



General Board Meeting

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, February 14, 2019 2:00 – 4:00pm

MINUTES

1. **Call to Order** 2:05 *Action*

2. **Roll Call of Board Members** *Action*
Present: Teri Ullrich, Shannon Riley, John Haschak, John Goldsmith, Madge Strong, Jesse Burnett, Ted Williams, Scott Perkins, Patty Bruder, Michael Derry
By Video-conference: Jeremy Logan, Kyala Shea
Staff: Heather Gurewitz and Diann Simmons
Not Present: Minerva Flores, Robert Hartline, Aaron Obenyah, Barbara Burkey, Sattie Clark

3. **Changes/Modifications to Agenda** *Action*
 - Correct the consent calendar to approve the “January 10th, 2019” Board Minutes
 - Add in-person introduction of Ted Williams
 - Remove introduction of Minerva Flores who is unable to attend today

4. **Introductions**
Introduction of Ted Williams – Ted is the new Supervisor for the 5th District replacing Dan Hamburg. He has a background in broadband and plans to focus on tying in Emergency Services with county tax dollars. He’s also interested in cannabis. Recent data shows that 98% of the legal cannabis businesses are not making enough profit to pay tax revenue. The 2% who are doing well are in the sunset areas. We need new indoor models. He wants to help those who haven’t made the transition successfully.
Gurewitz: She wants to clarify that we can certainly discuss cannabis. We just can’t use federal sources for loans but can consider lending to cannabis businesses if we have non-federal funds. Part of our staffing costs are paid with non-federal funds that are not involved in match for federal funds. This topic will be put on a later agenda for more discussion.
Goldsmith: Sarah Bodnar submitted her resignation as a Board member. We greatly appreciate her years of service to EDFC.



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5. Public Comments/Correspondence/Public Expression

N/A

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 January 10th, 2019 Governing Board Meeting Minutes

Several corrections were brought up: Perkins – on the top of p. 3 Plum Creek needs to be changed to Pudding Creek; Riley – p. 2 on the jurisdictions updates, the cost for seismic retrofit of the Palace Hotel is actually \$5 – 6 M.

Motion by Strong to approve the January 10th, 2019 Board Meeting Minutes with the corrections of Pudding Creek and \$5-6 M for the Palace Hotel seismic retrofit

Seconded by Ullrich;

Roll call: Ullrich – yes, Riley – yes, Haschak – yes, Goldsmith – yes, Strong – yes, Williams – yes, Perkins – yes, Bruder – yes, Derry – yes, Logan – yes, Shea – yes

Motion passed

7. Presentation of the History of EDFC Jim Mayfield & Jim Mastin

Discussion

Mayfield: Jim is the owner of Rainbow Ag. As he remembers the issues that led to creating EDFC, they included that the County needed an outside agency that could capture a funding stream and develop an economic strategy for the whole county, to bring many things like tourism and the wine industry under a big tent. Getting citizens involved in economic development was also a goal. There had been a decrease in the natural resource economy and there was a need to bring in outside businesses and to develop local businesses and support that process with a loan program. At the time, the county probably didn't have a staff person who focused on economic development. There was also the issue that needed to be addressed of how territorial economic development was at the time and the need for a big group effort to share the responsibility and recognize that all of the county is connected.

(Burnett joined the meeting)

Mastin: Jim was on the Ukiah City Council and assigned to EDFC as a board member for several years. He saw creating EDFC as a way to pull together various economic development and financing functions between the cities and the county to try to reduce duplication – creating a one-stop-shop for people outside the area who were looking for help to develop businesses. Initially there was a lot of enthusiasm but the first board was so big it was hard to get a quorum. A number of seats were never filled. The first ED was Al Lerma from who came from a very different environment and then moved on pretty quickly. The second ED was Madeline Holtcamp who stayed for several years. Initially a few loans were made but it was slow.



Mayfield: During those early years similar discussions were happening that we are still having today. He felt that the focus became funding and the bigger picture of economic development got lost. The challenge now is to take that responsibility back.

Mastin: From the City of Ukiah’s perspective, as the revolving loan fund became the only focus, the City was looking for a different focus with bigger and better kinds of economic activities. They folded their economic development activity into their Redevelopment Agency and only supported EDFC on a minimal basis. Redevelopment funds have gone away and he thinks we are on the right track to get back to the original intent.

Riley has researched the early EDFC days and found that it was originally a joint agreement between the Cities and County, with a funding formula for each to contribute: 50 cents per capita for the County and 75 cents per capita for the Cities. Ukiah is the only jurisdiction that has continued to make that level of contribution. Council has had recent conversations about whether it should be increased. She commends Heather for beginning to right the ship onto the right track.

8. Financial Report Heather Gurewitz *Discussion*

January Financials

(This item was moved to accommodate Riley who needs to leave for a short time at 3:00.)

Gurewitz: The P&L looks like we are bleeding cash, but the perspective is better if you look at July through January. Our jurisdictional support comes in quarterly along with other contracts, some of which come in at the end of the year. Monthly is an uneven picture of our operating income. In the future, she’ll provide a year-to-date for current and the previous year. She will also provide a budget-to-actual to see where we are and where we’re going.

Balance Sheet – We have negatives, which can be confusing, but they are industry standards. We have a lot of money in accounts that we can’t use for operating. The only thing we can use is operating checking. Gurewitz likes to have a 6 month reserve to cover monthly expenses which are running about \$20,000/mo. Current assets include loans receivable, some of which won’t actually be paid back. If you look at the at-risk loans in the loan portfolio report, it gives you an idea of how much that amount will likely be. Our work over the last year to establish good policies and procedures should lower our future loses.

Under Liabilities, our big notes are payable to USDA for revolving loan funds. There is still another \$170,000 not on the chart, that can be drawn from USDA.

