



**MINUTES OF THE REGULAR MEETING OF THE  
RIDGECREST CITY SUCCESSOR AGENCY,  
FINANCING AUTHORITY, AND HOUSING AUTHORITY**

**City Council Chambers  
100 West California Avenue  
Ridgecrest, California 93555**

**June 18, 2014  
5:30 p.m.**

This meeting was recorded and will be on file in the Office of the City Clerk for a certain period of time from date of approval by City Council/Redevelopment Agency. Meetings are recorded solely for the purpose of preparation of minutes.

**CALL TO ORDER**

**ROLL CALL**

Council Present: Mayor Dan Clark; Vice Mayor Marshall 'Chip' Holloway, Council Members Jim Sander; Lori Acton, and Steven Morgan

Council Absent: None

Staff Present: City Manager Dennis Speer; City Clerk Rachel J. Ford; City Attorney Michael Silander; and other staff

**APPROVAL OF AGENDA**

*Motion To Approve Agenda Made By Council Member Morgan, Second By Council Member Holloway. Motion Carried By Voice Vote Of 4 Ayes (Mayor Clark, Council Members, Holloway, Acton, And Morgan); 0 Noes; 0 Abstain; 1 Absent (Council Member Sanders)*

**PUBLIC COMMENT – CLOSED SESSION**

- None presented

*Council Member Sanders arrived prior to closed session*

## CLOSED SESSION

- GC54956.9(d)(4) Conference With Legal Counsel – Existing Litigation – City Of Ridgecrest v. Matasantos
- GC54957.6 Labor Negotiations – UFCW Local 8 Golden State. Agency Negotiator City Manager Dennis Speer
- GC54957 Personnel Matter – Public Employee Discipline/Dismissal/Release

## REGULAR SESSION – 6:00 p.m.

- Pledge Of Allegiance
- Invocation

## CITY ATTORNEY REPORT

- Closed Session
  - GC54956.9(d)(4) Conference With Legal Counsel – Existing Litigation – City Of Ridgecrest v. Matasantos, received report, no action taken
  - GC54957.6 Labor Negotiations – UFCW Local 8 Golden State. Agency Negotiator City Manager Dennis Speer, received report, no action, city manager direction
  - GC54957 Personnel Matter – Public Employee Discipline/Dismissal/Release, received report, no action, city manager direction given.
- Other
  - None

## PRESENTATIONS

1. Presentation To Council Of The Year End Report Of The Youth Advisory Council
  - Members of the Youth Advisory Council presented their annual report to Council
    - Reviewed goals and plans for completing the goals.
    - Presented sub-committee projects, goals, and timetables
      - Teen center
      - Youth work program
      - Parks improvement
      - Basketball tournament
    - Reviewed accomplishments achieved Fiscal Year 2013-2014
    - Highlighted next year's goals.
      - Social media enhancement
      - Refined calendar
      - Credibility with schools and public

Youth Advisory Council *(continued)*

- Organizational leadership
- Fundraising
- Mayor Clark requested shade for the skate park as a future project for the youth advisory committee.
- Council Member Holloway suggested committee petition school district for school credit with their participation.

**2. Presentation Of Employee Service Awards**

- Council presented employees with awards for reaching specific years of service milestones.

**PUBLIC COMMENT opened at 6:21 p.m.**

Dave Matthews

- Commented on closed session item of public employee discipline action. Will employee be made public regarding the action?
  - Michael Silander – discussion was broader, was classification of job title.
- Thanked Loren Culp, Chamber Of Commerce, City Manager, and participants at Chamber Of Commerce meeting.
- Thanked staff for website link on road construction.
- Commented on micro-paving of Drummond Avenue.
- Encouraged public to pay attention to what is happening around the world. Federal government will have their say in everything we do.

Tom Wiknich

- Agreed with Mr. Matthews on government regulation
- Updated Council and public on community television station. KCNG-TV
- Close to getting 3 channels established with classic, outdoor programing, and infomercials.
- Presented timelines for each channel 21.1; 21.2; and 21.3
- Live programming five days per week with viewing audience participation.
- Working on staffing and studio equipment
- Planned open house in July
- Selling advertising to assist with costs
- Been a struggle but moving forward. Still testing channels and once third channel is online then will be shown on Mediacom. Excited about DIRECTV and Dish availability with the use of an antenna.
- Intend this to be total local community station.

