

**Headwaters Fund Board Special Meeting Minutes**  
**April 23, 2019 – 1:00-4:00 p.m.**  
**Prosperity Center, 520 E Street, Eureka**

**MEMBERS PRESENT:** Chuck Ellsworth, Carl Hansen, Dianna Rios, Bruce Rupp

**MEMBERS ABSENT:** Greg Seiler, Elizabeth Cameron

**OTHERS PRESENT:** Chrystal Ortiz, Susan Penn, Ken Parks, Thomas Nicholson Stratton, Scott Frazer, Kenny Spain, Debbie Damiano

Item #	Action	Pass/Fail
2	Direct staff to offer \$5,000 mini-grant to Eureka Street Art Festival	Pass

**1. Opening**

Chair Carl Hansen called the meeting to order at 1:15p.m. A quorum was present. Introductions were made around the room.

Chair called for public comment on non-agenda items – none received.

**2. Board Review of Competitive Grant Applications**

As there were members of the public present, Chair Hansen offered them the opportunity to give public comment on the grant applications being considered at today's meeting.

Scott Frazer, Ken Bates, and Susan Penn all provided comments on the Harbor District's grant application.

Thomas Nicholson Stratton provided comment on the Humboldt County Fair Association's grant application.

Chrystal Ortiz provided comment on the International Cannabis Farmers Association grant application.

Prior to scoring the applications, Chair Hansen requested clarification on the following:

***Are requests for funds to be used for equipment purchases allowable?*** Staff reported the guidelines allow for equipment purchases as long as the equipment remains with the non-profit entity.

***Can grant funds be spent on salaries/benefits?*** Staff reported the guidelines specify no restrictions on using grant funds for salaries/benefits.

Staff had provided grant applications and scoring sheets at the April 15, 2019 meeting with the intent of having the scoring completed ahead of today's meeting. Greg Seiler and Elizabeth Cameron were not able to attend this meeting and had submitted their scores to staff via email ahead of time so they could be included. Scores were entered into the scoring worksheet and resulted in the following ranking:

Rank	Applicant	Score
1	Greater Eureka Chamber of Commerce	69.2
2	Redwoods Rural Health Center	67.1
3	Humboldt Senior Resource Center	65.2
4	North Coast Small Business Resource Center	65.1
5	International Cannabis Farmers Association	62.6
6	Eureka Street Art Festival	62.1
7	MaxMix	61.3
8	Humboldt County Fair Association	52.5
9	Dream Quest	52.3
10	Humboldt Bay Harbor, Recreation, and Conservation District	47.4
11	Redwood Coast Energy Authority	45.8

Members discussed each of the proposals in order of their rank. Based on discussion, the following was determined:

Greater Eureka Chamber of Commerce

Invite applicant to next meeting to give a presentation.

Redwoods Rural Health Center

Invite applicant to next meeting to give a presentation.

Humboldt Senior Resource Center

Invite applicant to next meeting to give a presentation.

North Coast Small Business Resource Center

Invite applicant to next meeting to give a presentation.

International Cannabis Farmers Association

Invite applicant to next meeting to provide clarification on matching funds and verify they can secure a sponsor to manage the grant since they don't currently hold non-profit status.

Eureka Street Art Festival

It was moved by Bruce Rupp and seconded by Dianna Rios to direct staff to offer a \$5,000 mini-grant for their project. Chair called for public comment – none received. Motion carried unanimously.

MaxMix

Hold open for consideration; provide applicant with referrals to other funding sources.

Humboldt County Fair Association

Hold open for consideration – no presentation necessary.

Dream Quest

Hold open for consideration; provide applicant with referrals to other funding sources.

Humboldt Bay Harbor, Recreation, and Conservation District

Not recommended for funding at this time.

Redwood Coast Energy Authority

Not recommended for funding at this time.

**3. Adjourn**

Chair Hansen adjourned the meeting at 3:35p.m.

