



# General Board Meeting

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## EDFC

175 E. Church St., Ukiah, CA

Video Conferencing Sites: 541 Winifred St., Fort Bragg, CA; 329 E. Redwood Ave, Fort Bragg, CA

Video conference link: <https://zoom.us/j/5464503098>

By Phone - Dial: 408-638-0968

Meeting ID: 546-450-3098

**Thursday, October 11, 2018 2:00 – 4:00pm**

## MINUTES

*For information, or if you need disability modification or accommodation in order to participate in this meeting, please contact EDFC office 48 hours before the meeting at 707-234-5705.*

- 1. **Call to Order 2:10 PM** *Action*
  
- 2. **Roll Call of Board Members** *Action*  
**Present:** Barbara Burkey, Jesse Burnett, Sattie Clark, Jeremy Logan, Kyala Shea, Teri Ullrich, Scott Perkins, Michael Derry, Georgeanne Croskey, Robert Hartline, Madge Strong, John McCowen, Sarah Bodnar, Patty Bruder  
**Absent:** John Goldsmith, Aaron Obenyah, Kevin Doble, Orion Walker  
**Staff:** Diann Simmons and Heather Gurewitz  
**City Staff:** Shannon Riley
  
- 3. **Changes/Modifications to Agenda** *Action*  
**None**
  
- 4. **Introductions**  
Scott Perkins, City of Fort Bragg Special Projects Manager including Economic Development, is officially appointed by their Council as the City’s representative to the EDFC Board
  
- 5. **Public Comments/Correspondence/Public Expression**  
*The Governing Board welcomes public input. This agenda item is limited to matters that are under the jurisdiction of the Governing Board and are not listed elsewhere on this agenda. Comments are limited to three minutes per person, and 10 minutes per topic. Action on these matters is not allowed.*  
  
**Riley:** Kevin Doble will be leaving the Ukiah City Council at the end of the year, so there will be a new representative appointed to serve on the EDFC Board.
  
- 6. **Consent** Jesse Burnett *Action*



# Economic Development & Financing Corporation

All consent items are acted upon by a single vote with no discussion, unless pulled from Consent and placed on the agenda as a regular item.

**Approval of September 13, 2018 Governing Board Meeting Minutes**

*Motion by Ullrich to approve the September 13, 2018 Board Minutes; seconded by Derry;*

*Roll-call: Barbara Burkey, Jesse Burnett, Sattie Clark, Jeremy Logan, Kyala Shea, Teri Ullrich, Scott Perkins, Michael Derry, Georgeanne Croskey, Robert Hartline, Madge Strong, John McCowen, Sarah Bodnar, Patty Bruder;*

**Motion passed**

- 7. **Executive Committee Report**                      Jesse Burnett                      *Discussion*  
**Lake County restaurant collateral:** Gurewitz came to the Executive Committee with collateral collection issues on a defaulted loan. We discussed it in relation to this loan and future collection issues with other loans. We can't spend much money for legal counsel, so our best strategy is to work with clients for the best outcome.  
**Mendocino County Employers Council:** Gurewitz has been meeting with the council and working on a proposal for a potential contract that would bring in additional operating revenue. Some of the Council's political viewpoints differ from EDFC's, but it is important to be inclusive. When living in a small rural community it's important to take down as many barriers as we can and work for the best interest of everyone.  
**Local bank support letter:** Gurewitz is asking local banks for financial support for community outreach. This would give the banks CRA credits. We reviewed and approved the letter.  
**EDFC Quarterly Report:** The highlight of our meeting was reviewing the Quarterly Report that Gurewitz wrote. She did an awesome job and it's full of good information, good stats. It's a good representation of what's happening economically. This type of report has the potential to support EDFC and our efforts of creating another revenue stream.  
**Audit:** The great news is that our audit had no findings!  
**DPO:** Gurewitz brought a request from one of the investors to receive their full investment back right away. We denied the request. Gurewitz also presented a great idea to set up investor update meetings right away. It feels like a good marketing and public relations effort.  
**Loan Docs:** The committee approved the final loan docs for our loan process and closings. The docs have been reviewed by an attorney. We expect that there will be changes moving forward.  
**Web Page:** We discussed the idea of creating a page on our web site that will be an on-going listing of economic projects across the county to assist in networking and collaborating between various agencies and organizations and geographical areas. It would be a good marketing strategy and serve as a resource for our jurisdictional partners.

