



IMPERIAL VALLEY FOREIGN TRADE ZONE

IMPERIAL COUNTY COMMUNITY AND ECONOMIC DEVELOPMENT • 2799 S. Fourth Street, El Centro, CA, 92243

MEETING MINUTES

Tuesday, April 09, 2019 @ 2:00 PM
City of Calipatria City Hall – Board Chambers
125 North Park Avenue, Calipatria, CA, 92233

PROCEEDINGS

A meeting of the Imperial Valley Foreign Trade Zone – Joint Powers Authority (IVFTZ-JPA) was held on April 09, 2019, at 2:00 p.m. at the City of Calipatria City Hall located on 125 North Park Avenue, Calipatria, CA, 92233.

ATTENDEES

JPA Members

City of Brawley
City of Calexico
City of Calipatria
City of El Centro
City of Holtville
County of Imperial

Primary

Romualdo Medina
Nick Wells

Alternate

Gordon Gaste
Adriana Nava
Andy Horne

Consultants

David R. Harlow, President and CEO of ITC Diligence, Inc.

Coordinating Staff

I.C. County Executive Office
I.C. Community & Econ. Development

Esperanza Colio Warren
Vanessa Caldera

Other Invites

None



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MINUTES

I. Call meeting to order

- a. Roll call.

Meeting was called to order by Andy Horne at 2:04 p.m. Roll call was performed by Vanessa Caldera with five (5) JPA members present; it was determined that quorum was met.

- b. Approval of 12/19/18 minutes.

NICK WELLS motioned to approve minutes as presented; ROMUALDO MEDINA 2nd. **Vote:** 5 in favor, 0 against, 0 abstain at the time of the vote. **Motion passed.**

II. Discussion/action/update

- a. Discussion/Action regarding the invitation received by consultant, David Harlow, to speak as a panelist at the Renewable Energy Summit.

D. HARLOW presented his invitation from the IVEDC to speak at the Energy Summit coming up in two weeks regarding international trade topics, specifically Foreign Trade Zones. D. HARLOW would be representing the Imperial Valley Foreign Trade Zone. E.C. WARREN made a recommendation to D. HARLOW to be sure to acknowledge that the IVFTZ-JPA is the contact point for foreign trade businesses, not the IVEDC. D. HARLOW agrees with E.C. WARREN and clarifies that at previous conferences, he represents the board and not his company ITC Diligence. E.C. WARREN suggests for D. HARLOW to add the IVFTZ-JPA contact information to the end of his presentation to ensure FTZ operator prospects know that IVFTZ is the point of contact and not the IVEDC. A. NAVA mentions how the link provided with prospective websites is the Imperial County website. E.C. WARREN suggests to tell those looking into becoming FTZ operators to contact a city's FTZ partner, which would be the County of Imperial. E.C. WARREN is the contact person for Foreign Trade Zones. A. NAVA clarifies that Foreign Trade Zones can be located anywhere in the city while D. HARLOW further explains how a specific area within the city can be a predesignated as a Foreign Trade Zone which expedites the application process to be a FTZ operator. E.C. WARREN adds that predesignated areas have sunset time limits which would turn predesignated areas to Alternative Site Frameworks (ASF's). A. HORNE clarifies with E.C. WARREN that there is no additional cost to have D. HARLOW present at the Energy Summit as it is already within his contract. A. NAVA motions to allow D. HARLOW to present at the Energy Summit as a representative of the IVFTZ-JPA. G. GASTE 2nd the motion. **Vote:** 5 in favor, 0 against, 0 abstain at the time of the vote. **Motion passed.**



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b. Discussion/Action to approve the Submission of the Annual Report.

