



CHIPS Board of Directors Meeting

Minutes
June 9, 2021

Call to Order/Quorum Check

Board role call: Donna Vial, George Dondero, Steve Wilensky, and Robert Zellers. (Rick Torgerson is absent, traveling).

Additional participants: Regine Miller, Melisa Wilson, Craig Christensen, Samuel Simmons, Megan Layhee, and Dan McDonald.

Review and Adoption of Agenda

There was one revision made to the June agenda and that was correcting the reference to the May meeting minutes (not April minutes, as was written in the draft agenda). Otherwise, agenda approved by the board. Moved by Donna, 2nd by George. 4-0-1 vote, 1 absent.

Review and Adoption of May Board Minutes

May 2021 board minutes were approved by the board. Moved by Donna, 2nd by George. 4-0, 1 absent.

Public Comment

No public comment.

Financial Report

Cash flow: Significant payroll expenses and fuel expenses in May, and not a lot in the way of income, as reflected on P&L. As of Monday, June 7, 2021, CHIPS has \$75,000 in the general fund, our payroll was \$63,000. CHIPS borrowed against the Safety Incentive reserve and the Medical Expense reserve, and our PPP loan in order to make payroll. Currently CHIPS has \$83,000 that has been invoiced against both private land and public projects. CHIPS has \$16,000 in bills to be paid. Cash flow is really tight, assuming we receive payment of our invoices, we will make next payroll. A couple of the crew projects, the project in Magalia went significantly over budget and it took over two months to invoice. Also, the project in Oak Hurst for YSRCDC, the crew has been working there for 8 weeks and just submitted the invoice. In the next week or so we should realize revenue for that project. (Steve added that the inspection for the first 3 units will be completed next Monday.) Couple things to glean from this: 1) stay up on invoices for cash flow, and 2) unexpected expenses that come up may not be able to be



covered. And the Board should consider securing a line of credit or finding another mechanism being able to overcome the cash flow constraints.

George asked when the next payroll, and Regine responded that next Thursday, June 17th is when funds are drawn. And Donna asked what payroll was going to be, and Regine responded that it was going to be less, in the range of high \$30Ks-low \$40Ks, because not all of the crews have been working. Wildcards include a couple of invoices to the ENF (\$14-15,000) and delayed due to FS staffing changes. Steve added that crew contracts are moving from per/acres to per/hour rates which should make income more predictable, including ENF, Lake Tahoe, and Collins Pine (Chico Crew, beginning next week, which is the highest paying contract to date). And also mitigate some of the losses that happened earlier in the season.

Donna asked if we could switch to hourly rates, not by acre rates. Steve answered that is what CHIPS always requests, but not all funding agencies permit hourly rates. Steve doesn't anticipate having any per-acre contracts next year.

Regine also added that we had a \$18,000 gas bill from Washoe tribe, and CHIPS has paid about \$16,000 of that bill already and in negotiations on how responsible party of \$3,800 theft will cover that cost.

Presentation and Possible Board action on Community Vision Line of Credit term sheet: Dan McDonald gave a presentation on the Community Vision line of credit. Community Vision is a non-profit themselves, and work with a lot of non-profits, and fills the gap of reimbursement delays for a handful of grants, although not 31 like CHIPS. They are currently working on \$200K line of credit to the Yuba Watershed Institute (YWI) and learned how to navigate 5-6 contracts. Part of figuring this out is doing a cash flow projection. He's working on the cash flow projection for CHIPS currently, and beginning to understand the cash flow gaps that are harder to identify because their cash flow projections doesn't accommodate the complexity of all of CHIPS's contracts. But Dan said he is committed to working on a cash flow projection that works for CHIPS and for Community Vision that will help accurately forecast what CHIPS' needs are. Right now, they believe the amount of the line of credit would be \$300,000 3-year line of credit and not renewable. It's revolving, and asking for disbursement each month based on CHIPS' expected payables, sent to your bank within 7 business days. Community Vision is asking the state for a loan guarantee from the small business loan guarantee program, which is a way risk mitigation measure for Community Vision, since this line of credit is so large (onetime fee, regardless of loan term). Do this without collateral, work with state as fall back. Dan added that the logistics for having individual pieces of equipment as collateral is complex (Regine had asked about that), instead what Community Vision will do file UCC1 statement (general lien on all equipment, furniture, etc.).

In terms of the question about how much this loan costs, Dan said the upfront fees are the biggest cost, and you are only paying interest on the amount borrowed during the time you are borrowing it.



\$563/month. Dan assumes that CHIPS will have to use the line of credit, especially for the SNC 10% reimbursement retention.

Regine added that \$3,750 would be due upfront (expense deposit of \$3,000 will go toward closing fee of \$8,250), then in a few weeks \$3,000 (commitment fee) would be due, and then a few weeks after that the \$8,250 (guarantee fee of \$6,000 is required by the state) would be due. The closing cost covers Community Vision's underwriting fees, and not written into the interest rate (which is why their interest rates are lower than other lending non-profits).