- 8. **Executive Director Report**                      Heather Gurewitz                      *Discussion*  
**CDFI Award:** We are being awarded a new \$400,000 grant from CDFI, with \$60,000 of it available for administration.  
**EDA Revolving Loan Fund application:** I submitted the EDA application and it's under review, which includes follow-up communication with the reviewer. We are still waiting to hear about the other EDA grant that we applied for jointly with the County.



## Economic Development & Financing Corporation

**EDFC Quarterly report:** Please review; any comments are welcome before this is sent out to the jurisdictions with invoices for their jurisdictional support. Once finalized, it is available to councils and the public.

**PG&E Grant:** We received a grant of \$12,500 from PG&E that includes \$2,500 for operations and \$10,000 for the Economic Summit special project.

**CAMEO grant:** The received a new grant that will allow them to offer EDFC free consulting.

**Opportunity Zones:** The County asked for a report on Opportunity Zones which she'll share with board. It creates tax shelters to support low-income neighborhoods. She'll be presenting this at the Supervisors' Special Economic Development Session on Nov. 6th. There are only 3 zones in the county – two on the edge of Ukiah and one in the Round Valley area. They are low-income targeted areas that were designated by the state to the federal government.

**Staff support:** Because of the significant change in operating income due to paid off and defaulted loans (from \$11,000 to \$4,000 per month), we can't afford another staff person, but Gurewitz is reaching out to the business class at the college to try to get an intern.

**Community Foundation Grant:** We'll be applying for a new grant from the Community Foundation in their winter funding cycle.

**DPO Investors Meetings:** We still have the \$100,000 CD. Based on the performance of Mendocino Wool we have no expectation the loan will be paid in full when we need it to make the payments to the investors. We need to do outreach to the investors before we pay interest in early 2019. This will include a full update and we'll be asking for input from the investors. Gurewitz is setting dates in November for meetings in Willits, Fort Bragg and Ukiah and one virtual meeting. She needs help with free locations for the meetings. The tone will be casual and positive. Feedback from some people has indicated that many people are most concerned about seeing the mill open. We need to make sure they know their investment is safe. We can repay, although we may have to foreclose. She also wants to know if anyone is willing to donate their investment before we send interest in Feb. Gurewitz is meeting with a foundation that invested \$50,000 with hopes they will turn it into a donation.

There was a discussion about the DPO being an innovative risk that was significant for many people in the County. There are many relationships involved and this needs to be handled with some delicacy.

**Economic Summit:** There is a county-wide lack of coordination between the communities and local governments. The summit will set the stage. This is the first piece towards building a strategic plan. The invitee list was sent around of stakeholders that represent a huge cross-section in the county. Gurewitz asked that members check it and let staff know of any missing entities or organizations. The outcomes will be to ID resources; gaps - that need to connect resources; start to build ideas and vision to develop our future. Previously we've only done planning when the feds said we need a new CEDS. This will be proactive. CAMEO will be supporting us in planning this.

**Data Base System:** There was discussion of setting up a data base to ID and track this information that will be very accessible. Gurewitz has a design in her head for the data base input. How would the site be maintained? If we receive the EDA co- grant with the County, we will have \$50,000/yr. for 2 years that will give the resources to pay staff to get it started. Once it



is set-up and being used it will support access to funding resources. Another funding source to get it set-up could be a Community Foundation grant.

Perkins suggested calling it a Business Summit instead of Economic.