**Public Comment Closed at 6:30 p.m.**

**CONSENT CALENDAR**

3. Adopt A Resolution Of The City Council Of The City Of Ridgecrest, Correcting The FY 2013-2014 Salary schedules For Police Employee Association Of Ridgecrest (PEAR), UFCW Local 8 And Management Groups  
McQuiston
4. Adopt A Resolution Of The Ridgecrest City Council Authorizing The Application For And Acceptance Of The Department Of Alcoholic Beverage Control Grant Assistance Program  
Strand
5. Adopt A Resolution Authorizing The Partial Disability Retirement Of Cpt. Paul Wheeler  
Strand
6. Approval Of Draft Minutes Of The Regular City Council/Successor Redevelopment Agency/Financing Authority/Housing Authority Minutes Dated June 4, 2014  
Ford

Items Pulled From Consent Calendar

- Item Nos. 5

*Motion To Approve Item Nos. 3, 4, And 6 Made By Council Member Morgan, Second By Council Member Acton. Motion Carried By Roll Call Vote Of 5 Ayes (Mayor Clark, Council Members Holloway, Sanders, Acton, And Morgan); 0 Noes; 0 Abstain; And 0 Absent.*

Item No. 5 Discussion

Mike Neel

- Commented on pattern of disability retirement for police and does not understand how cardiac is conducive to a disability retirement.
  - Ron Strand – spoke on the laws regarding Public Safety which are considered presumptive for police.

Dave Matthews

- Thanked captain wheeler for his service
- Requested Chief Strand repeat the response to Mr. Neel's question
  - Ron Strand – responded.

*Motion To Approve Item No. Morgan Of The Consent Calendar Made By Council Member Acton. Motion Carried By Roll Call Vote Of 5 Ayes (Mayor Clark, Council Members Holloway, Sanders, Acton, And Morgan); 0 Noes; 0 Abstain; And 0 Absent.*

## DISCUSSION AND OTHER ACTION ITEMS

### 7. Evaluation And Selection Of Industrial Development Proposals / Firms For Funding Assistance Utilizing TAB Funds Parsons

Gary Parsons

- Presented staff report.
- Noted a draft agreement distributed to Council.
- Commented on the need to have the contractual agreements completed.
- Spoke on current economic development allocations and how those funds were distributed between retail, industrial, RACVB, and code enforcement.
- Outlined possible options available to Council to move available funds as needed.
- Commented on the need to bring retailers and offer incentives to local businesses for expansion, and need for enhanced code enforcement.
- Reviewed the completed matrix provided in the agenda packet.

Dan Clark

- Requested comments from Council then open to public comment before bringing back to the Council for further discussion.

Steve Morgan

- Will need clarification of what we can and cannot do at this meeting.
- Appreciate the matrix provided by staff.
- Thanked proposers for stepping forward with ways to turn around unemployment within the community
- Suggested receiving questions from public and personnel to review.

Lori Acton

- Reminder there is a limited amount of funds for consulting, 5% of total TAB funds received.
  - Gary Parsons – TAB funds are to be used for Capital Improvements rather than Operational

Jim Sanders

- Appreciate comments received and surprised by the letters received.
- Proud and grateful for the community input which has been positive
- Have not heard this level of support for Council projects until now.
- Have not slept well last two week as this has been weighing heavy on my mind.
- Have been looking at manageable risk, return on investment to the community, and economic feasibility when reviewing the proposals. Seeking community input regarding these issues.

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Chip Holloway

- God works in mysterious ways, 18 months ago I planned a trip out of the country last week which was the best thing God did for me.
- Biggest concern is the level of expectation, happy with the attendance in the Council chamber. Great representation in the business and entrepreneurial community.
- Risk tolerance is significantly different for these persons than for those just drawing a paycheck
- Chose to run for office because of economic development. Commented on the community rejection of the opportunity of bringing a prison to the area. Only 2 members of the chamber were willing to sign a letter supporting investigation of the opportunity.
- Commented on the percentage of community against the opportunity and how the company never put in a proposal at a time when the Base was cutting jobs.
- Commented on a joke from Zig Ziegler about negativity.
- Commented on the Cato's Letter article about failing well is the key to success.
- Read excerpts from Cato's Letter
- Biggest failure of Ridgecrest is we had two great failures and quit because of fear of retaliation when we should have been doing what we are doing tonight.
- Need to have community truly invested in the process.