Next Meeting: May 14, 2019 – 1:00-4:00p.m.

**Headwaters Fund Board Meeting Minutes**  
**May 14, 2019 – 12:15-2:45 p.m.**  
**Prosperity Center, 520 E Street, Eureka**

**MEMBERS PRESENT:** Elizabeth Cameron, Carl Hansen, Dianna Rios, Greg Seiler

**MEMBERS ABSENT:** Chuck Ellsworth, Bruce Rupp

**OTHERS PRESENT:** Janet Ruprecht, Barbara LeHaie, Tina Tvedt Schaible, Terri Klemetson, Natalynne DeLapp, Kathy Moxon, Hollie Hall, Donna Wright, Gregg Foster, Scott Adair, Kenny Spain, Debbie Damiano

Item #	Action	Pass/Fail
1a	Approve April 15, 2019 draft minutes	Pass
1a	Table approval of April 23, 2019 draft minutes until next meeting	Pass
2	Accept RREDC's quarterly loan report	Pass
3	Accept AEDC's quarterly loan report	Pass
5	Recommend BOS not fund Greater Eureka Chamber grant application	Pass
5	Recommend BOS award \$65k to Redwoods Rural Health	Pass
5	Recommend BOS award \$30k to Humboldt Senior Resource Center	Pass
5	Recommend BOS award \$27.25k to ICFA	Pass
5	Recommend BOS award \$29k to NCSBRC	Pass
5	Recommend BOS award \$44.75k to HCFA	Pass
5	Recommend BOS not fund DreamQuest's grant application	Pass
5	Recommend BOS not fund MaxMix's grant application	Pass
5	Recommend BOS not fund RCEA's grant application	Pass
5	Recommend BOS not fund HBHRCD's grant application	Pass

**1. Opening**

Chair Carl Hansen called the meeting to order at 12:23p.m. A quorum was present. Introductions were made around the room.

- a. Approval of minutes from April 15, 2019 and April 23, 2019 (special meeting)  
 It was moved by Elizabeth Cameron and seconded by Dianna Rios to approve the April 15, 2019 minutes as written.

During discussion Chair Hansen stated he believes Scott Adair gave a summary of action taken on the Humboldt Bay Harbor Recreation and Conservation District's (HBHRCD) grant and feels the issue has been resolved and there should be no further review of that grant.

Elizabeth Cameron stated it was her recollection that a template would be created to help summarize information when there are issues brought up about grants. It was her understanding staff was directed to create the template and use HBHRCD grant's closeout information, not with intent to change anything

about the closeout but to make sure the template will provide adequate information to board members. Greg Seiler was also expecting to see a report. Staff will prepare a couple of examples for the template and will present them at the next regularly scheduled board meeting.

Chair called for public comment, none received. Motion carried unanimously.

It was moved by Dianna Rios and seconded by Carl Hansen to approve the April 23, 2019 minutes as written.

During discussion Greg Seiler stated he feels the scores are inaccurate and the average scores deviate substantially from scores presented in the original document. After discussion, Dianna withdrew her motion. Dianna Rios then moved to table this item until the next meeting, seconded by Carl Hansen. Chair called for public comment – none received. Motion carried with Greg Seiler abstaining. Staff was directed to verify the calculation of scores and have that information available at the next meeting.

- b. Chair called for public comment on non-agenda items. The following comments were made:
- Gregg Foster reported they had a credit against the minimum revenue guarantee for the Los Angeles flight for March, and April's service numbers are very good. Gregg anticipates 90% of the grant funds will be returned to Headwaters once the contract ends in June. The launch party for the first Denver flight will take place on June 6<sup>th</sup> at the airport at 7:00p.m. There are representatives coming from Denver who will be staying to do a two-day tour of Humboldt.
  - Hollie Hall commented on the International Cannabis Farmers Association (ICFA) grant application. They are working on a fiscal sponsorship with The Trees Foundation. Should the sponsorship form, The Trees Foundation would purchase/take ownership of ICFA's equipment. She has also made the requested corrections to their budget and resubmitted.
- c. Report out on meetings attended  
Elizabeth Cameron attended a portion of the Economic Development Summit which was sponsored by the Arcata Economic Development Corporation.

