



IMPERIAL VALLEY FOREIGN TRADE ZONE

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

MEETING MINUTES

Monday, October 05, 2020 @ 10:30 A.M.
Zoom Meeting

PROCEEDINGS

A meeting of the Imperial Valley Foreign Trade Zone – Joint Powers Authority (IVFTZ-JPA) was held on October 05, 2020 @ 10:30 A.M. utilizing the Zoom meeting application due to the coronavirus pandemic. Members of the public were encouraged to submit their comments via email prior to the day of the meeting.

ATTENDEES

JPA Members

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

Primary

Tyler Salcido
Miguel Figueroa
Romualdo Medina
Adriana Nava
Nick Wells

Alternate

Gordon Gaste

Esperanza Colio Warren

Consultants

IMS Worldwide

Trey Boring

Coordinating Staff

I.C. Workforce & Economic Development
I.C. Workforce & Economic Development
I.C. Workforce & Economic Development

Priscilla Lopez
Jade Padilla
Tyler Mayo

Other Invites

None



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MINUTES

I. Call meeting to order

- a. Roll call.

Meeting was called to order by ADRIANA NAVA at 10:39 A.M. Roll call was performed by J. PADILLA with five (5) JPA members present; it was determined that quorum was met.

- b. Approval of 09/16/2020 minutes.

N. WELLS motions to approve the minutes as presented. E.C. WARREN 2nd the motion.

Vote: 5 in favor, 0 against, 0 abstain at the time of the vote. **Motion passed.**

II. Discussion/direction/action/update

- a. Discussion/Action regarding execution of Vertiv Operator Agreement.

At the beginning of this discussion, the following JPA members were present:

City of Brawley	Tyler Salcido
City of Calexico	Miguel Figueroa
City of El Centro	Adriana Nava
City of Holtville	Nick Wells
County of Imperial	Esperanza Colio Warren

J. PADILLA reminded the JPA of the Vertiv agreement as presented during the September 16, 2020, FTZ meeting. Per the direction given at that time, she noted staff has followed instructions and reached out to the National FTZ Board for additional information. P. LOPEZ presented the email correspondence from the FTZ Board, specifying that mentioned there was not a big difference other than the annual fees and he Subzone is intended for a single operator. E.C. WARREN mentioned that the \$10,000 Subzone fee was from the FTZ Board, which has their own fees and the JPA needs to approve their own fees. We cannot simply charge the FTZ Board fees without approving our own fee schedule. Staff mentioned that discussion from previous meetings had left the impression that this was already done and the amount was from our own fee schedule. A. NAVA also noted this as her impression of the fee schedule. E.C. WARREN noted that we never had Subzone fees, only General Purpose Zone fees. P. LOPEZ shared a fee schedule document marked as approved on November 02, 2011. A. NAVA requested that staff check for minutes, resolution, or similar documentation for the fee schedule



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approval. E.C. WARREN doesn't recall the IVFTZ approving a fee schedule. As she does not have access to the zoom visuals, M. FIGUROA notes that the document presented by P. LOPEZ can be viewed on Zoom by the other JPA members. E.C. WARREN suggests to proceed subject to approval of FTZ fees. A. NAVA reiterates the approval can also be contingent upon the verification of an approved fee schedule. E.C. WARREN doesn't believe the IFTZ has approved fees for Subzones and recommends the IVFTZ meet again on Friday to approve fees should documentation of a previous approval of Subzone fees not be found.

E.C. WARREN then begins to express her discomfort in entering into an agreement without having all the information. She also noted her suspicions as she couldn't see the real benefit for a company to become a Subzone if the same can be accomplished as a General Purpose Zone. A. NAVA agreed and discussions began to continue this meeting until later in the day until staff can obtain additional information. The staff was requested to gather additional information from Vertiv on the activities that would take place and their intentions for the zone. E.C. Warren wanted an explanation of what the real benefit is for a company to be a Subzone versus a General Purpose Zone as well as the limits they can have and how many companies they are going to use. She proceeds in mentioning that she is available after 4:00 to reconvene. J. PADILLA mentions that, as we now have a signed contract for the consultant, we can also request information from IMS Worldwide. E.C. WARREN requests that we contact the consultant to provide a checklist of differences and similarities between a General Purpose Zone and a Subzone; preferably in a check box chart. The JPA members were asked for their availability to meet at 4:00. It was expressed that the participation of Vertiv and IMS Worldwide would be preferred at this meeting. P. LOPEZ clarified that the meeting will continue electronically (via email).