Dan Clark

- Commented on venture capitalism selection process which reviews 1000 proposals, selects 10, funds 3, expects 1 to be successful
- Concerned about ramifications of making a decision in the process established.
- Appreciate the matrix and Gary Parsons' hard work.

Public Comment opened at 7:00 p.m.

Nathan Ahle

- Expressed appreciation for Council
- Commented on transparency.
- Many speakers have reviewed the proposals and chamber is not endorsing proposals.
- IWV will present an analysis of the proposals.
- Chamber believes economic development and job creation should be top priority for the community
- Requested Council adopt the mantra 'Jobs First'

Dave Matthews

- Did not review proposals until this afternoon, however looked for who would produce the most number of jobs in the long run
- Then looked at sales tax and familiarity with company and what they plan on doing.
- Several proposals are consultants which are not needed. Narrowed selection to 2, first choice is CalUAS and second choice is Pertexa
  - Commented on attending a luncheon where this product was announced and as an engineer is curious about the product Pertexa is proposing and if Dr. Cosner has reviewed it. Would trust Dr. Cosner's opinion and evaluation.

Jan Bennett

- IWV Economic Corporation – nonprofit to assist with economic development in the valley. Have been working with China Lake Alliance
- Felt important to give Council their evaluation.
- Noted that Lori Acton and Gary Parsons are board members however had no participation or prior knowledge of the evaluations
- Commented on availability of funds and possibility of having other proposers.
- Only one project meets all the criteria including brick and mortar and presence of private investment and that is the CalUAS proposal.
- Highlighted what CalUAS has already accomplished and will accomplish within the valley thru the sale of unmanned systems.
- Other proposals are missing key components which prevents them from fitting into the matrix
- Urged Council to continue studying the other groups in hopes other funding comes available
- Conclusion, encourage Council to work with CalUAS and provide funding to take their proposal to the next level
- Provided written statement

Carol Wilson

- Read letter from Rita Reid and the Association of Realtors
- Letter encouraged Council to fit within guidelines given.
- Personal opinion concurs with CalUAS as the best selection for the funds.

Cathy Betta

- Spoke on the military using unmanned systems for dangerous mission and more recently a host of other functions such as crop dusting, filming, inspections, locating minerals, and mail delivery.
- Commented on the cost effectiveness of unmanned versus manned is 18 to 1
- Proven industry and CalUAS has worked with leading specialists on base and are ahead of the curve.
- 3 UAV's have been built and sold with orders for 7 others.

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Cathy Betta *(continued)*

- CalUAS is temporarily housed on Graaf street with local ownership and leadership so will stay in the area
- Compatible with the mission of the base.
- Business is complimentary to all businesses in the area and funds will assist with implementing manufacturing in the valley
- Most important question Council should consider is will the company survive and provide jobs.

Harris Brokke

- Commented on many opportunities to speak to Council as a member of IWW2000
- Encouraged Council to focus on job creations and to consider two of the proposers.
- Read letter previously provided to Council in favor of Pertexa.
- Pertexa as the most viable project to provide substantial number of jobs for the community.
- 50 systems already in place and being used by doctors throughout the United States.
- Commented on the 30-40 percent waste

Jerry Taylor

- Commented on the variety of people attending who are looking for any type of diversity and growth in the community's economic development
- Reminded Council this is the last of the TAB funds so please use due diligence and make sure the decision is for the opportunity that will benefit the community the most.
- If Council is uncertain then encouraged to pause and review more. If you think there is something else is out there then it is alright to ask.
- Asked council to look at every dollar spent for the taxpayer is out of their paycheck. With this philosophy they will make the best decision.

Mike Neel

- Highlighted/questioned how many Council Members understand what a Free Trade Zone is?
- Defined Free Trade Zone as sovereign pieces of land that belong to the country they are made for, and in one proposal it is China.
- These free trade zones give the countries a significant tax advantage because they don't pay import tax
- Components are made in China with slave labor and we would be subsidizing. The manufacturing was shipped to China which has bankrupted many communities in the United States.
- Questioned if we should put the taxpayers money into this?
- Council has adopted a business attitude, if these are so good then why aren't private citizens beating down their doors to fund them?

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Mike Neel *(continued)*

- When \$2million taxpayer's dollars are handed out and it flops and no one seems concerned.
- Commented on normal business operations with a demand for performance.