## **2. Redwood Region Economic Development Commission (RREDC) Quarterly Loan Report**

Gregg Foster provided the following information in addition to his written financial report:

- Fire and Light has paid off completely
- The loan that was written off is accelerating payments and the loan loss is anticipated to be around \$18,000
- Southern Humboldt Community Healthcare District should be paid off by the end of June

It was moved by Dianna Rios and seconded by Greg Seiler to accept RREDC's loan report. Chair called for public comment – none received. Motion carried unanimously.

### **3. Arcata Economic Development Corporation (AEDC) Quarterly Loan Report**

A representative from AEDC was not available to attend today's meeting. Elizabeth Cameron wanted to verify AEDC had made the changes to their report as requested at their last quarterly review. Staff confirmed those changes had been incorporated into their report. It was moved by Dianna Rios and seconded by Greg Seiler to accept AEDC's loan report. Chair called for public comment – none received. Motion carried unanimously.

### **4. Competitive Grant Applicant Presentations**

All eleven grant applications were reviewed and preliminarily scored at the April 23, 2019 special meeting. Board members had a few questions on some of the proposals. Other proposals didn't require any follow-up and therefore were not asked to make presentations.

#### Eureka Chamber of Commerce

Donna Wright provided an overview of their proposal. Members had the following questions:

Q: Are 501(c)(6) non-profits eligible?

A: Staff responded that members had previously decided to only grant awards to 501(c)(3) or 501(c)(4) organizations.

Q: Is the flexible workspace a permanent space or will there be a time limitation.

A: There is no limitation at this time.

Q: How many will be served?

A: 25 at any one point.

Q: Any data to back up that there is enough interest to fill the 25 spaces?

A: The previous incubator closed for a variety of reasons, but even though it had to close it was still fully booked. Those clients were displaced back to their homes, so it is anticipating they will come back when the new incubator space becomes available.

#### Redwood Rural Health Center

Tina Schaible and Terri Klemetson provided an overview of their proposal. Members had the following questions:

Q: What's the net gain of patient visits?

A: It's expected it will be doubled.

Q: If you don't receive the Headwaters grant, are there potential resources available to still move the project forward?

A: Yes. But they would like to diversify their funding and have local funds contributing.

#### Humboldt Senior Resource Center

Janet Ruprecht and Barbara LeHaie provided an overview of their proposal. Members had the following questions:

Q: If you don't receive the Headwaters grants, are there potential resources available to still move the project forward?

A: Yes.

Q: What's the breakdown on how the \$30,000 would be used.

A: It would be used for match and equipment.

#### North Coast Small Business Resource Center (SBRC)

Natalynne DeLapp provided an overview of the proposal. Members had the following questions:

Q: What's the method for sustainability beyond the grant term?

A: We have been in communication with the City of Eureka, and there are opportunities through Project Trellis/Measure S, as well as some of the large companies – especially manufacturing and distribution. It will also be supported by HCGA memberships and through fees for service.

Q: In the grant fund guidelines there's criteria for 50% matching funds. The proposal doesn't meet the 50% required match.

A: We interpreted the 50% match amount to be based on the grant amount requested, not the total amount of the project. They will make the correction to their match amount in the budget and resubmit.

Q: If you don't receive the Headwaters grant, are there potential resources available to still move the project forward?

A: It would continue, but without the ability to staff appropriately in order to meet the needs of the industry.

Q: How does the SBRC operate and will they be doing the actual work?

A: The SBRC was the parent organization that created the Small Business Development Center. It has been dormant for a while but is being brought back to serve the specialty ag industry. The same services will be provided as are provided by the Small Business Development Center.

