



General Board Meeting

EDFC

175 E. Church St., Ukiah, CA

Video Conferencing Sites: 1482 Inez Way, Redwood Valley CA; 401 B Talmage Road, Ukiah, 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, November 8, 2018 2:00 – 4:00pm

AGENDA

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 2:04** *Action*

2. **Roll Call of Board Members** *Action*
Present: Teri Ullrich, John Goldsmith, Barbara Burkey, John McCowen, Aaron Obenyah, Robert Hartline, Shannon Riley, Sattie Clark, Michael Derry
Staff: Diann Simmons and Heather Gurewitz
Not Present: Patty Bruder, Sarah Bodnar, Kyala Shea, Georgeanne Croskey, Madge Strong, Scott Perkins, Kevin Doble, Jesse Burnett, Jeremy Logan

Goldsmith announced that Orion Walker reluctantly resigned due to other commitments in his life. If things change, he'll let us know. He's willing to continue to be in the pool for the Ad Hoc Loan Review Committee.

3. **Changes/Modifications to Agenda** *Action*
McCowen requested that all action items be moved in front of discussion items, as he has to leave early.

4. **Introductions**
N/A

5. **Public Comments/Correspondence/Public Expression**
N/A

6. **Consent:** *Action*



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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 October 11, 2018 Governing Board Meeting Minutes

Motion by Ullrich to approve the October 11, 2018 Board Meeting Minutes; seconded by Burkey;
Roll-call: Teri Ullrich-yes; John goldsmith-yes; Barbara Burkey-yes; John McCowen-yes; Aaron Obenyah-yes; Robert Hartline-yes; Shannon Riley – yes; Sattie Clark-yes; Michael Derry-yes;
Motion passed

- 7. **Financial Reports** Heather Gurewitz *Discussion*
 - a. **October Financials**
This was a decent month with expected expenses; In the P&L from July – Oct. the net is lower than last year due to no longer keeping the RMAP interest income along with the decrease in loans. There is still good amount of cash in the bank. She has some concerns on budget that she will go over later.
 - b. **Audit – 17-18**
There were no findings.
 - c. **Tax Return – 17-18**
Brief discussion of the tax return with no issues.
- 8. **Acceptance Oct. Financials, 17-18 Audit & Tax Return** John Goldsmith *Discussion/Action*
Motion by McCowen to accept the October Financials, 17-18 Audit & Tax Return ; seconded by Burkey;
Roll-call: Teri Ullrich-yes; John goldsmith-yes; Barbara Burkey-yes; John McCowen-yes; Aaron Obenyah-yes; Robert Hartline-yes; Shannon Riley – yes; Sattie Clark-yes; Michael Derry-yes;
Motion passed
- 9. **New Business** John Goldsmith/Heather Gurewitz *Discussion/Action*
 - a. **DPO Fund Use – Approval**
Gurewitz is requesting that we make a loan to the Anderson Valley Winegrowers Association for \$10,000, in lieu of returning their \$10,000 DPO investment, as they have requested, due to their financial issues. They are an important economic development partner and play an important role in a major wine growing region. We have over \$160,000 setting in the DPO account. Making this loan allows us to support them without directly paying them back their investment and they will forego all of their interest on the DPO investment. Later their investment payments will go to pay off their loan. The AVWA Board is happy with this idea.

Our Executive Committee originally was uncomfortable with a direct repayment of their investment but approved of this scenario at their November meeting. AVWA will get what they



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need now and their loan is fully secured. It also gives us a good loan on the books. If there are other costs for the loan, they will absorb those.

Concern was voiced about making a loan to an investor. Gurewitz will consult an attorney about this. In the end the loan will cancel out any return of their investment.

Hartline: We will need them to sign an assignment of their investment.

We want to build good will with the winegrowers in Anderson Valley.

Motion by Ullrich to approve the October 11, 2018 Board Meeting Minutes; seconded by Hartline;

Roll-call: Teri Ullrich-yes; John goldsmith-yes; Barbara Burkey-yes; John McCowen-yes; Aaron Obenyah-yes; Robert Hartline-yes; Shannon Riley – yes; Sattie Clark-yes; Michael Derry-yes;

Motion passed

b. Loan Application – Approval

The Purple Rose/Joshua Coate - \$200,000

Gurewitz gave the background information on Coate's job experience working with the North Coast Brewing Co. It is located at the corner of the northern entrance into McKerricher State Park, giving it a lot of traffic. The current owner of the Purple Rose needs to retire and sell, but the asking price may be high. The request today is approval to proceed with the application process and if conditions are fulfilled the Ad Hoc Loan Committee can approve the loan.

Conditions include an appraisal, inspection, a more detailed marketing plan, better pricing and changes to the menu.

We would hold a first lien on the property and business, with has a higher value than our loan, which makes this deal work for EDFC. Coate has cash to supplement the start-up period and live on first year. He has a lot of experience and is very motivated.