**Banks Support Letter:** Gurewitz sent letters to the community banks asking for support to hold regular on-site office hours in 6 communities: Laytonville, Covelo, Gualala, Pt. Arena, Fort Bragg and Willits. She would have hours in each area twice a year. She is fluent in Spanish which will help draw people from the Latino community.

**Outreach to Community Groups:** Gurewitz circulated a list of all the groups she’s done outreach to this year.

9. **Financial Report** Heather Gurewitz *Discussion*

**Gurewitz** went over the EDFC 17-18 audited financials.

Since we have been awarded a second CDFI grant, (we’ll likely get the funds in April ’19) with another admin portion, the first grant admin portion doesn’t need to cover all of the 18-19 FY.

So, she may revisit that. When the CDFI is taken out, our net income was not good last year.

We wrote off several loans that should have been written off previously. The Balance Sheet shows we are short about \$11,000 to USDA. We don’t have the capacity for more defaults in the IRP program.

The payroll changed categories when we moved from Paychex to Quickbooks by our bookkeeper. Our payroll costs are much higher this year because we didn’t have an ED most of last year.

10. **Acceptance September & FY 17-18 Financials** Heather Gurewitz *Discussion/Action*

*Motion by Strong to accept the September and the FY 17-18 Financials; seconded by Ullrich;*

**Roll-call:** Barbara Burkey, Jesse Burnett, Sattie Clark, Jeremy Logan, Kyala Shea, Teri Ullrich, Scott Perkins, Michael Derry, Georgeanne Croskey, Robert Hartline, Madge Strong, John McCowen, Sarah Bodnar, Patty Bruder;

**Motion passed**

11. **Loan Portfolio Report** Heather Gurewitz *Discussion*

Our portfolio is currently at 35 loans to 26 businesses. The deployment ratio is 54%. (We need to set our goal for that.) We had 4 inquiries but no new loans and no reviews of applications. Certain loans are consistently late and we’ve tried various approaches to changing that pattern. One of the loans needs to be restructured; one is making very low payments for years; there’s a continued promise to pay from a small co.; and one is in foreclosure and we’re working to collect on the collateral.

**Clark:** Are we reporting these late payments to the credit bureaus?

**Gurewitz:** Not currently. We plan to get training from CAMEO on the process and will start doing that.

The percent of our operating costs covered by loan interest in September was 10%. On the bad loans, all of the payments are going towards principal, so we aren’t getting any interest. But the good news is, we have a solid foundation to do more and better loans. If we are awarded the EDA



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Revolving Loan Fund grant, it will create more stability for our loans. Right now our portfolio risk is still very high.

## 12. New Business

Heather Gurewitz

*Discussion/Action*

### a. EDFC Quarterly Report Approval

The question was asked if the Quarterly Report can be publicly published.

**Gurewitz:** There’s nothing in the Bylaws about that. She thinks the board needs to decide – do we just send it to the jurisdictions or make it public on our website.

**McCowen** thinks it would be positive to put out there. We are owning up to our difficulties; This is already a public meeting. He thinks it’s and shows we are doing a very good job. Others agreed that it should be public. Gurewitz will put it on our facebook page and website. Bodnar found a few typos and some people were concerned they hadn’t had time yet to read the whole report.

**Bodnar** expressed that she thinks the report is awesome and that she’s never seen anything like this before from EDFC.

*Motion by Clark to accept the 1<sup>st</sup> Quarter Report with minor/non-substantial revisions; seconded by Strong;*

**Roll-call:** Barbara Burkey, Jesse Burnett, Sattie Clark, Jeremy Logan, Kyala Shea, Teri Ullrich, Scott Perkins, Michael Derry, Georgeanne Croskey, Robert Hartline, Madge Strong, John McCowen, Sarah Bodnar, Patty Bruder;

**Motion passed**

## 13. Old Business

### a. Approval of Revised By-Laws

Teri Ullrich

*Discussion/Action*

After last month’s meeting, Shea brought Article 9 – “Amendment of Bylaws” to staff’s attention, as a confusing, difficult to follow section. With research, Ullrich revised that section, and that revision is now included with the previous ones brought to the Board at the September meeting.