E.C. WARREN motioned to continue this meeting. N. WELLS 2nd the motion. **Vote: 5** in favor, 0 against, 0 abstain at the time of the vote. **Motion passed.**

During this break, County staff worked on obtaining and providing the requested information to the JPA Members:

- 11:26 A.M. – JPA Members were provided the 11/02/11 meeting minutes and redlined Item II.f. Zone Schedule Fee Changes via email noting the approval of the fee schedule that included annual Subzone fees.
- 12:09 P.M. – JPA Members were provided responses to their questions for Vertiv via email.
- 3:24 P.M. – JPA Members were provided responses to their questions for IMS Worldwide via email.

At each point of the email correspondence, they JPA Members were given the opportunity to ask for additional questions to be presented to either Vertiv or IMS Worldwide. M. FIGUROA submitted a response that he had no further questions for either party at the time.



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ADRIANA NAVA called the meeting back to order at 4:07 P.M. Roll call was performed by J. PADILLA with four (4) JPA members present; it was determined that quorum was met. The following members were present at the beginning of the discussion:

City of Brawley	Gordon Gaste
City of Calipatria	Romualdo Medina
City of Calexico	Miguel Figueroa
City of Holtville	Nick Wells

J. PADILLA informed the JPA, as we now have a consultant agreement, Trey Boring with IMS Worldwide joined the meeting to assist in answering any questions.

P. LOPEZ presented the information that was obtained during the break; informing the JPA that responses were received from both Vertiv and IMS Worldwide. P. LOPEZ asked the JPA if they had all received the information and if they had reviewed, the JPA acknowledged receipt. She began with discussing the responses from Vertiv and proceeded to inform the JPA that an invitation to participate was also extended to Vertiv but we had not received a response. P. LOPEZ further explained that Vertiv is based out of the East Coast of the country and that probably contributed to their not being available.

E.C. WARREN joined the meeting.

P. LOPEZ continued, noting that Vertiv will be the only company operating within the zone. E.C. WARREN emphasized that the information needed to proceed should not be relied on by the operator and we need to obtain information and guidance from our consultant. P. LOPEZ noted that the consultant was on the line to answer any questions. P. LOPEZ then called on IMS consultant Tray Boring to answer the questions posed by the JPA.

ADRIANA NAVA joined the meeting.

E.C. WARREN inquired to the consultant what the IVFTZ's limitations will be and what powers we would be losing if approved. T. BORING noted this approval would not give the operator any special powers, but would be allowing them to designate outside of the General Purpose Area that the IVFTZ scope originally designated. He mentions there are a lot of reasons that some companies will ask to be a Subzone; most of which are customs related so that they can participate in certain customs special procedures. From a Grantee perspective, the Subzone Operators must live up to the same requirements as the other operators. He further notes the operator's agreement should be exactly the same from a requirements perspective for a Subzone as they are for any other zone operator that has activated in your in your project. As an Alternative Site Framework (ASF) zone, you have really three ways that you can have a site designated. One is the Magnet Site process, which is the bid industrial park designation. The other is a Usage Driven Site, which is a shorter and quicker process than a Subzone, but it is for a single purpose use. The third