D. HARLOW explains how the Foreign Trade Zone Board in Washington D.C. requires operators and their grantees to file an annual report that represents the activity of their zone project based on the goods that come in, what it does in the zone, and how it leaves the zone. Operators file their annual report online to the grantee. D. HARLOW states that over 113 million dollars were received into the zone and over 111 million dollars were withdrawn from the zone; most goods were exported out of the United States, which is typical for this region. D. HARLOW informs that the type of statuses were primarily non-privilege foreign. The privilege status goods are due to the Chinese tariffs. The total represented value for the Imperial Valley Foreign Trade Zone is over 120 million dollars of direct and indirect services that came through the Zone's program. E.C. WARREN asks D. HARLOW to clarify 9.13 section regarding merchandise forwarded to foreign country exports. This deals mostly with Coppel, an organization that originates from Mexico and exports it to Canada. D. HARLOW explains that it is actually goods that the foreign trade zones received from other countries, most likely Asia, which were later shipped to Mexico. E.C. WARREN explains that the timeline for submission of the report had been extended due to the government shutdown. R. MEDINA motions to approve the filing of the Annual Report to the Foreign Trade Zone Board. N. WELLS 2nd the motion. **Vote:** 5 in favor, 0 against, 0 abstain at the time of the vote. **Motion passed.**

c. Update on the implementation of the Marketing Plan as presented by ITC Diligence.

D. HARLOW refers back to a board meeting back in October to begin implementing the marketing plan regarding the IVFTZ based on the marketing plan that had been presented. In December, D. HARLOW informs the other JPA members of his company reaching out to the cities and the County to put together a guide based on their activity and demographics. D. HARLOW explains how his company has sent reminders every two weeks with recommendations and projects they are working on for that implementation. Packets were handed out to the different entities that explain the benefits of the program and created a white paper that legitimizes and describes what the program is about and the legal standing for this grantee. D. HARLOW explains how the packets show a comparison between bonded warehouses and Foreign Trade Zone, as he lets the JPA know that bonded warehouses are common within the Imperial Valley. D. HARLOW further explains how the literature provided to cities and potential FTZ Operators contain a testimonial from Coppel and JE Exports talking about how being an FTZ operator has helped their business. D. HARLOW explains how his company has reached out to the different trade organizations recommended by each city and that they will begin to offer workshops, with El Centro being the first to hold one in May. D. HARLOW tells the JPA members that ITC Diligence will send each city updates showing the progress made. A. NAVA asks if there is a list of bonded warehouses within the Imperial Valley so they may show these businesses the comparison of being a bonded warehouse versus a Foreign Trade Zone. D. HARLOW informs that there is no list of bonded warehouses, but he is trying to get into contact with bonded warehouses and let them know why they should be a Foreign Trade Zone. The JPA members would like to get into contact with Officer AGUILA who is responsible for the bonded warehouse and FTZ programs with US Customs in Calexico.



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- d. Discussion/Action regarding a proposed FTZ seminar coordinated by the City of El Centro and ITC Diligence in collaboration with the Chamber of Commerce, SBDC, and Accion.

D. HARLOW explains the city of El Centro's wishes to hold a seminar regarding Foreign Trade Zone in May and the duration would be approximately an hour and half to two hours. The idea for the seminar is to have the chairman of the IVFTZ and the grantee, the City of El Centro, give an introduction and the purpose of the program. ITC Diligence will give a presentation on the basics of the Foreign Trade Zone as well as the history, infrastructure, and the value of the program. D. HARLOW explains that majority of the seminar will discuss the financial benefits of a Foreign Trade Zone. Concluding the seminar would be an active FTZ operator giving a testimonial about their value of the program and its importance to them. Ideally it would be Coppel to provide the testimonial, but JE Exports is also another option as they are both currently FTZ operators. A. NAVA explains how she would like more marketing for the program as it does not exclude those from other cities other than El Centro. A. NAVA wishes to go to different small business centers to spread the information about the benefits of the program. D. HARLOW explains that anything produced in the US does not get tariffed or taxed. A. NAVA expresses the difficulty of finding those who would benefit from the Foreign Trade Zone program as there is a market for them within the Imperial Valley as many products move between Mexico and the United States. E.C. WARREN explains how becoming an FTZ operator does not necessarily save you money, which is why the IVFTZ-JPA utilize D. HARLOW's company to show them projections of the costs required to be an FTZ operator. E.C. WARREN clarifies that sometimes small businesses would not do well as an FTZ operator as the benefits would not be there. For potential FTZ operators to utilize ITC Diligence's services to obtain their projections, it is a free service. A. NAVA asks what group did Imperial County send their invitations to; E.C. WARREN explains that she sent them to some of the manufacturing companies in Mexicali to include a warehouse in Imperial Valley. E.C. WARREN informs that to become an FTZ operator it is \$5,000 a year; additionally, the operators have to create their own systems to keep track of their goods and they must have insurance, which makes it more difficult. A. NAVA wishes to use the FTZ operator leads to invite them to the seminar the City of El Centro is holding.