Q: The proposal included a budget for the HCGA, but not the SBRC.

A: This is the first project out of the gate for the resource center and they were hesitant to submit a budget with zeros.

Q: Is half-time staffing adequate?

A: It's currently 5-10 hours a week for administrative oversight. They would contract out for the coordinator position which would require anything from 15-40 hours/week, depending on need for services.

Q: Does the SBRC have a bank account?

A: Yes.

Q: Who is on the board of directors?

A: Gregg Foster  
Paul Gallegos  
Scott Davies  
Elan Firpo  
Ashley Hanson

Q: Can the budget be updated to include the in-kind match with HCGA, as well as any anticipated revenue?

A: Yes. It will be revised and resubmitted.

*Chair Hansen called for a break at 2:10p.m. and reconvened at 2:30p.m.*

## **5. Determine Grant Applications to be Selected for Recommendation to the Board of Supervisors for Funding**

The ranking scores were updated based on a final review of all applications and the additional information received from the oral presentations. (See Attachment A for final ranking scores).

Members then discussed each grant application and reached the following decisions:

### Greater Eureka Chamber of Commerce

It was moved by Dianna Rios and seconded by Carl Hansen to recommend the Board of Supervisors not award the Greater Eureka Chamber of Commerce funding at this time because of their 501(c)(6) status and other opportunities for funding being available. Chair called for public comment – none received. Motion carried unanimously.

### Redwoods Rural Health Care

It was moved by Dianna Rios and seconded by Carl Hansen to recommend the Board of Supervisors award \$65,000 to Redwoods Rural Health Care. Chair called for public comment – none received. Motion carried unanimously.



#### Humboldt Senior Resource Center

It was moved by Greg Seiler and seconded by Elizabeth Cameron to recommend the Board of Supervisors award \$30,000 to Humboldt Senior Resource Center. Chair called for public comment – none received. Motion carried unanimously.

#### International Cannabis Farmers Association (ICFA)

It was moved by Greg Seiler and seconded by Elizabeth Cameron to recommend the Board of Supervisors award \$27,250 to ICFA; said amount shall not be used to cover administrative costs and is contingent upon their ability to negotiate a fiscal sponsorship by May 28, 2019.

During discussion, it was moved by Greg Seiler and seconded by Elizabeth Cameron to table his original motion pending discussion and decision on the grant applications from North Coast Small Business Resource Center and the Humboldt County Fair Association. Chair called for public comment – none received. Motion carried unanimously.

After discussion and decision on the grant applications from North Coast Small Business Resource Center and the Humboldt County Fair Association, it was moved by Greg Seiler and seconded by Elizabeth Cameron to take from the table his original motion and put it to vote. Chair called for public comment – none received. Motion carried unanimously.

Chair called for public comment on the original motion taken from the table and now on the floor – none received. Motion carried unanimously.

#### North Coast Small Business Resource Center (NCSBRC)

It was moved by Greg Seiler and seconded by Dianna Rios to recommend the Board of Supervisors award \$29,000 to the NCSBRC contingent on the Board of Supervisors allocating reserve funds towards the grant round. Chair called for public comment – none received. Motion carried unanimously.

#### Humboldt County Fair Association (HCFA)

It was moved by Greg Seiler and seconded by Dianna Rios to recommend the Board of Supervisors award \$44,750 to the HCFA contingent on the Board of Supervisors allocating reserve funds towards the grant round. Chair called for public comment – none received. Motion carried unanimously.

#### DreamQuest

It was moved by Dianna Rios and seconded by Elizabeth Cameron to recommend the Board of Supervisors not award DreamQuest funding at this time due to the timeline being too far out relative to other applicants having more immediate projects. Chair called for public comment – none received. Motion carried unanimously.

### MaxMix

It was moved by Elizabeth Cameron and seconded by Dianna Rios to recommend the Board of Supervisors not award MaxMix funding at this time because other applications have more potential to result in a larger economic impact in jobs created and given the for-profit nature of the work and training component there may be other funding sources that are more appropriate. Chair called for public comment – none received. Motion carried unanimously.