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type is a Subzone. The Subzone and a Usage Driven Site are both managed by the grantee in the same way. There is no way that anyone who gets a Subzone designation by the grantee should have any special procedure above and beyond anyone else. E.C. WARREN asks why, as an operator, one would chose to pay double the fee; there must be a specific reason why the Subzone is being applied for. She also notes that there must be certain activities they cannot do and asks for him to name a few activities that can't be done under the General Purpose Zone. T. BORING asks if the operator has multiple buildings, to which E.C. WARREN suspects the same as it would allow for merchandise to be transferred back-and-forth and in-between from facilities in different parts of the County. Her concern is that is action would need to remain under the same FTZ and under the same business name rather than with another company operating. T. BORING provides an example of a commercial client he has who has multiple buildings in Arizona who must do a Subzone because they can put all of the buildings under one zone operation as one Subzone status. However, he further notes that the Subzone is still only for their use and they can't sublet out their zone status. E.C. WARREN notes her understanding as she had concerns about having other businesses operate in the zone that the IVFTZ was not aware of as the JPA would be held liable in ensuring their operators follow protocol and are in compliance. She requests that this information be detailed in the minutes so that there is a record of the differences. ESPERANZA COLIO WARREN then asks the JPA if they want to limit the number of buildings the Subzone Operator can have or if they want to leave it open. T. BORING mentions, as the agreement was just finalized, IMS Worldwide is preparing a lot of training materials and similar documentation. He does mention, in the operator's agreement for a Subzone we should probably include the Single User-Single Purpose element related to the company, which adds an extra level of security for the JPA. He further notes, in regards to limiting the number of buildings, the increase in annual fee is usually set up for this reason; they generally don't limit the number of buildings because you are already charging them a premium on the annual fee for that freedom. E.C. WARREN inquires, whenever they decide to open a new building in a different location to be a part of the Subzone, do they let us know in advance so that the location can be checked as well as address any potential issues. T. BORING responds by providing a sample in which the operator must have IVFTZ's concurrent for applications submitted to the FTZ Board. Thus, the operator would have to request permission from the IVFTZ-JPA to sponsor the expansion of the already existing Subzone. The JPA will always have the ability to approve or disapprove based on the relationship you have with that company. E.C. WARREN asks if that language is a part of our agreement that they would need to return to the JPA for any expansions, to which T. BORING notes he has not reviewed the IVFTZ Operator Agreement yet as they have just begun providing services. He notes that this language should be in the agreement as well as the fee schedule; to require that all communications between the operators, customs, and the FTZ Board must be copied to the IVFTZ. E.C. WARREN thanks Mr. BORING for this information. On this note, she suggests the approval of the Subzone with the caveat to ensure the proper language is in the agreement or the fee schedule to prevent any future issues. A. NAVA further requests that the corrections go through our consultant and make sure that any language nuances are included in the agreement.



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E.C. WARREN motions to approve the Subzone contingent upon the agreement review by the consultant to ensure the proper language and any language nuances are included. A. NAVA 2nd the motion. **Vote:** 6 in favor, 0 against, 0 abstain at the time of the vote. **Motion passed.**

III. Future agenda items and other business

P. LOPEZ notes that the next meeting is dated for November 18th.

ADRIANA NAVA asks the consultant if it would be possible to have a session with him to recap some of the information that was mentioned as well as provide basics about Foreign Trade Zones and different modes of activation. P. LOPEZ asks if T. BORING would be available for the November 18th meeting, to which he noted he would need to check his availability with his staff. J. PADILLA mentions that it was the intention of IMS Worldwide to hold a kick-off meeting with IVFTZ and staff. T. BORING confirms noting they want to provide educational documents and reference as well as begin reviewing the current documents in use that need modification to ensure we are update as Grantees. A. NAVA asks if the requested information is a part of the kick-off, to which Mr. BORING confirms. J. PADILLA notes that IMS is currently preparing the mentioned documentation and will begin scheduling a separate meeting once everything is ready. E.C. WARREN suggests, as there are new members to FTZ operations, the kick-off meeting includes a FTZ 101 of how the overall FTZ works now with the ASF. T. BORING states this can be done. A. NAVA also requested an additional element of how an FTZ can help our economic goals. Mr. BORING notes IMS Worldwide has a lot of this information and can include training on how the Grantee approves the zone and how the operator benefits in terms of how you tie them together, which is really the economic benefit of the development zone program.

IV. Next meeting date

P. LOPEZ previously noted that the next meeting is slated for November 18th.

V. Meeting adjourned

a. Meeting adjourned at 4:29 P.M.