- e. Discussion regarding IVFTZ insurance policy.

E. C. WARREN informs the JPA that the bylaws state that each FTZ operator must have their own insurance policy to lower costs of becoming an operator. A. NAVA asks if the FTZ operators may be added to their own city's insurance. E.C. WARREN explains that the bylaws rule that FTZ operators must have their own insurance and further explains if they wish to amend the bylaws, saying the city will bring their own insurance, they must decide. A. HORNE states that this meeting regarding the topic will be limited to a discussion, but if an action is wanted, it must be done so at the next IVFTZ-JPA meeting. N. WELLS wants to move forward with this discussion saying the city's need to produce a quote of the costs for including insurance for the different cities. E.C. WARREN states at the next meeting a decision needs to be made as the County Council has stated that the entities need to have insurance one way or the other.



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E.C. WARREN states that the IVFTZ-JPA requires the FTZ operators to have general liability and auto insurance. E.C. WARREN proclaims that the JPA may become liable for the insurance if an FTZ operator does not pay their insurance or falsely documents their goods. D. HARLOW explains that the JPA may not be held to a compliance standard with the Foreign Trade Zone Board as long as the grantees are not providing insurance to the operators. Grantees are protected from being held to a compliance standard from U.S. Customs. D. HARLOW informs that the reason for the errors and omissions is to protect the grantee from civil liabilities. E.C. WARREN reiterates a conversation she had with the FTZ operator from Coppel stating that they do not mind paying \$10,000 for complying with the errors and omissions; but A. HORNE declares that they are already a large organization so they have more resources available to them. D. HARLOW recommends the JPA seek legal advice from an attorney with FTZ experience. E.C. WARREN informs the JPA that County Council does not want to remove the errors and omissions from the necessities of insurance policies; however, one of the new board of supervisors received a complaint which is why the JPA was asked to discuss the issue. JPA members may seek outside council or utilize one of their city's lawyers to look into liability and insurance as a grantee for FTZ operators.

- f. Discuss to issue an RFP for Foreign Trade Zone consulting services.

E.C. WARREN states that there had been no procurement process to hire a new consultant since hiring D. HARLOW with ITC Diligence. E.C. WARREN requests to prepare an RFP. E.C. WARREN lets D. HARLOW know that he may apply again to become a consultant for the FTZ-JPA. E.C. WARREN asks to issue the RFP so there are some inquiries by the time the JPA meets again. A. NAVA asks how the RFP will be advertised and is informed by E.C. WARREN that she has a distribution list to go off of. R. MEDINA motions to have the RFP disseminated and advertised. A. NAVA 2nd the motion. **Vote:** 5 in favor, 0 against, 0 abstain at the time of the vote. **Motion passed.**

III. Future agenda items and other business

ESPERANZA COLIO-WARREN informs the JPA members that the FTZ-JPA is required to submit financial statements to the state as Foreign Trade Zones are considered a special district as there is public funding being utilized. Funds have been kept within a trust account, but there is no accountant for the FTZ. E.C. WARREN will see if the auditor's office may be able to help as the trust funds are in the County, but if not an outside accountant may have to be hired.

ANDY HORNE asks what needs to be updated during next meeting and E.C. WARRAN mentions that there needs to be an update on insurance and on the financial statements required by the state. A. HORNE requests an update on the potential operators fielded in Calexico several months ago, where E.C. WARREN informs that there has been no follow up from them as they have not answered their request for more information. E.C. WARREN says that one of the issues is, with example of one of the potential operators, R. L. Jones, they wanted to do the process themselves and did not want to have to pay for the services to fill out the forms. However, they were informed they would need to hire a consultant to fill out the appropriate documentation. E.C. WARREN states



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that this seems to be an issue for those businesses that are not as well established as the initial payment to become an FTZ operator is \$25,000.

ANDY HORNE requested an update on the flow chart on the FTZ process requested from the consultant, ITC Diligence. Concerns were discussed between the JPA members regarding the intentions of the consultant and the work being provided.

IV. Next meeting date

May 14, 2019 in El Centro, CA

V. Meeting adjourned

a. Meeting adjourned at 3:05 p.m.