Williams asked what our total default loss was over EDFC’s lending history.

Gurewitz: That previously was not tracked. She would like to take that on at some point but it will take a lot of digging and won’t cover all of the early loans as they aren’t all well documented.

9. Acceptance January Financials John Goldsmith *Discussion/Action*

Motion by Burnett to accept the January 2019 Financials

Seconded by Derry

Roll call: Ullrich – yes, Riley – absent during vote, Haschak – yes, Goldsmith – yes, Strong – yes, Burnett – yes, Williams – yes, Perkins – yes, Bruder – yes, Derry – yes, Logan – yes, Shea – yes

Motion passed



10. Semi-Annual Budget Review

Heather Gurewitz

Discussion/Action

Approval of Revised Budget

Gurewitz: We are in good shape on the original budget. The red numbers are projected and the black are solid.

Changes: Income – the only thing not solid is the grant revenue. She’ll take out the EDA funds for this year as there is a significant hold-up on final signatures. Her approach with the numbers is conservative on income but generous on the spending.

There will be a big increase in income for Feb. Our reserves over-all are fine. The increase in staffing is for a new part-time hire for admin and outreach – 20 – 30 hours per week at \$15 - \$18/hr. Everything else is the same. Professional fees vary due to inconsistent use of consultants and attorneys.

Comparison to the original operating budget shows the projected income has increased, as it now shows actuals instead of projections. Loss of RMAP interest income was replaced with new contractual work. There was discussion about increasing Gurewitz’s income to the level she was hired at. She feels it’s not clear yet that an increase can be sustained and is looking at our long-term stability.

Motion by Strong to approve the Revised Operating Budget

Seconded by Ullrich

Roll call: Ullrich – yes, Riley – yes, Haschak – yes, Goldsmith – yes, Strong – yes, Burnett – yes, Williams – yes, Perkins – yes, Bruder – yes, Derry – yes, Logan – yes, Shea – yes

Motion passed

11. Jurisdiction Updates

John Goldsmith

Discussion

Fort Bragg – Perkins: The Planning commission just approved an 80 unit varied senior project that will be mixed affordable and market rate. The developer is Danco.

Ukiah – Riley: There wasn’t a bid on the Palace Hotel, which reverts it to the lien holder, which is positive as it now has a clear title. Since then, there have been several inquiries. There are several housing projects moving forward. An affordable senior project behind Rite Aid, with 35 units, was awarded a HOME grant through the California Dept. of Housing and Community Development. RCHDC is planning to build roughly 80 units at the corner of Brush and Orchard; both of these project will be seeking additional tax credit financing this year. Willow Terrace on Gobbi, a supportive housing project, is expected to open by May. It has 36 units and 1 manager unit and is for people with mental illness who are homeless or at-risk for homelessness.

Additionally, 35 units of market-rate housing are under development at Norton/Main Streets and will be open later this year. Several single-resident projects are in process. Ukiah Valley Medical Center is proposing a major expansion that will include a regional cancer center. This would increase their physician staff by 2 – 3 dozen, who will need housing. The merge of the Ukiah Chamber, Visit Mendocino and the Main Street Program is progressing nicely.

(Williams left for another meeting)



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Willits – Strong: The City is offering pre-made plans for property owners to use to build accessory dwelling units/granny units. They will still be required to go through Planning review for parking etc.

- 12. Executive Director Report** Heather Gurewitz *Discussion*
Due to lack of time, Gurewitz asked everyone to read her distributed report on their own. (See attached)
- 13. Loan Portfolio Report** Heather Gurewitz *Discussion*
We currently have \$1,632,191 deployed and will be closing a new loan of \$205,000 in February. We had 5 inquiries and one pre-application in January. We consistently deal with the same clients being past due on the payments.
We have restructured the DPO. The response from the investors to agree to donate their interest was almost unanimous, except for one investor who felt she couldn't give up the interest. So, we made the full investment payment to her, to make the process cleaner moving forward. We also had 4 parties make a full donation of their interest and investment – totaling \$10,500. Our interest profit for the month was \$4,354 which covered 21% of our operating expenses. Our at-risk is 32.9%, which is extremely high and we won't meet our annual goal of 11%. We wrote off one loan at \$26,449 with no collateral recovery. We are also dealing with a long-term defaulted loan that Gurewitz advised to close their business, (as they are sinking deeper into debt each year) and pay us a very minimal monthly amount into the future. If they take that action and continue small payments, we will not foreclose on them and submit a 1099-C to the IRS for our loss.
- 14. New Business** John Goldsmith/Heather Gurewitz *Discussion*

 - a. New Website Preview**
Gurewitz went through the homepage and various pages showing the organization and convenience built into the site. There are many documents that were lost in the upload that will be added in the coming weeks, along with new pictures, etc. Over-all, Gurewitz is very happy with the look and function of the newly designed site.
 - b. New Logo Review**
Our web designer reached out to us with a logo idea and we asked him to work on more designs, which were circulated at the meeting. Riley brought up that a favored logo is well designed but similar to other local logos and doesn't show what we do. All of the sheets of logo designs will be sent out to everyone to give them time to consider them and respond with their top 3 choices. Gurewitz emphasized that if none of these are right for us, we can continue the design process.
- 15. Old Business** John Goldsmith/Heather Gurewitz *Discussion/Action*

 - a. DPO Update**
See update in # 13.



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b. Funding and grants

We have learned that the EDA/Economic Development Administration (federal) grants that we have been waiting for final signatures on since October, are being held back, possibly for political reasons. If the grant we applied for comes through, it would give us \$800,000 for a revolving loan fund. We were a co-applicant on another EDA grant submitted by the County.

16. Next Meeting Date and Time

March 14th, 2019

17. Adjourned at 4:00 PM

Action