



General Board Meeting

EDFC

175 E. Church St., Ukiah, CA

Video Conferencing Sites: 416 N. Franklin St., Fort Bragg, CA; 329 E. Redwood Ave., Fort Bragg, CA; 451 School St., Point Arena, CA

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

By Phone - Dial: 408-638-0968

Meeting ID: 546-450-3098

Thursday, January 10, 2019 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 2:04

Action

2. Roll Call of Board Members

Action

Present: Sattie Clark, Michael Derry, John Goldsmith, Teri Ullrich, Jesse Burnett, Anna Dobbins, alternate, Shannon Riley, Madge Strong, John Haschak, Scott Perkins, John McCowen

By videoconference: Jeremy Logan

Staff: Heather Gurewitz, Diann Simmons

Not Present: Barbara Burkey, Kyala Shea, Patty Bruder, Aaron Obenyah, Sarah Bodnar, Robert Hartline

Public: Ted Williams by videoconference

3. Changes/Modifications to Agenda

Action

Minerva Flores was not able to attend today, but will be at the next meeting. There will still be a vote on her application to join the board.

4. Introductions

Introduction of John Haschak and Ted Williams, newly appointed Board of Supervisors members to the EDFC Board of Directors

John Haschak is happy to be appointed to the Board and looks forward to working with everyone.

Ted Williams hasn't taken the oath yet so won't be the rep today and vote.

John McCowen: It's been a pleasure to serve on the EDFC board for a number of years. The new supervisors are well informed and enthusiastic and are great additions.

Goldsmith: We greatly appreciate John McCowen's service and hope he drops by occasionally (McCowen will be the alternate)

5. Public Comments/Correspondence/Public Expression

None



6. **Consent:** *Action*
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.
- a. **Approval of November 8, 2018 Governing Board Meeting Minutes**
- Motion** by Ullrich to approve the November 8, 2018 Board Meeting Minutes; seconded by Derry;*
- Roll-call:** Clark-yes, Derry – yes, Goldsmith – yes, Ullrich – yes, Burnett – yes, Dobbins, alternate – yes, Riley – yes, Strong – yes, Haschak – abstain, Logan – yes, Perkins – abstain, McCowen - yes*
- Motion passed***
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7. **Jurisdiction Updates** John Goldsmith *Discussion*
- Willits/Strong:** See the latest WELL newsletter for a recap of the 2018 City news and some in the pipeline. She'll email to everyone. At last night's council meeting the City announced it is in the top competitive group (with expected approval) to be approved for a Transportation Commission \$6M grant to build a trail along the Skunk Train rail. Willits would be the smallest city to ever win this grant program award. A separate pending project is the construction of a CCC/California Conservation Corps campus in Willits adjacent to the rail trail corridor. It is planned to include housing and training centers on several acres. The CCC has offered to help with both construction and maintenance of Willits' Rails with Trails grant.
- Ukiah/Riley:** The City has phase 1 of 3 of a rail trail project also completed which will be a part of the Great Redwood Trail going from N. Sonoma C. to Humboldt Co.
- McCowen:** Senate bill 29 preserves the corridor for rail and trail use only. It's likely all future development in Mendocino will be trail only but we still reserve the option to develop the rail. Ukiah will be the focal point of immediate new trail projects. It will offer more opportunities inland for tourism and eco related activities for pedestrian, bicycle, perhaps equestrian uses. McGuire is convening meetings for an inclusive process and public input to shape future trail development. The development includes environmental review, engineering and funding so it will be slow moving. Once a trail segment is completed it will be easier to get additional funding.
- Riley:** We've been having a lot of conversations around homeless issues and which programs to apply for the current available funding that can be used for housing, shelters and programs. The Council just voted to proceed with a merger of the Ukiah Chamber, Ukiah Main St. Program and Visit Ukiah. This would increase efficiency and a single point of contact. With lower overhead, more funds would be available for direct projects for events, etc. The Palace Hotel will be up for auction next week. The Court will continue involvement so there will not be another absentee owner. Both the United Methodist Church and the old post office are for sale. She's had inquiries for all 3 properties. The Palace could be saved. It's on the national registry of historic preservation.
- McCowen:** To address the current conditions, the cost for seismic retrofit has now increased to around \$5 – 6 million.
- Fort Bragg/Perkins:** Harvest Market just purchased a chunk of the mill site across from Safeway. They seem open to the idea of not just a grocery store but other businesses on their site. They are the first buyer of Mill Site property except for the City's purchase for the trail. We are hopeful it may motivate more to get involved. They currently rent their space. We recently had an application for a Grocery Outlet. If Harvest Market moves it would leave a big open space, but it would take time.



Economic Development & Financing Corporation

On the cannabis front, the City permits manufacturing activities but we received an application for an ordinance amendment for cultivation near Pudding Creek, where there isn't sewer available. We are doing an analysis on impacts on the water system if it is extended up there. Depending on that analysis, this will help decide if the City will allow cultivation. A business on N. Franklin has also indicated they are interested in cultivation and other uses. We now know the state regs and are going back for revised direction. The City will not be applying for CDBG funds this round. (Riley mentioned that Ukiah is not eligible this round).

