



IMPERIAL VALLEY FOREIGN TRADE ZONE

IMPERIAL COUNTY COMMUNITY AND ECONOMIC DEVELOPMENT • 940 W. Main Street, Ste. 203, El Centro, CA, 92243

MEETING MINUTES

Thursday, December 5, 2013

2:00 p.m.

City of El Centro Economic Development Department
1249 W. Main St., El Centro, CA 92243

PROCEEDINGS

The Imperial Valley Foreign-Trade Zone – Joint Powers Authority (IVFTZ-JPA) meeting was held on Thursday, December 5, 2013, at 2:00 p.m., at the City of El Centro Economic Development Department, located at 1249 West Main Street, El Centro, CA 92243.

ATTENDEES

JPA Members

Andy HORNE
Julia OSUNA
Marcela PIEDRA

County of Imperial
City of Calexico
City of El Centro

Coordinating Staff

Esperanza M. COLIO
Juan SALGADO

Imperial County Community and Economic Development
Imperial County Community and Economic Development

MINUTES

I. Call meeting to order

- a. Meeting was called to order by J. OSUNA at 2:10 p.m. Roll call was performed by J. SALGADO. With three (3) members present, it was determined that quorum was met. **Present: three (3) members, two (2) coordinating staff.**
- b. J. OSUNA opened discussion regarding approval of July 3, 2013 meeting minutes. A. HORNE *motioned to approve the minutes.* M. PIEDRA seconded the motion. J. OSUNA put the motion to a vote. **3 ayes, 0 nays, 0 abstain. Motion carries.**

II. Discussion/Action

- a. 2013 – 2014 proposed budget
 - i. J. OSUNA opened discussion regarding the 2012-2013 budget and expenses. E.M. COLIO presented two draft budgets for JPA approval: one with full contributions calculated, and another with 2/3 contributions. A. HORNE asked if expenses would remain the same, with money being taken out of “reserve” (contingencies). E.M. COLIO explained that a budget with a lower contribution level (2/3) would result in fewer funds in contingencies. M. PIEDRA inquired about the “carry-forward” balance for FY 13-14. E.M. COLIO explained the only

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expenses thus far in the FY are consultant fees and staff time, and confirmed that the “carry-forward” balance from 12-13 to 13-14 was accurate as outlined on the draft budgets. E.M. COLIO explained that approximately half of the “carry-forward” balance had already been spent on expenses thus far, though member contributions had yet to be collected, as they are pending a JPA decision on whether full or 2/3 contributions would be collected.

- ii. M. PIEDRA inquired about what advantage a lower contribution would provide. E.M. COLIO mentioned the “alternative site framework” (ASF) agenda item from David Harlow. M. PIEDRA asked if its discussion could be moved up, as it was related to the budget. E.M. COLIO explained that the ASF was a new method of activating businesses not located in an FTZ, as recommended by the U.S. FTZ Board. E.M. COLIO described Calexico’s difficult process of taking from its allotment of FTZ acreage and designating new FTZ acreage for Coppel Corporation. E.M. COLIO argued that the ASF will keep costs and hassle at a minimum; the ASF is meant to allow an FTZ jurisdiction the freedom to pull from a common pool of acreage when an incoming company’s site is not located within an FTZ designation. M. PIEDRA inquired as to how a jurisdiction would designate these “floating” acres of FTZ designation. E.M. COLIO explained that each jurisdiction within the IVFTZ would be able to take some FTZ acreage and put it into the common pool, which could be used anywhere not already FTZ designated. M. PIEDRA inquired as to whether a jurisdiction’s “common pool” acreage would still count towards their total acreage and their contributions (based on that acreage). E.M. COLIO explained that ideally, the ASF would facilitate more activations, which would increase overall revenue to the JPA, which would then result in lowered contributions for the members. M. PIEDRA inquired as to who would set up the ASF program, to which E.M. COLIO replied that a consulting firm like ITC-Diligence, Inc., could do it. J. OSUNA inquired as to what the cost of setting up the ASF would be. M. PIEDRA said that depending on the FTZ and its circumstances, it could range between \$15,000-25,000.
- iii. E.M. COLIO brought forth the issue concerning consulting with County Counsel as to who has the authority to sign contracts on behalf of the JPA. E.M. COLIO explained that while the County of Imperial is the lead agency, the City of Calexico is the chairperson. E.M. COLIO said that she was advised by County Counsel that the Grantee is usually charged with signing documents; however, the JPA has a chairperson with decision-making power. E.M. COLIO said County Counsel recommended having a set of by-laws for the JPA to remedy this situation. E.M. COLIO said that ICCED staff and County Counsel had scheduled a conference call on 12/11/2013 with the FTZ Board, in order to clarify the aforementioned issues with signing contracts and the ASF.
- iv. E.M. COLIO said that the JPA should put out a full RFP for the ASF project. M. PIEDRA stated that in the coming months, the JPA would likely be busy developing the RFP for the ASF, and suggested adopting the draft budget with full contributions for FY 13-14, and review reducing the contributions in FY 14-15. J. OSUNA stated that the City of Calexico was running near their budget, and saw the 2/3 contribution draft budget as preferable. In addition, J. OSUNA suggested taking an extra \$1,000 from each agency’s contribution and adding it to contingencies, especially if the JPA begins the ASF procedures. E.M. COLIO stated that the \$5,000 annual activation fees for each company distributed amongst the FTZ agencies are prorated based on acreage. E.M. COLIO

