

Headwaters Fund Board Meeting
June 15, 2010
12:30-3:00PM
Prosperity Center – Conference Room
520 E St., Eureka

Minutes

Members Present: Kathy Moxon, Leigh Pierre- Oetker, Cedar Reuben, Jon Sapper, Alex Stillman, Zack Zwerdling

Members Absent: Mark Burtchett

Others Present: Dawn Elsbree, Katy Boham, Charles Ciancio, Michelle Wyler, Kristin Johnson, Steve Karp, Michael Kraft

1. Opening (12:33 p.m.)

- a. Approval of May 18, 2010 Headwaters Fund Board minutes
Motion made by Cedar Reuben , second by Leigh Pierre-Oetker ; so carried.
- b. Approval of May 4, 2010 Headwaters Fund Evaluation Committee minutes
Motion made by Zack Zwerdling , second by Cedar Reuben ; so carried.
- c. Public comment on non-agenda items- none
- d. Addition to agenda- Jon Sapper wants to add on status of 20/20 Initiative to the agenda, however, this meeting ended with out enough time. Jon won't be at the next meeting, moved to August agenda per Alex Stillman.

2. Panel with Local Entrepreneurs (12:35 pm)

Opportunity for the Headwaters Board to talk to new entrepreneurs and understand what was challenging and what helped them get started.

- Jessica McGuinty- Jessicurl. She makes products for people with curly hair. Started in 600 sq foot apartment in Bay Area which wasn't working and decided that Humboldt County was the place to move. She did web research and found SBDC. Now she is on the board of SBDC and has been doing business for 8 years.
- Nicole Vincent- Humboldt Mobile Massage. Her one year benchmark in business is coming up. Originally she thought it would be a side business to get her through college. She went into business while in school, got her degree, and loved Humboldt so much, she decided to stay. She is an Economic Fuel winner. The one on one SBDC counseling really helped her with reaching her goals and going in the right direction. She is now turning a profit and has created jobs for herself and 8 other massage therapists.
- Darus Trutna- Forge Property Management which is a property management company. He currently has 18 units that he manages and is in start up right now. He has always lived in Humboldt and it seems normal to him to be in a rural area. His biggest obstacle has been developing relationships with people he could learn more from. There isn't a lot of people in the same industry to be able to benchmark in this area but with the help of the internet he is able to network with a lot of people outside of the area. The opportunity he sees in our area is that because we are in a smaller area, if you have fantastic services

you are going to be able to rise easier and faster in your business than if you were somewhere like San Francisco. What differentiates him is that the use of technology will allow him to have a higher level of customer service, to provide 24 hr access to every dollar spent, video updates of property for owners- a dashboard laid out.

Questions:

What are your ideas for providing support to entrepreneurs?:

- Have a series of business meetings with a successful business owner to help get them going in the right direction- networking opportunities could be stronger in the area. Help to get people stronger in specific areas of their work- i.e.: shipping.
- Would like to see more business models. Maybe focusing outside of the area since Humboldt County is so small, we don't have enough to model.
- Jessica says that if she had to rely on just Humboldt County she wouldn't be in business. International business models have helped her be successful.

How can local schools inspire kids to be entrepreneurial and achieve their dreams?

- Darus- seeing other people having control over their own life was powerful for him in school. Have speakers come in to say that you can choose your own life and explain the programs to learn through.

Are there any services that you see lacking?

- Nicole- Help for learning how to hire employees. Also, how to contract with corporations or private businesses. Basically HR, business & legal. Having a mobile person being able to come to her with a lot of experience would be valuable. Time is an issue.
- Jessica- feels that she has had every question answered at SBDC and if they don't have the answer they suggest the right person.

How do you find the right people to work for you?

- Jessica- Challenging for sure. People are hungry for the job, until they get it. The Job Market has helped with this problem. A couple of the people she has gotten through them have been great. It's free and they give you a suppressed listing.
- Nicole- having trouble with independent contracting with mostly college students. Has found the need for someone full time on administration but can't afford it now. She has done a lot of interviews and its hard to find a professional, skilled, employee with tight standards.