### Redwood Coast Energy Authority (RCEA)

It was moved by Elizabeth Cameron and seconded by Dianna Rios to recommend the Board of Supervisors not award RCEA funding at this time because the benefits of the work are further out than other projects having a more immediate economic impact. Chair called for public comment – none received. Motion carried unanimously.

### HBHRCD

It was moved by Elizabeth Cameron and seconded by Dianna Rios to recommend the Board of Supervisors not award HBHRCD funding at this time because the benefits of the work are further out than other projects having a more immediate economic impact. Chair called for public comment – none received. Motion carried unanimously.

## **6. Staff and Board Updates**

Staff reported the following:

- AEDC's and RREDC's contracts for the revolving loan fund expire in June and need to go before the Board of Supervisors for renewal.
- Staff will not be available for the June 11, 2019 meeting

It was decided that a special meeting will be held on May 28, 2019 in order to receive confirmation of ICFA's sponsorship and to consider extending AEDC's and RREDC's revolving loan fund contracts. It will also be decided at the May 28, 2019 special meeting to either reschedule or cancel June's meeting.

## **7. Adjourn**

Chair Hansen adjourned the meeting at 4:45p.m.

Next Meeting: May 28, 2019 – 1:00-3:00p.m.

**Headwaters Fund Board Meeting Minutes**  
**May 28, 2019 – 1:00-3:00 p.m.**  
**Prosperity Center, 520 E Street, Eureka**

**MEMBERS PRESENT:** Elizabeth Cameron, Carl Hansen, Dianna Rios, Greg Seiler

**MEMBERS ABSENT:** Bruce Rupp, Chuck Ellsworth

**OTHERS PRESENT:** Hollie Hall (ICFA), Natalynne DeLapp (HCGA), Terra Carver (HCGA), Thomas Stratton (HCFA), Kenny Spain, Ryan Heitz

Item #	Action Summary	Pass/Fail
1	Approve April 23, 2019 minutes as written	Pass
2	Approve May 14, 2019 minutes with noted corrections	Pass
4	Approve RREDC and AEDC Contracts for 5 years	Pass
5	Cancel June 11 <sup>th</sup> HWF Meeting	Pass
6	Direct Staff to Validate Submission of ICFA documents and fiscal partnership	Pass
8	Approve Humboldt County Fair grant request for \$44,944	Pass
9	Approve North Coast Small business resource Center for grant request of \$29,040	Pass

**1. Opening**

- a. Chair Carl Hansen called the meeting to order at 1:12. A Quorum was present. Introductions were made around the room. Dianna Rios motions to approve the minutes for the April 23<sup>rd</sup> document. Carl Hansen seconded. Greg Seiler and Elizabeth Cameron abstained. Chair called for public comments - none received. Motion carried. Greg Seiler motions to approve the minutes for the May 14<sup>th</sup> meeting, Dianna Rios seconds. Chair called for public comments - none received. Board Member clarification that on pg. 8, Eureka Chamber intended to make a time limit for staying in the incubator. There was a correction to the board member of NCSBRC misstated as Elan Firpo, not the actual member, Elan Puno. Motion Carried unanimously.
- b. Chair called for public comments on non-agenda items. It was noted that the Board will discuss at a future workshop whether or not staff will include the complete application submission to the board given the large volume of information.
- c. Carl attended Nordic Aquafarms Presentation.
- d.

**2. Revolving Loan Fund (RLF) Contract Extensions to Redwood Region Economic Development Commission (RREDC) and Arcata Economic Development Corporation (AEDC)**

Q: Any substantial changes to the terms or to the legal language?

A: There have been no substantial language changes to the county contracts. The County Counsel approved the contracts and so long as the HWF Board approved the contracts they could be brought before the Board of Supervisors. If there was an organization interested in a contract, then they could bring it up during the board of Supervisors' Meeting.