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suggested moving forward with the full contributions in order to have money for the ASF and for the Marketing Plan. A. HORNE mentioned that in the minutes from the 7/3/2013 meeting, it says that at the next JPA meeting, a draft budget would be presented with a 15% reserve. A. HORNE stated that the draft budget with 2/3 contributions would leave the JPA with slightly more than 15% in reserve; however, with increased expenses from the ASF and a Marketing Plan, the reserves would fall below 15%. M. PIEDRA suggested adding a line-item to the budget for “Professional Fees”, to which E.M. COLIO added that the line-item could actually be specifically for the ASF.

- v. J. OSUNA expressed concern about ITC-Diligence, Inc., being awarded the contract for the ASF, as they are already being paid \$24,000 for consulting services, and the JPA already has marketing expenses. E.M. COLIO explained that ITC-Diligence has made presentations in Mexicali to maquiladoras to promote the FTZ program. E.M. COLIO continued that the sales tax rate in Mexicali is set to increase to 16%, which will affect maquiladoras and border companies greatly, making them consider moving to FTZ designated areas in the United States. E.M. COLIO argued that these meetings are marketing efforts on the part of ITC-Diligence, Inc., that are solely focused on the IVFTZ. M. PIEDRA inquired about the PIMSA meetings in Mexicali, regarding the industrial park. E.M. COLIO stated that one industrial park in Mexicali wanted an “endorsement” from the IVFTZ. J. OSUNA stated that a government agency such as the JPA cannot endorse one company, as the industrial park.
 - vi. E.M. COLIO asked whether the JPA should adopt the draft budget with full contributions, or the 2/3 contributions. A. HORNE stated that it would be possible, should the JPA pass the 2/3 contributions budget, to issue an invoice later for a “special assessment”, as necessary. J. OSUNA suggested forming a budget subcommittee to discuss issues like the ASF. *M. PIEDRA motioned to approve the 2/3 contributions budget, as amended.* A. HORNE seconded the motion. J. OSUNA expressed concern that ITC-Diligence would assist with creating the RFP, and raise his consulting fees. E.M. COLIO explained that she would consult with the FTZ Board. J. OSUNA opened the motion to a vote. **3 ayes, 0 nays, 0 abstain. Motion carries. FY 13-14 Budget approved.**
- b. Review draft of IVFTZ by-laws
- i. J. OSUNA opened discussion on the draft JPA by-laws. A. HORNE inquired about the subsection defining a “quorum” as 1/3. E.M. COLIO stated that this was a mistake, and it should read 2/3, and should require 3 members. A. HORNE stated that 2/3 is only 60%, and 3 members would constitute 66%, requiring 4 members. A. HORNE suggested defining a “quorum” as 3/5 of the membership.
 - ii. J. OSUNA inquired about the 72-hour notice prior to a special meeting, stating that for an urgent matter, perhaps 48 hours would be sufficient. A. HORNE stated that the by-laws call for meetings to be conducted according to the Brown Act, which only requires 24 hours notice before a special meeting. A. HORNE recommended removing the sentence about special meeting notice, as the Brown Act has its own provisions for when to provide notice. A. HORNE also recommended changing the authority for calling special meetings from “a majority of the membership” to simply “the chairperson”.