8. **Executive Director Report** Heather Gurewitz *Discussion*

Looking back at last year, Heather sees that the board and staff put a lot of effort into work on the policy side. She's glad to be turning the corner. Two loans were approved before the end of year. We had a hitch in our web design but we are back on track with a new designer. It is going very well and we'll show it to the board when it's further along.

EDFC will be hosting a County-wide Economic Summit January 31 at Willits City Hall. It's shaping up to be a big event, with 78 registered at this time. All of the supervisors and lots of partners are registered. She expects to be a working event to drive our future work. Once we get written approval of our EDA/Economic Development Administration grant, it will fund future work that this summit initiates. The last economic summit in the county was in 2012.

CDBG – Heather has been communicating with county staff about what they will apply for in the application going in on January 22nd, which will have several elements. She proposed a feasibility study for high-speed internet service in low-income neighborhoods and will be submitting a narrative to Jeff Lucas who is putting the application together for the county.

Staff submitted an application to the Community Foundation for a Mayfield Economic Development Fund grant.

9. **Financial Reports** Heather Gurewitz *Discussion*

a. November - December Financials

For new members, our statements are somewhat complicated. Our financials show the activity of our \$3M loan program including an available \$1.3M for new loans, from various sources. The good news is that our financial status is positive. Heather has been able to secure additional contracts over the last year, currently between \$70,000 - 80,000 so far with expectation of more in the coming year.

Balance Sheet: Where you see big amounts in the report it is only loan money - our assets for lending and not available for operating. Our actual cash is operating checking, which is over \$100,000 right now. The EDA has been dragging feet on approvalour EDFC fund is increasing so reduces our match.

P&L: We had a large charge off of the Village Pub. The loss we are showing is due to that. There is a potential we will recover more from the collateral later.

Question: What is the negative Suspense account?

Gurewitz: Part of it is the City Utilities Dept. crediting our electric bill against our deposit. But, the Suspense account is mostly a reflection of the activity for our fiscal sponsorship of the Mendocino Latinx Alliance. The idea was to hold it there expecting to zero it out by the end of each month. It's not working well and Liz will be changing the process and it will be fixed on later statements.

Our interest income is lower than you have ever seen. We've finally gotten systems corrected. We previously were keeping bad loans on the books but this has been corrected.



10. Acceptance Nov-Dec. Financials John Goldsmith *Discussion/Action*

Motion by Ullrich to accept the December Financials; seconded by Clark;

Roll-call: Clark-yes, Derry – yes, Goldsmith – yes, Ullrich – yes, Dobbins, alternate – yes, Riley – yes, Strong – yes, Haschak – yes, Logan – yes, Perkins – yes

Motion passed

11. Loan Portfolio Report Heather Gurewitz *Discussion*

We didn't have any loan inquiries in Dec. The majority of the loans are being paid on time or shortly delayed. We continue to have two problem loans. One of them came in for technical assistance with West Co and has agreed to implement the things they were given for improvement.

Our loan income now has to have RMAP interest backed-out, due to the regulations we were informed of earlier this year. Fortunately we now have additional funds from CDFI and additional contracts, so we are making ends meet.

Mendocino Wool and Fiber is in permanent default. It is still struggling to get going. We've asked the investors donate almost 5 years of interest back to the program, to give the owners 2 years with no payments, to give them more time. So far we've received agreements from about 60 out of 86. This will be on the default list for at least a year.

She left out the write-off for the Village Pub and will add that. The Purple Rose is still moving forward. The closing is waiting for the transfer of the liquor license.

12. Status of EDFC Reports Heather Gurewitz *Discussion*

a. 2nd Quarter Report

There will be some minor modifications and then this will be sent out to the jurisdictions. She was missing information on Willits and will add Strong's update.

In the economic overview she is waiting for county sales data from staff and may have to leave it out. Labor market data includes two separate categories, industry employment which counts local employers and civilian employment which is based on employees address and self-employed and telecommuters. We are expecting a significant drop in manufacturing due to the closing of much of ReTech and Microphor, but the overall trends are stable.

The real estate trends are no longer available from the site Gurewitz previously got them from and she is looking for a new access to the data. There has been a small drop in the actual selling price compared to list prices, but listing prices have stayed about the same. The drop in selling price in July was likely due to the fires.

Cannabis – it's hard to be definitive, but she's begun tracking preliminary baseline data for licenses by state and permits by county area. Everything is very preliminary baseline data. On the state side there was a huge jump in licenses in Ukiah. They are all considered cultivation licenses. Between Sept and Dec. Riley thinks they may be connected to one business.