George thanked Dan for working on the cash flow projections for CHIPS and asked if we could get it done in time. Dan says he learned a lot from YWI and that we not get it 100% accurate, but close. Dan says the cash flow situation is unique because of how CHIPS contracts are written. It's important to understand where the reimbursement gaps are, like the SNC 3rd advance request retention period of up to 150 days to receive. He said that 150 days can work for Community Vision.

Steve added that COVID, smoke, and fire restrictions impacted CHIPS crew work.

Donna asked about the expense deposit of \$3,000. Dan says that a lot of this will get credited to the closing cost.

Steve asked Dan if there are different fees depending on the value of the loan package. Will the cash flow projection be helpful to have before we ask for \$300,000? Dan said yes, but he's not sure that this amount is high enough, but not sure. Regine added that the commitment fee is dependent on the total loan amount, which she will dial in with Dan.

Steve also asked if this applies to every grant and agreement (including private contracts)? Dan said yes. Steve added that he would like to get an estimate from Phoenix Energy about when CHIPS will be reimbursed, and that would help this effort (Steve said he's not sure how the Board would get that information). Regine agreed with Steve, and take a best guess on where Phoenix and the County are at. Regine will reach out to Phoenix and Steve was willing to reach out to the County in terms of the timeline. And better understand if the hold up is on the County side or on Phoenix Energy side, while also continue to move forward with the cash flow projections. Regine said to not count on getting the money from Phoenix. George added that he agreed with Regine not to count on Phoenix, and that CHIPS needs to move forward with getting a line of credit.

Steve asked what is due- application submittal process (\$3,750, is refundable if CHIPS does not want to proceed, and if proceed will go to closing fee). Steve then asked timeframe- cash flow projection work can take place while they are gathering application information (online form). Fee kicks off the underwriting period (about a month) and 4-6 weeks to close (work with State IBank Guarantee folks). For YWI took about 10 business days for them to do application. 6 weeks is an outside number. 2.5-3 months, but 1.5-2 months if everything goes right.



Board recommended to Regine to move forward with the cash flow projections with Dan and CHIPS will need to pay the application fee (refundable) and the expense deposit to start the process with Community Vision.

Discussion and Possible Board Action on Employee Retirement Savings Plan

George and Steve gave an overview of BBSI retirement savings plan 401(K) (deferred tax). BBSI Retirement Program Packet and Plan Options Brochure were included in the agenda packet. All fees are paid on employees. Only employer cost, is optional and if CHIPS participated in a matching program. Steve gave a bit more detail into matching options.

George added that the expense ratio is incredibly low, and that is an annual fee, and how it can be so low, and that is because BBSI has such a large pool of participants that BBSI serves.

George also got feedback on the question about the turnaround time for enrollment, and the answer is 60-90 days. Also, what is the level of service for financial advisors, and the answer BBSI gave was that Milliman has CS investment councilors by phone.

And was there a percentage of the work force that had to enroll. Regine added that now because it is state law that doesn't apply. And that the law just requires that CHIPS has to offer it, but that employees don't have to take it.

Regine added that the BBSI plan is both 401(K) (tax deferred, and then pay the taxes when you withdraw) or Roth IRA (taxed on portion going to retirement, then wouldn't be taxed when you withdraw). Regine added that she thinks that the CalSavers Program (the alternative option) is a Roth IRA.

Steve added that he has not seen fees this low for the employee, that are shown in the supporting docs for BBSI, and that the selection list is very large. But he worries that this is not the best time (economic instability, COVID, climate change) to ask employees to navigate their retirement choices, but since CHIPS has no choice and has to by law provide the option.

Steve recommended moving forward with BBSI program and making it available to staff. And leaving open the possibility for expanding the program into the future. There was no objection. George moved, Donna 2nd the motion. Passes 4-0-1 missing. George will submit application with help from Regine (also note that CHIPS needs to register on CalSavers, so that we are in compliance). Steve will call BBSI and ask about compliance CalSavers.

Executive Director Report



Thanked for the Board for moving on the line of credit and the retirement saving plan.

Upper Mokelumne Forest Restoration Project (WCB) – crews have been doing hand thinning and getting fencing set up around remnant aspen stands. Drafted contract with Markit! for mechanical thinning work to start in September. Financial check on that grant- \$116K left on the first advance, and only one advance permitted, that will quickly go between crews and Markit!

SNC 1067- Implementation grant in vicinity Glencoe. BLM foresters going out to develop prescription with additional funds, will finish it out later this year, in Wilseyville with the surplus funds. 10% retainer of about \$86,000 until grant is closed out and approved, which is usually about 2 months.

SNC 1214 View 88 – Megan drafted RFP, working with Caltrans, drafted pre-bid tour itinerary, hope to get that out at the end of the month.

