

**Headwaters Fund Board Meeting Minutes**  
**April 14<sup>th</sup>, 2020 1:30 pm – 3:30 pm**  
**Held Remotely via Zoom Web Conferencing**

**MEMBERS PRESENT:** Bruce Rupp – Eureka, Dianna Rios – Fortuna, Chuck Ellsworth – Eureka, Jenna Catsos – Eureka, Carl Hansen – Ferndale, Elizabeth Cameron – Eureka

*All Board Members and Staff attended remotely in accordance with Gov. Newsom's Executive Order N-29-20 (March 17<sup>th</sup>, 2020).*

**MEMBERS ABSENT:** N/A

**OTHERS PRESENT:** Brenna Fulks, Kenny Spain, Ryan Heitz, Catherine Carter

Item #	Action	Pass/Fail
1	Approve 03-27-2020 meeting minutes with modification	Pass
2	Final Authorization to Transfer One-Million Dollars from Community Investment Fund (CIF) to Revolving Loan Fund (RLF) for Covid-19 Related Emergency Lending funds for AEDC and RREDC in Excess of Current Allocations	Pass
3	Authorize Transfer of an Additional One Million Dollars from the CIF to the RLF to Provide AEDC with Funding Specifically for Loans Made Under the US Small Business Administration's Paycheck Protection Program (PPP)	Pass
4	Table Item 5, "Review and Approve Staff Recommendations on FY 20-21 Spending Plan – Including timing of Competitive Grant Round(s)" for a future meeting	Pass
5	Authorize Staff to Extend Mini-Grant Contract Terms as Needed Due to Disruption of Programs Related to Covid-19	Pass

**1. Opening**

Chair Bruce Rupp called the meeting to order at 1:32 pm. A quorum was present.

- a. Roll call, including member location  
Board members stated their name and where they were located.
- b. Approval of March 27<sup>th</sup>, 2020 Minutes  
It was moved by Jenna Catsos and seconded by Elizabeth Cameron to approve the March 27<sup>th</sup>, 2020 meeting minutes. No public comment. Motion carried unanimously.
- c. Public comment on non-agenda items.  
No public comment.
- d. Report out on meetings attended  
Elizabeth Cameron reported that she was a judge for the Stellar Student Awards for the Humboldt County Office of Education.

**2. Board to Consider Final Authorization to Transfer One-Million Dollars from Community Investment Fund (CIF) to Revolving Loan Fund (RLF) for Covid-19 Related Emergency Lending funds for AEDC and RREDC in Excess of Current Allocations**

The board was concerned about the elevated risk of making these emergency loans. Kenny Spain explained that both lenders, RREDC and AEDC, are doing their due diligence to make sure the businesses applying were not already experiencing financial hardship and need these loans solely because of Covid-19 financial impacts. Kenny also explained that these funds could also be used by AEDC for PPP loans which will be discussed further in the next agenda item.

It was moved by Elizabeth Cameron and seconded by Jenna Catsos that, in addition to recommending to the Board of Supervisors that one-million dollars be transferred from CIF to RLF, per the last HWF Board meeting, the board also recommend that as soon as the funds are transferred, they are released to AEDC and RREDC to make loans to businesses. No public comment. Ayes-Elizabeth Cameron, Bruce Rupp, Jenna Catsos, Carl Hansen, Chuck Ellsworth Abstain- Dianna Rios. Motion carried.

**3. Board to Authorize Transfer of Additional One-Million Dollars from the Community Investment Fund to Arcata Economic Development Corporation, in Support of Increased Volume of SBA-Paycheck Protection Program (PPP) guaranteed Loans**

The board inquired about the risk level of these loans. Jenna Catsos clarified that the HWF would give the money to AEDC, and AEDC would be repaid by the SBA, and that is how the HWF would be paid back. Kenny Spain emphasized that these are low risk loans. Carl Hansen noted that these loans are subject to change at any point, so there is risk associated with these loans because of uncertainty. Dianna Rios asked about the impacts on the corpus. Kenny Spain explained that using the million dollars would not bring the corpus below the floor and the outstanding principal balances would still be in the corpus.

Chuck Ellsworth asked if we could stop lending HWF money, if the guarantees changed. Kenny Spain stated that yes, the contracts state that the HWF can withdraw support at any time.

It was moved by Jenna Catsos and seconded by Chuck Ellsworth to recommend that the Board of Supervisors authorize transferring an additional one-million dollars from the CIF to the RLF to provide AEDC with funding specifically for loans made under the US Small Business Administration's Paycheck Protection Program (PPP). No public comment. Motion carried unanimously.

**4. Board to Provide Staff with Direction on Delaying the FY 20-21 Competitive Grant Round(s)**

Ryan Heitz explained that staff wanted to possibly hold off on the next competitive grant round scheduled for July 2020. Bruce Rupp suggested that staff bring back a new competitive grant schedule for the next meeting.

The board agreed it was okay to move the grant round back. Carl Hansen suggested looking at more mini-grants for non-profits. Jenna Catsos suggested making the grants more flexible and less project based.

The board noted that it was important to figure out the spending plan, before making a decision on the timing of the competitive grant round.

**5. Board to Review and Approve Staff Recommendations on FY 20-21 Spending Plan – Including timing of Competitive Grant Round(s)**

Kenny Spain took the board step-by-step through the spending plan draft. The board suggested staff to change the wording under “Estimated interest to be earned in FY 19-20” from “contingency” to “loan loss” in the proposed spending plan.

The board emphasized the importance of acting quickly to aid local organizations during the Covid-19 crisis and what they could do with their current spending plan. Elizabeth Cameron asked about the timeframe for approving the spending plan, and Kenny Spain stated it did not have to be approved at this meeting. The board felt there were still several questions regarding options for supporting non-profits, the effects on the corpus, and whether the board wants to use grant funds from the current spending plan or next years' spending plan.

Bruce Rupp suggested having a special meeting to discuss the spending plan questions.

It was moved by Carl Hansen and seconded by Dianna Rios to table Item 5 for a future meeting. No public comment. Motion carried unanimously.

**6. Board to Authorize Staff to Extend Mini-Grant Contract Terms as Needed Due to Disruption of Programs Related to Covid-19**

Ryan Heitz explained that some grant recipients have held grant funds in reserve for later spending. However, with the Covid-19 crisis, their spending plans have been disrupted. Staff asked that these contracts be extended, beyond the initial terms, to allow for future spending.

It was moved by Elizabeth Cameron and seconded by Jenna Catsos that the board give staff discretion to extend any grant contract terms as needed, in light of disruptions to programs due to Covid-19. No public comment. Motion carried unanimously.

**7. Discussion of Economic Impacts Due to Covid-19**

The board discussed the personal impacts of Covid-19, as well as the broader impacts on Humboldt County's economy. Carl Hansen noted the large impact of Covid-19 on Humboldt State University's freshmen enrollment.

**8. Staff and Board updates**

Kenny Spain noted the changes in the Economic Development's staff duties due to the Covid-19 crisis. He explained that many staff members have taken on additional emergency service duties, in addition to their regular job tasks.

**9. Adjourn**

Chair Bruce Rupp adjourned the meeting at 4:04 p.m.

Next Meeting – Tuesday, April 28<sup>th</sup>, 2020 3:00 pm – 5:00 pm