Gurewitz presented several potential scenarios to the board. EDFC's loan would cover approximately \$137,000 of the business price with the rest going towards the property cost including renovations. The owner will carry the remainder covering the cost of the property. Coate expects to take out a bank loan in 5 years and pay off EDFC and the current owner. After the appraisal, Gurewitz anticipates there may be more negotiations on the final price. There is still a lot of work to be done to make sure this is deal that will work well for both the buyer and EDFC. Gurewitz is also planning got ask Jeff Lucas to review the project. There was more discussion about strengths and weaknesses including lack of skin in the game by the buyer, improved menu, expanding to lunch in the near future and the need for on-going technical assistance. The conditions above will also include first lien position and on-going technical assistance and training.

Motion by McCowen to grant a provisional approval to delegate final approval to the Ad Hoc Loan Committee once all conditions are met including first lien position; seconded by Ullrich;

Roll-call: Teri Ullrich-yes; John goldsmith-yes; Barbara Burkey-yes; John McCowen-yes; Aaron Obenyah-yes; Robert Hartline-yes; Shannon Riley – yes; Sattie Clark-yes; Michael Derry-yes;



Motion passed

c. Report on pending office move and approval of Executive Committee authority to approve new lease contract

Our current lease is up. The space is too small for 2 staff and we need to add a part-time intern. We are looking at a large space on Main St. that would work if we can find other partners to share it. We originally approached West Co. to move with us, but they prefer to stay in our current offices, utilizing the area we are now in. The Workforce Alliance staff person is interested. The building owner will offer us a reduced price initially until we are able to bring in another tenant. The other option is the Ukiah Conference Center. We could only afford one office, which gives us the same challenges as our current space. The Main St. space is the better option. Gurewitz is asking that authority be delegated to the Executive Committee to make the final lease contract decisions.

Riley asked about the importance of being co-located with other business-serving entities. **Gurewitz** replied that is important and that is the strength of locating in the conference center. But, having the Workforce Alliance in the same space on Main would serve that need. We would hope to have an initial long lease

Motion by Hartline to delegate authority to the Executive Committee to make final lease contract decisions for a new office space; seconded by Ullrich;

Roll-call: Teri Ullrich-yes; John goldsmith-yes; Barbara Burkey-yes; John McCowen-yes; Aaron Obenyah-yes; Robert Hartline-yes; Shannon Riley – yes; Sattie Clark-yes; Michael Derry-yes;

Motion passed

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|---|---------------------------------|--------------------------|
| 10. Old Business | John Goldsmith/Heather Gurewitz | <i>Discussion/Action</i> |
| a. Employers Council Contract for Services – Approval | | |

Gurewitz has been talking with the Employer’s Council of Mendocino County about their need for staffing support services and EDFC contracting for portions of that work. THE ECMC represents a lot of business owners (70 members) in the county and some of their activities are politically oriented. They are interested in resuming providing quarterly reports on the economy to their members. Gurewitz has been very clear that any work EDFC could do for them could not have any involvement with political activities.

Gurewitz handed out a final agreed on Scope of Work that includes: monthly or bi-monthly emails to members of “member updates” (provided by members); quarterly newsletters including Mendocino County economic updates, economic news and a member spotlight; tri-annual or quarterly membership meetings organization. Compensation will be at \$75/hr. with a one-time admin set-up fee of \$500. In order to do this work we will need to bring on another staff person, but over-all this contract will be beneficial to our operating budget.



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A discussion included concerns about EDFC being identified with the Employers Council that sometimes has positions that are not in agreement with EDFC’s perspectives. Gurewitz said that has been clearly discussed and EDFC’s name will not be visible within their organization. We will not be giving them any analysis or direction. But, this will also allow us to work on improving the communication between local governments and the Employers Council members.

McCowen: This could be positive if it’s strictly a business services agreement with no partnership. Our interests do coincide around fostering a healthy economy, utilizing accurate data and the private sector and government working together with better understanding. We need to be clear they are communicating to their membership that EDFC is only collecting and collating information and putting it out to their membership.

Riley said that she agrees this can be positive if our role is strictly administrative and if EDFC is in no way visible and that this is communicated to their members. It is imperative that EDFC remain neutral.

Gurewitz: This can be added to the contract and we can terminate the contract at any time if we find it is not working.

***Motion** by Burkey to approve creating a contract with the scope of services for staffing support presented today, with the Employers Council of Mendocino County; the contract will include clarification that EDFC will only provide technical support and will not be involved in any activities that are political in nature; this contract will be given final approval by the Executive Committee before being executed; seconded by McCowen;*

***Roll-call:** Teri Ullrich-yes; John goldsmith-yes; Barbara Burkey-yes; John McCowen-yes; Aaron Obenyah-yes; Robert Hartline-yes; Shannon Riley – yes; Sattie Clark-yes; Michael Derry-yes;*

Motion passed

11. Jurisdiction Updates

John Goldsmith

Discussion

Perkins - Fort Bragg: The City has received an up-tick in business development applications in recent weeks. We recently received a revised application for the Avalon Hotel and Conference Center, which would be a 60+ room hotel and meeting space on the north end of town. We also received an application for a new AutoZone store toward the south end of town, and a zoning amendment request from North Coast Brewing to set the stage for brewery expansion onto the Mill Site. Finally, RootOne Botanicals, that has a Use Permit for a sophisticated cannabis manufacturing facility in town, has submitted their building permit plans and hopes to begin construction on their facility shortly.