CAL FIRE CCI Arnold-Avery Project – Megan working with 4 different contractors, CEQA review for private lands will be completed in July.

PG&E – \$100,000 FR Project near Tiger Creek, Cal Am put out a RFP, and work will be done by the end of July 2021.

Yosemite NP – negotiated and executed agreement for the hand crew and drafted an agreement for the sawyer crews, and 4 contracts for sawyer crew with Yosemite Conservancy.

LTMBU – executed 2nd participating agreement for this year and into next year.

In the Yosemite and LTMBU wrote in line items in the budget for crew oversight and mileage for those field supervisors.

Forestry Fellow Report

Craig Christensen went over his report.

- Helping coordinate crew work days according to projected weather and Forest Project Activity Levels.
- Involved in Contractors Meeting with Yosemite National Park Service.
- Completed all requirements for Bureau of Land Management to become Wildland Firefighter type II including Arduous pack test.
- Developed Chips Chainsaw Safety Program Document and Chips Accident Prevention Plan for Yosemite National Park Service, which was needed for our saw crew to be able to work in the park.



- Working with Dave and crews to make sure equipment needs are being met and project parameters accomplished.
- Working with Yosemite crew to complete Trail Safe Course online, another prerequisite for the Park Service.
- Compiled a comprehensive list of safety topics for foreman to cover with field crews on a Daily basis.
- Went and assessed the Aspen Stand Fencing project and developed a plan of attack for the work needed to be completed there.
- Sent Steve list for Safety Incentive disbursement and Pay Parody.
- Been working on WCB roadside thinning project periodically Located on Salt Springs Road.
- Conducted mock fire suppression scenario with crew to familiarize them with fire suppression equipment and order of operations.
- Constant communications with multiple Forestry Agencies to cover various angles of each unique project.
- Participated in Workforce interview with researchers from University of British Columbia, UC Davis and the UK, whom want to have Chips as a resource point for their research.

Donna thinks that is exciting that the scope of Craig's work is very varied, and excited about the chainsaw safety document that Craig is working on with Regine, required by YNP. Donna asked if we could use that document for all of the crews. Craig said, yes, the intention was to develop it so all crews can utilize it. Regine added that new to the park there are new chainsaw (S212 certified, CPR), and the chainsaw document and accident prevention plan (which Craig drafted up) and worked with Park Safety Officer and who approved those documents. Craig is also developing "tailgate topics" so that all field leadership is covering the same topics. Steve added that we are on the way. And Regine added that it is good that the organization has the written and documented.

Field Operations Report

West Point – Finished work on private lands last week. Chipping work on Lily Gap will be complete tomorrow. Have four people on the crew, including Melissa. Do not have enough people to staff a crew for the View 88 project (need 7-10 people with foreman). CHIPS are moving crews out of WCB project from Washoe crew to help the West Point crew on the View 88 Project. Melissa Wilson gave an update on the private lands work, and that she is coordinating with Craig and Eric to figure out the West Point crew go to View 88, if they're will be a full crew, if not they can fill in for Washoe crew who will be absent Friday. Work will continue on EV days by dumping. Sam asked Melissa for clarification about Friday work, so that he is clear.

Washoe-Woodfords – Sam Simmons gave an update on the WCB work on Eldorado NF. Sam mentioned that the crew is doing great this year and working really hard. Having to revisit locations has slowed them down a bit. FS has said they like the work that's been completed.



In terms of View 88, Eric has been coordinating that effort and the crew was up today with Melissa's crew. 7-person crew working on aspen stand fencing work and erecting fence most likely starting tomorrow. Sam mentioned that he needs some BBSI packets for some crew members. Steve added that CHIPS got a NFF project in Hope Valley for 166 acres for the Washoe Crew, beginning toward end of the year- 2-year project. Kirkwood Meadows PUD has two projects and Steve and Irv will be walking that next week- may only take one of the projects in Kirkwood Village.

Yosemite – Completed three units on Cedar Valley Project. Two film crews featuring CHIPS crew on the issues of beetle kills and wildfires, 30-min documentary that will be on PBS. Added that this landscape had 80% bug kill, subsequent fires and blow down.

Chico – Completed work on FSC contract. Now multiple jobs- Ford, Collins Pine (4-6 weeks), followed by CFIF contract (105 acres, 1 month- meadow restoration), 3 meadow restorations and 3 roadside clearances along Hwy 89 and one other highway (Steve couldn't remember the name of the highway). This crew is booked for the rest of the year. CHIPS is working with Sierra Institute to have SI become employer of record. Also, two projects under High Roads grant that will put TEK on the ground, integrated into the projects for both training and implementation between Chico State and Mechoopda tribe.

Closed Session

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Next Meeting

The next Board meeting is set for July 14, 5:30pm

Minutes approved by:

Donna Vial
CHIPS Board Secretary

Date