Q: What was the RLF committee's recommendation on the contracts and the status of the RLFs request from the cannabis communities to participate in crop lines through Sothern Humboldt Credit Union and ReProp Financial.

A: RLF committee has been disbanded, decisions to be made by the full board. Funds can be made available from the CIF for purposes decided by the board.

Q: Do we need to look at making changes to the contract lending criteria?

A: The vendors would like to see renegotiation on the targeted portfolio percentages for higher or lower loan amounts (the loans above or at or below \$150,000) and interest rate splits. The returns have been consistent with industry standards and staff feels that the terms can be kept the same.

The board discussed the options for adjusting the current RLF program to allow for lending to the cannabis industry.

Dianna Rios motions to approve contracts with AEDC and RREDC for 5 years. Greg Seiler Seconds. Chair called for public comments - Clarity requested on flexibility of funds being made available for alternative lending. Staff clarified that the contracts did indeed allow for flexibility and that the vendors were amenable to working with HWF to help the industry. Chair Called for public comments - none received. Motion carries unanimously.

### **3. Rescheduling and/or cancellation of June 11, 2019 Board Meeting Report**

Dianna Rios motions to cancel meeting on June 11<sup>th</sup>, 2019, Elizabeth Cameron seconds. Chair Called for public comments - none received. Motion carried unanimously.

### **4. Competitive Grant Application Update from International Cannabis Farmers Association (ICFA), Board to approve or deny funds for recommendation to Board of Supervisors.**

ICFA has made an agreement with Americans for Safe Access Foundation. Greg Seiler motioned to direct Staff to validate the submission of ICFA pursuant to the grant recommendation. Elizabeth Cameron seconded. Chair called for public comment - Terra Carver inquired whether the data ownership clause would be publicly available. The application is public record so the intellectual property clause can be shared with the community. Motion carried unanimously.

**5. Board to determine final amount for recommendation to Board of Supervisors for awards to North Coast Small Business Resource Center and Humboldt County Fair Association based on outcome of Item 4 above.**

The chair entertained discussing agenda item 6 before item 5. A motion was made, seconded and then withdrawn.

Dianna Rios motions with Elizabeth Cameron seconding to recommend to the Board of Supervisors increasing the award for the Humboldt County Fair Association from \$44,750 to \$44,944. Chair called for public comments - none received. Motion carried unanimously.

Greg Seiler motioned with Dianna Rios seconding to recommend to the Board of Supervisors increasing the award in funding for the North Coast Small Business Resource Center from \$29,000 to \$29,040. Chair called for public comments - none received. Motion carried unanimously.

**6. Board to determine final amount of HWF Contingency Funds recommended to be added to the \$130,000 original Fiscal Year 2018-2019 Competitive Grant Round as a request to the Board of Supervisors.**

Greg Seiler motioned to allocate \$66,234 from the 2018-19 available contingency to add to the fiscal year 2018-19 competitive grant round awards. Staff explained there are sufficient funds in the 2018-19 County budget for the awards to be made but would require a supplemental budget request in the County's Fiscal Year 2019-20 budget. Elizabeth Cameron seconded. Chair called for public comments - none received. Motion carried unanimously.

**7. Staff and Board updates**

- Staff requested scheduling a workshop/retreat to update and clarify the guidelines for grant funds. Board agreed to August 12<sup>th</sup>.
- Screening for the Board Member interviews to begin shortly.
- Mini Grant Fund has been mostly spent with three more applications pending.
- Staff met with AEDC and Humboldt Area Foundation regarding Kneeland Fire Dept (KFD). KFD may request restructuring their loans.

**8. Adjourn**

Dianna Rios motioned to adjourn, Elizabeth Cameron seconds. Chair Hansen adjourned the meeting at 3:03p.m.

Next Meeting: July 9th, 2019 – Regular Meeting – 12:15-2:45p.m.