The second half of the report is about EDFC’s accomplishments. Gurewitz has been advancing our marketing through presentations for various organizations. Staff completed the draft Mendocino County Digital Infrastructure Plan for 2019 – 2025. She expects the plan to continue to evolve until we submit it for a Feb. Supervisors meeting for approval.

b. Semi-Annual Budget Review

Heather Gurewitz

Discussion

The budget mistakenly was not included with the Board packet sent out to all members, so will not be able to approve it at this meeting.

Looking at items, we will begin work on a new Employers Council contract. Gurewitz expects that the CDFI funds will come in May, due to the federal government shut-down. She is also hoping that we will receive the final notice of approval of our EDA grants when the govt. opens and receive funds by June. Both of these sources of funds are very significant to our program. The original push to be self-sufficient through our loan programs earned interest is not feasible.

One big change in the budget is the expense to hire a consultant to help with a CDFI technical assistance application. This type of grant would be available for marketing, outreach, systems, staff, etc. The CDFI applications are complex and very competitive. We have used a consultant in the past. The cost would be \$8,500. (copies of the consultant’s proposal were available).

1. Increased staffing

Based on our conservative budget, we have the capacity to hire another staff person. (see position description). Gurewitz is not sure how to proceed as the approval would be a part of the Board’s review and acceptance of the revised budget, which won’t happen until Feb. During discussion the group agreed for staff to begin advertising for the position. Some concern was brought up about whether the hourly rate would bring in a person with the skills we need. If there are any needed changes, Gurewitz will let the board know.

13. New Business

John Goldsmith/Heather Gurewitz

Discussion/Action

a. Approval of Minerva Flores to the Board

Gurewitz: Previously our Mendocino County representative was Orion Walker who had to resign due to too many commitments. Gurewitz asked the Arturo Reyes, the College President for a recommendation and he suggested Minerva. She’s excited to be their representative to our board. Gurewitz has worked with her previously and is excited to work with her again on our board.

Motion by Ullrich to accept the application from Minerva Flores to serve on the EDFC Board as the new representative from Mendocino College; seconded by Clark;

Roll-call: Clark-yes, Derry – yes, Goldsmith – yes, Ullrich – yes, Dobbins, alternate – yes, Riley – yes, Strong – yes, Haschak – yes, Logan – yes, Perkins – yes

Motion passed

b. Review Committees and Form Ad Hoc committee – Credit Builder Committee

A list of committees formed in 2017 was passed out.

Ad Hoc Loan Committee



Economic Development & Financing Corporation

The re-structured committee has been functioning well. Michael Derry volunteered to be added to the pool

DPO – It no longer exists. Publicity was the original focus. Gurewitz explained that the set-aside funds that they agreed to hold for a potential short-term loan until Dec. will be used to pay-off the IRP Woolen Mill loan of \$150,000 to allow the full DPO loan to be frozen for up to 2 years. So the DPO money that was being held in a CD will be used to pay off the IRP loan. The DPO vehicle could be used again for a similar funding process, but Gurewitz feels it is very high risk and very high work load for staff with little or no return.

Currently a new DPO committee could be used to help make decisions and support the Woolen Mill as it goes through changes and tries to recover. Strong is interested in being on the committee. It was suggested that recruiting several other investors for the committee would be a good idea. Shea volunteered for it last year and Simmons will check with her. It was agreed to make it an ad hoc committee and proceed with recruitment.

Marketing – This committee was meeting regularly but not in awhile, as everything was tabled for staff to work on the Digital Infrastructure Plan. Burnett and Logan are still interested in being on the committee.

Strategic Planning Committee – This committee was formed following the retreat in 2016 to help institute ideas from that. Initially the committee worked on a Vision Statement, but didn't make much progress after that. We do need to expand our current *Mission Statement* to include the important economic development work. It only focuses on the lending side now. The original members were Clark, Obenyah and Hartline. Flores has the back-ground for that type of work. It was suggested that we may need another retreat as we may want to make changes in the previous goals. Clark is willing to serve on the committee again to a limited extent.

Cannabis - Haschak thinks this is a good committee for him to be on due to the large amount of cannabis businesses in the 3rd District. Initially the committee would need to develop their objectives. There was a discussion of the conversations and vote in 2016 for EDFC's position on funding cannabis manufacturing businesses, but there wasn't any action after that. Haschak thinks there is a bigger discussion about it within "legitimate economy".

Derry - These are the questions the committee would discuss and make recommendations to the board. Perkins is interested in being on the committee and possibly chairing it. He will go back to his City Hall and ask if it's high enough priority for him to take the lead. In the meantime, Goldsmith is willing to chair the committee. Past and other currently interested are Derry, Logan and Burkey.

Credit Builder Committee – The work of this committee would be to discuss and set up procedures/process for a streamlined credit builder loan program. As a CDFI we are supposed to address low-income businesses and individuals and this is one way to address that. We are also fulfilling this activity through work with the Mendocino Workforce, Vecinos en Accion, etc. Burnett is willing to Chair this committee and Derry will be a member.

Simmons will send out a new list of the committees to all the board members and ask that members considering participating.

c. Explore loan program for fire suppression and support start-ups