*Motion by McCowen to approve the Bylaws revisions, as presented today; seconded by Bruder;*

**Roll-call:** Barbara Burkey, Jesse Burnett, Sattie Clark, Jeremy Logan, Kyala Shea, Teri Ullrich, Scott Perkins, Michael Derry, Georgeanne Croskey, Robert Hartline, Madge Strong, John McCowen, Sarah Bodnar, Patty Bruder;

**Motion passed**

### b. Marketing Plan Development Session

Sarah Bodnar

*Discussion*

**Gurewitz** presented a PowerPoint Recap of progress to date. Bodnar would like comments on this for good buy-in.

**Bodnar** gave a web site update: She expects to launch the new site before the next board meeting. The process has surfaced a lot of deeper things that need to be changed. She is setting up second phase list for later updates. We are in need of good photos. If we had a budget it would really help. Although Bodnar still can’t name 5 businesses we’ve loaned to, we have made more progress in marketing than in last 3 years.



# Economic Development & Financing Corporation

## **Next Steps:**

Develop strategies, activities, timeline

Create a marketing budget and find funding

Implementation

**Gurewitz** brought up a current significant local economic issue - the smoke taint that grape growers are dealing with. She has talked with the Farm Bureau, wine growers and the Farm Service Agency. She would like to publicize that we can make low interest RMAP loans to help carry them through to next year. (RMAP is the only USDA program that can be used for ag loans). She has heard that some people are losing their whole crop.

**Clark:** If we make loans and cover our costs, it will enhance our profile in the community.

**Gurewitz** will send information to Devon Jones at the Farm Bureau and to FSA.

After discussion, it was decided that there can be a general press release, carefully worded, as some wine growers are concerned that too much information could hurt business.

## **c. Broadband update**

**Simmons** gave an update on the North Bay North Coast Broadband Consortium Oversight Committee meeting in September. Dan Hamburg is our current representative. There had been discussion about Marin withdrawing from the consortium, due to a difference in their population and needs, compared to the 3 other counties of Napa, Sonoma and Mendocino. Everyone agreed that staying together will build on the leadership and leverage that NBN has built over the last few years. There was also an agreement to focus on developing legislation instead of just responding to what is out there. Another area of strong interest is to work together to identify larger sources of funding for infrastructure projects. Gurewitz and Simmons are hard at work on 3 surveys that are being publicized throughout the county to gather current data on service and future expectations. The information gathered will be a base for the County Strategic Broadband Plan that Gurewitz is working on and plans to have a draft completed by the end of Dec. The CASF grant timeline is actually full completion of vetting and Supervisors approval by that date, but it came to EDFC is just a draft outline in July.

## **d. December Meeting – meet or cancel?**

The only reason to meet would be if there is a loan application over \$50,000 triggering Board approval. If that doesn't happen, then we'll cancel the December meeting. We will meet in November. All voiced agreement.

**Bodnar** asked to have a future conversation about board diversity – as a part of our organization development.

**Riley** clarified that she previously was officially designated as Ukiah's alternate to our Board. Going forward she will be a voting member when the Council representative isn't present.

## **14. Next Meeting Date and Time**

November 8, 2018, 2:00 – 4:00PM



# Economic Development & Financing Corporation

## 15. Member Updates

*Discussion*

*For members who have discussion items – limited to two minutes per topic*

**Strong:** Willits – Main Street is almost done and they're way ahead of schedule! The paving will be done by the end of Oct.! It's exciting – Caltrans will relinquish to the project to the City. We are planning a lot of nonprofit events including the Wild Willits Festival. WELL is doing art projects around town, including fabulous murals on corners, etc. We had concerts in the park for 4 weeks in the fall, coordinated by the City with donated funds. There's been lots of community spirit.

## 16. Adjourn 3:55

*Action*