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- iii. A. HORNE inquired as to how the by-laws would be enacted. E.M. COLIO stated that the by-laws would have to be adopted by each member agency's governing board. M. PIEDRA stated that each JPA representative had already been appointed on behalf of their respective governing board, and thus had been imbued with the authority to act on its behalf. J. OSUNA, on behalf of the JPA, directed ICCED staff to present the draft by-laws, with the aforementioned recommended changes, to County Counsel for approval.
- iv. A. HORNE inquired about the by-law article regarding membership, as it says the JPA shall consist of 5 members, seemingly prohibiting the addition of member agencies. J. OSUNA replied that a future amendment, should the need arise, could provide the language necessary to add any additional members. M. PIEDRA then inquired about whether any cities or areas that do not currently have FTZ designated areas would have to pay contributions and become members if they receive FTZ acreage via the ASF program. M. PIEDRA suggested adopting the by-laws as they were, and prepare to amend them as needed when the ASF program is clarified. E.M. COLIO then said that any cities that utilize FTZ acreage should join the JPA. M. PIEDRA agreed, saying it would be unfair to JPA members if they had to pay contributions for FTZ acreage being utilized by non-JPA member cities. J. OSUNA reminded ICCED staff of its direction to present the draft by-laws with the recommended changes to County Counsel.

c. County Counsel update on authorized signatory

- i. J. OSUNA opened discussion on the County Counsel update. E.M. COLIO stated that she had a conference call scheduled for 12/11/2013 that would include County Counsel and the FTZ Board in order to clarify the issue of authorized signatory, membership structure, and by-laws.

d. Letter to ITC-Diligence, Inc., regarding contract renewal

- i. J. OSUNA opened discussion on the contract renewal letter. E.M. COLIO produced a copy the renewal letter signed by David Harlow. E.M. COLIO stated that the JPA chairperson (City of Calexico) had not signed the renewal letter yet. Juan Salgado stated that the renewal letter had not been sent out to the City of Calexico, as he was awaiting the original signed document from ITC-Diligence, Inc. J. OSUNA requested that ICCED staff mail the original document, once received, to the City of Calexico for signature.

III. Presentation – David Harlow, ITC-Diligence, Inc.

a. Marketing plan

- i. J. OSUNA opened the floor to Mr. Harlow. E.M. COLIO stated that Mr. Harlow was unable to attend the meeting, and the presentation would have to be tabled until the next meeting.
- ii. M. PIEDRA inquired as to whether the marketing plan would focus specifically on the Mexicali. E.M. COLIO stated that the marketing plan would have a focus on Mexicali, but that many companies would see little benefit from the FTZ due to

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NAFTA. However, distribution centers in FTZ areas would provide benefits to the companies.

- b. Alternative site framework
 - i. J. OSUNA opened the floor to Mr. Harlow. Mr. Harlow was unable to attend the meeting, and the presentation was tabled until the next meeting.
 - ii. E.M. COLIO reminded the JPA that, as per their direction, a scope of work and RFP would be developed for hiring a consultant to develop the ASF.

IV. Public comments, reports and discussion items

- a. Public comments
- b. Discussion items
 - i. E.M. COLIO presented new images and website templates for the IVFTZ website. A. HORNE stated that the map on the draft homepage with all of Imperial County highlighted red was confusing, as it seemingly designates the entire county as an FTZ. A. HORNE suggested adding a link to the map that would take the user to a more detailed map outlining the exact locations of the FTZs.

V. Next meeting date

- a. Future agenda items
 - i. Update on conference call with FTZ Board and County Counsel
 - ii. Adopt by-laws
 - iii. Update on RFP for Alternative Site Framework
 - iv. Update on Marketing Plan
 - v. Presentation from ITC-Diligence, Inc.
- b. Date/location
 - i. Thursday, February 6, 2014, at 2:00 p.m.
 - ii. City of El Centro Economic Development Department, 1249 W. Main St., El Centro, CA 92243

VI. Meeting adjourned

- a. Meeting was adjourned at 3:15 p.m.