The City has been hard at work on a full website upgrade that went live November 1. The new website has a “Doing Business” section with information about connecting to a Business Liaison with the City, demographic data and info sheets on commercial property available to lease or buy. A sample commercial property information sheet is provided as an example.



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Riley – Ukiah: Last night we had an exciting council meeting at which the council authorized the continued discussion of the merger of the Ukiah Main St. program, the Ukiah Chamber of Commerce and Visit Ukiah. It is not set in stone but the discussions were very positive discussions and would be good for all of the organizations.

Parking meters down town is imminent – in several months. Riley was amazed at the support for the meters that will generate revenue to be used for things like beautification improvements to the downtown.

The winter homeless shelter on south State St. is opening next week. The new Day Center for homeless on the same property has had some construction issues and will open in February. The California Dept. of Social Services continuum of care has \$5M in grants available that must be applied for by Dec. 31st. and funds must be expended by mid 2020. The City is working on deciding what the best use of these funds would be with a lot of ideas including new programs and new housing. Decisions will have to be made quickly.

Burkey – Point Arena: Cannabis decline is tanking a lot of business in our area. There have been empty storefronts but they are slowly filling back up. But, there is concern about the viability of some of the new businesses. Our first housing project broke ground for 8 new market rate homes across from City Hall. The City was gifted property next to the housing. At our meeting in January we will be working on planning for the site.

Strong – Willits: Three new cannabis businesses are opening in Willits.

Gurewitz gave a County economic conditions update. She'll email the link to everyone. We are Still waiting to find out about the EDA grants.

12. Executive Director Report

Heather Gurewitz

Discussion

DPO meetings are scheduled and the first one will be tonight in Willits. There will be one virtual one included. She wants investors to help make the decision on changing terms or foreclosing.

She received a scholarship to attend the California Economic Summit. One of the sessions she's most interested in is the elevate rural broadband discussion. She'll be traveling onto an appointment in Marin with a foundation that was one of the larger DPO investors to see if they are willing to convert their investment to a donation.

We are fully engaged in the Broadband Plan and will finish the draft by early December. We are on track to getting very good responses to the surveys we created to gather data for the plan. We've received a lot of help from Tom West, the NBNBC Manager along with background data through Chico State.

Gurewitz is interested in considering making loans to wireless internet service providers. Our counties' largest growth is from the fixed wireless providers. The Community Foundation has a special Broadband fund the possibly could be used to leverage other funds to deploy wireless services. She would like to consider asking for those grant funds as match with RMAP loans at very low interest. She'll bring this to the board at a later date for discussion.



During the last month, her outreach meetings included:

- Assembly Member Jim Wood
- Bernadette Byrne, Mendocino Winegrowers Inc.
- Jason Korte, TriCounties Bank
- Earl Chavez, Redwood Credit Union
- Terra Realty (school district contractor who is looking at uses for Hopland/Redwood Valley school sites)
- Harinder, Ag Commissioner
- Steve Hixenbaugh, Mendocino Community College
- Brent Schultz, new planning director
- Scott Perkins, City of Fort Bragg and new EDFC board member
- Michelle Rich, Community Foundation
- Guidiville Tribal Council

Gurewitz presented an Opportunity Zones report that the County requested. Opportunity Zones are a moving target. They initially thought this would be very good for low-income areas, but it's looking less positive now. Our county zones include a lot of forest land around Ukiah and Round Valley. The State wants to utilize them to support climate initiatives – using redwood forests to make money selling carbon credits. But, the analysis is showing that combining tax credits and carbon credits may work better. Part of the issue is that they aren't finished with the regulations. She'll continue to track it for the county.

Riley: Another opportunity is the PACE program that just announced financing of seismic retrofit projects. The cost would be attached to the property taxes and amortized over 30 years. Ukiah passed a resolution to allow it to operate in the city.

13. Loan Portfolio Report

Heather Gurewitz

Discussion

Gurewitz is concerned that we aren't replenishing the loan cash accounts as fast as we are paying back USDA. We really need to deploy more loan funds. This month we had 7 loan inquiries and 3 pre-applications, which we've started doing before people go through the full application process, to help decide if it's worth going forward. We look at income, credit and background. We received payments from all the loans this month, although some are still back-due. We are still working on sale of the Village Pub collateral. Our final interest income for October was \$4,000 for operating cost, which is 19% coverage. Our 90 days past due percentage has stayed the same.

14. Next Meeting Date and Time

December 13th OR January 10th

Gurewitz: We have what we need to proceed through December with authority delegated to committees for potential decisions, so the Board could take the month off and meet the second week in January. NEXT MEETING: January 10, 2019

15. Adjourn at 4:00

Action