



COUNTY OF HUMBOLDT

For the meeting of: 6/23/2026

File #: 26-330

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Approve Extensions to the Headwaters Fund Master Participation Agreements

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the 6th amendment to the Redwood Region Economic Development Commission (RREDC) Headwaters Fund Lender Agreement to extend the term to June 30, 2027; and
2. Approve the 5th amendment to Arcata Economic Development Corporation (AEDC) dba North Edge Financing Headwaters Fund Lender Agreement to extend the term to June 30, 2027; and
3. Authorize and direct the County Administrative Officer, or designee, to sign the lender agreement amendments between the County and North Edge Financing and RREDC (Attachments 3 and 4).

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: A Diverse, Equitable & Robust Economy

Strategic Plan Category: 2002 - Promote a robust tourism economy

DISCUSSION:

In November 2002, your Board approved issuing a Request for Proposals (RFP) for loan services for the Headwaters Fund Revolving Loan Fund (RLF).

In April 2003, your Board established the Headwaters Fund RLF with an \$8 million allocation to support local economic development through business lending. The RLF was designed to provide financing to a wide range of businesses to fill the gaps in the market for available financing.

In September 2004, your Board approved the first lender agreement with AEDC. In 2013 to increase the opportunities for community partners to work with the Headwaters RLF and increase the loan returns to the fund, your Board authorized issuance of a new RFP, the results yielding two qualified respondents: AEDC and RREDC.

Since that time, the county has partnered with local lending organizations, AEDC dba North Edge Financing and RREDC, under agreements that have been periodically reviewed, updated and extended to ensure accountability and alignment with program goals.

Over the years, the RLF has successfully provided financing to local businesses, leveraging additional capital, supporting job creation

and retention and filling critical gaps in access to credit within the community. Today, the program remains an effective tool for deploying funds into the local economy, with continued demand for lending. To date, the allocation of funding was increased to \$10 million following several years of high demand which took the outstanding loan balance from \$4.8 million in 2021 to \$7.7 million by the end of 2025.

Staff are recommending a one-year extension of the current agreements to allow these funds to continue working in the community while maintaining program continuity and impact. During this time staff will be working with the Headwaters Fund Board to ensure programmatic improvements are addressed as staff and the Headwaters Fund Board work to pursue long term sustainability alongside maximum community benefit including consideration of a new RFP.

SOURCE OF FUNDING:

Headwaters Revolving Loan Fund (3843)

FINANCIAL IMPACT:

Approval of the term extensions for of the master participation agreements should have a positive impact on the Headwaters RLF as it will allow for continuity of loan activity while Economic Development, in partnership with the Headwaters Board, consider options to recommend to your Board. Interest earnings from the RLF provides funding for Headwaters Grant Funds and administration of the funds. Costs associated with administering the Headwaters Fund RLF are already included in the program's existing budget for fiscal year 2026-27. The proposed one-year extension does not modify program terms and allows existing funds to continue being deployed in the community.

STAFFING IMPACT:

There is no staffing impacts associated with this action. The County's role in the Headwaters Fund RLF remains unchanged, this action only extends the term of the existing agreements.

OTHER AGENCY INVOLVEMENT:

AEDC dba North Edge Financing
RREDC

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the amendments to the Lender Agreements, but this is not recommended as it would cause an immediate cessation of RLF activity.

ATTACHMENTS:

1. AEDC Lender/Master Participation Agreements and Prior Amendments
2. RREDC Lender/Master Participation Agreements and Prior Amendments
3. Draft-AEDC Amendment #5
4. Draft-RREDC Amendment #6

PREVIOUS ACTION/REFERRAL:

Meeting of: 9/23/25, 6/4/2024, 8/16/2022, 10/27/2020, 5/16/2020, 4/28/2020, 6/18/2019, 5/31/2016, 4/22/2014
File No.: 24-772, 22-781, 20-1274, 20-598, 20-411, 19-792, 16-3787, 16-0187