for economic opportunity that Headwaters has not addressed a) developing entrepreneurs and b) management innovation/green technology. A suggestion was made that RFPs be more targeted so that proposals come in that the Board is interested in funding.

Discussion of weighting system on the grant rating sheets, specifically the industry cluster/quality of life ratios. Previously 60/40. It was noted that public forum comments consistently valued economy over quality of life/environmental factors, with the exception of two tables. Discussion of scoring system and the three categories that are included in this system: economic development, quality of life and project design. Dawn mentioned that the public provided recommendations for a ratio breakdown and the Board needs to determine the point system. Mark mentioned that project design is a big part of the process and an important component of what the Board considers when an application is received. Cedar suggested maintaining the ratio and assigning 20 points to project design for a breakdown of 50/30/20. Zach requested clarification that the checklist is an aide in determining the assignment of points and not the final determiner of points. Dawn pointed out that the points serve as a guideline for discussion and Mark added that they also serve as guidelines for applicants.

Motion made by Cedar Reuben, second by Zach Zwerdling to restructure point system to a 50/30/20 ratio. Motion passes that there will be a maximum of 50 points awarded for economic impact, 30 points maximum awarded for quality of life/environmental impact and 20 points maximum awarded for project design and readiness. Motion carried.

- 4. Board Recruitment and Committee Appointments:** Discussion outcomes of May 27th public forum.

Dawn described the application process. There is an open recruitment in September. The application deadline is in November. Interviews take place in December. In January, the applicants are considered by the Board of Supervisors and the appointments are made in February. The Headwaters Fund Board does not have any official role in this process; however Dawn suggests now is the time to begin speaking in the community about the upcoming vacancies in an effort to increase the pool of candidates. Discussion of appreciation of diversity of current Board membership and the different community constituencies represented and specific community members that might be appropriate to approach.

Leigh requested that a gentle suggestion be made that the process be improved. Currently, it is a long process with poor communication between applicant and process.

A discussion of committee appointments followed.

Motion made by Cedar Reuben, second by Zach that Leigh take over the mini-grant committee. Motion carried.

Motion made by Zach Zwerdling, second by Leigh Pierre-Oetker that Cedar and Mark be appointed to the Finance Committee. Motion carried.

- 5. Review of July Grant Round Applications:** Recruitment for three positions which will be open on the Headwaters Fund Board in February 2011. Openings are posted in September with a December application deadline. Discuss appointment of Board members to Loan Committee and Min-Grants Committee.

Cedar recused himself and left the meeting prior to a discussion of the July Grant Round Applications due to potential conflict of interest.

SBDC Grant was the first application under discussion. Questions were raised regarding whether this program would increase the number of local jobs/productivity. Dawn stated that she reviewed the curriculum outlined in the application and suggested there is financial justification that this program does meet that criteria. *Mark raised concerns about measuring outcomes and Zach was concerned about the administrative costs – are they reasonable?* Dawn responded that the administrative costs do seem on the high end of the spectrum, noting that admin costs typically cap at 12% and this application has them at 19%. Mark asked who would be helped by this program and Dawn answered that this program targets beginning entrepreneurs, in addition to those in business for 2-4 years and now ready to bump up to the next level. These additional questions were raised: *Can we get a demographic of who we are trying to help? Will this program become self-sustaining and, if so, when? Is the need already being met in the community through local consultants?* Clarification of travel costs needed. It was agreed that more information would be helpful. Dawn asked that Board members do the scoring and send the sheets to her and she would find some answers regarding the questions above.

The second application was from the County of Humboldt Economic Development Division for Humboldt Made. Several Board members expressed concerns related to community feedback about a sense of preferential treatment for specific businesses involved with Humboldt Made. The following questions were raised: *What are the criteria, how do people apply for membership, and what does that mean? What are Familiarity Tours?* – Dawn described that as bringing outside people into the County, like Whole Foods, to tour local wineries, local foods, etc. *What is multi-channel integration?* - Dawn described that as a multi-media approach, television, radio and print. *Where does the \$6,500 number come from? Is the consultant local? Can the Board specify the program must use local vendors to promote local industry?* In response to this last question, Dawn noted that sometimes there is a limitation with regard to availability within the County but suggests that preference be given to local bidders. Dawn asked if the Board would like a presentation from this applicant. The Board would like a presentation at the next meeting in August and would like to know how far Love, Humboldt has gone, what has it produced and *what is the next story line? Are there other models?* Dawn will send out rating sheets with the understanding that Board members may want to modify ratings after the presentation by the applicant in August.

6. Closing – Meeting adjourned at 2:28 pm