3. Review Small Business Development Center Proposal for Entrepreneurial Support (1:30 pm)

Innovation project by Michael Kraft- slide show. Presented ideas related to supporting both new and established entrepreneurs with cohorts following the Kauffman Foundation curriculum and a mentoring program.

Discussion/Questions:

What happens with the Economic Fuel people?

About half go away. They can still get services from SBDC after the competition but they need to reach out and get those.

What do you think about paying for the cohorts?

Participants should pay. Then they will really pay attention. Kauffman suggests \$900 for 10 sessions- *what do you think?* It is high.

What about a sliding scale or scholarship? Probable that the people that need this the most are the ones with the problem of coming up with cash.

Can you tell us the key organizational change this means for SBDC?

Prosperity Network needs to reform around entrepreneurial programs. If you are not innovating or growing in some way you are not getting better so where and how do we do that? The involvement of SBDC is in developing entrepreneurs from the beginning. Prosperity Network has another level it can go to and SBDC has the leadership to make that happen.

4. Presentation by Community Alliance with Family Farmers (2:10 pm)

Presentation- Local food has replaced the idea of organic as a trend. Produce sales are up and Farmer's Market folks say that they are up significantly, they bring in \$3 million annually. Goals are to develop a regional branding campaign and to expand the institutional markets. CAFF is a small organization and they learned that the issues that are much bigger and so have reached out to Economic Development and SBDC. They are now going to be a player instead of the key person taking the challenge on. When dealing with institutional sales, not many institutions want to deal with multiple suppliers. They have studied key players and routes, no business plan or feasibility plan yet though. Greenway partners have helped and have come up with an action plan. They won't be applying this year to Headwaters because they are working with Economic Development and building that branding effort.

Discussion/Questions:

In your opinion of local family farmers would they be able to survive exclusively just farming?

I would say maybe 50%, not sure. A lot of them live on very little.

It sounds like CAFF has hooked up local farmers to local distributors. Going forward what do you see doing?

No one has asked the farmers what they want. There is a whole group of farmers that can't get into the Farmer's Market and we need to offer something to them. The education on teaching kids where their food comes from is very important and we are now being written into HCOE contract to do that.

5. Review reports from HSU Office of Economic, Community and Business Development

Discussion: Kristin Johnson and Steve Carp- Update on projects and where they are going in the future. In the last year they have reached capacity and haven't done a good job with keeping all the balls in the air.

SBDC Lead Center

In the overall picture they are very happy with what they have been able to do as a Lead Center and with helping SBDC with funding. When they started they had \$2 million from the state of California now they manage just under \$6 million.

What makes us such a great Lead Center?

Many Lead Centers do not have people that have come up through the ranks. We are different up here. We keep focused on the basic nuts and bolts and Michael Kraft helps keep that going.

Competitive Intelligence Phase 1

This has long been completed. The most impressive piece is the significant acknowledgments from local businesses. They are in agreement with Headwater's decision not to fund Phase 2.

SBIR grants and STTR grant

For businesses that have intellectual property that they are willing to license with the government. They can get millions of dollars from the government in commercialization funding. This was a \$96,000 project - \$48,000 from Headwaters and the other half came from a National Science Foundation grant. Part of the project was to develop a robotic planting arm and take it to the next phase. Most recent update is that the arm is working successfully. It was tested at Sun Valley Farms. Ken Owens has a report on the whole project that is for Phase 2; \$500,000 will come in July. He has now been approached through other contacts to repair satellites that are in orbit and space stations. He is in partnership with a Dutch company and Sun Valley for building the robotic arms that would be manufactured by a local company in Humboldt. Kristin- The problem in reporting has been me and now I am a bystander and now Steve is going to take over to help with this.

Strategy for SBIR and STTR training -we have contacts and need to set project dates and get the people there. This will be Bob Judevine's role. Steve will take over PI and contracts and Bob will get everyone together.

When do you anticipate rest of project will be completed?

Biggest knot has been training. It will happen in September or October so between now and then we will be signing up people and setting up speakers.

6. Review outcomes of Public Forum

Move to next meeting.

7. Closing (3:23pm)

- a. Confirmation of future meetings: July 20, August 17