Carol Vaughn

- Commented on letters given to Council
- Economic development for the community is a must; there are people in this room who do not normally attend because of their jobs, families, and other obligations.
- These people are here to tell you they want to support some type of economic development for the community
- Very limited tax dollars since the biggest employer does not pay taxes.
- Heard very little complaints, business community need your support.
- TAB funds are the last the Council may have for a very long time. Asked Council to consider how much of these funds should be spent on economic development.
- Asked Council to be careful but start soon on as many projects as possible
- Do whatever it takes to boost jobs to a level that will sustain the community.
- Spend the money carefully but consider what you are spending it on.

Rusty Warren

- Agreed with Chip Holloway, past mistakes are educators. We can pick one and it won't work then we hide our heads.
- Asked Council to look at the ties to the community, people who are dedicated to this community.
- Large corporations can be moved easily.
- Asked if these are new companies or established companies.
- Encouraged Council to not let these companies pressure the Council, if they want the money then they have to wait out the Council decision.

Stan Rajtora

- Referred to December 2010 strategic plan development category of economic development and topics 7, 8, 9, and 10 was to become the silicon valley of energy.
- Was a good idea then and is a good idea now. Was skeptical about how we were going to get it done. Had all the items but need to be able to execute them.
- Personal thinking is we didn't have the money in 2010 but we do have a proposal in hand that would do what we wanted in 2010
- Supports the Ridgecrest Energy Project
- Concept of renewable energy is not new, need someone who can make it happen.
- Have spoken to the proposer and I believe he can do this if given the go-ahead to start.

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Stan Rajtora *(continued)*

- Strategic plan has short and long term goals. This hole we are in has taken up to 10 years to dig and will take up to 15 years to get out but we can become a self-reliant community
- Suggested Council give a good deal of review and hopefully select the Ridgecrest Energy Project, #3
- Idea will be good now and in the future.

Don Cortichiato

- Thanked Council for their dedication
- Proponent of CalUAS and thanked Jan Bennet, Carol Wilson, and Cathy Beta for their words
- CalUAS is already running, is local and will produce local jobs.
- Serial No. 001 resides with an International Firm and they have ordered a second and they have the potential of ordering 1000 more at any time.
- Representative has visited Ridgecrest and has been in contact with Gary Parsons
- The potential is there for CalUAS to become huge but it is currently up and running
- CalUAS has local investors.
- Have to stay ahead of the technology curve, but that takes money.

Dave Matthews

- Forgot to mention the Free Enterprise Zone that Pertexa needs, don't think we need one sitting outside the base from people from China
- Like the product if they can do it without the Free Enterprise Zone.

Rusty Warren

- Consideration for two funding's, one is a company to get going and the other is for the future with consultants which is a good thing also.

Tom Wiknich

- Reminded Council that Mr. Morgan had good questions which this matrix does not cover. Request those questions be asked and answered.
- Sales tax revenue to City of Ridgecrest should be included in the decision.

Closed Public Comment at 7:42 p.m.

Dan Clark

- Reviewed options available to Council including total costs and availability of funds.
- Possibility of funding a couple of proposals and putting the balance of TAB funds into securities to stop the time clock
- Commented on possible bank loans in the proposals.
- Commented on private investment capital from the community.

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Dan Clark *(continued)*

- Subordination, concerned about the management team.
- Market entry, great ideas but what doors will have to be opened and closed for them.
- Milestones, would like benchmarks and milestones accomplished and funding paid in increments.
- Feel most of the numbers are inflated, where did these economic assumptions come from?
- Skin in the game, economic assumptions, milestones and benchmarks.
- Do have option to fund all or part and suggested taking a portion of Walmart Development Impact fees to help fund.
  - Dennis Speer – there are constraints with TAB dollars and a couple of speakers commented on adjusting the allocations. 5% is the only discretionary funding available. Any funds above that would have to meet the test of brick and mortar. Commercial Specific Plan is the fund City agreed to pay for the development agreement with Walmart. Project is moving forward. Plan check has been submitted and corrected plans coming July 1 so request those funds be left in place to move forward with development of Walmart.
  - Commented on a Loan made to construct the solar park in the amount of \$3 million from wastewater. Loan payment due by 2015 and repayment was to be thru RDA or TAB. ROPS request is being reviewed so was withdrawn and will be resubmitted but no assurance that DOF will allow RDA to pay off the loan so TAB funds would be needed to pay the wastewater loan.

Jim Sanders

- Uncomfortable changing the game, these companies have been planning a certain way and this changes things for them.
- Would like to proceed as previously planned. Added that the available economic development funds are \$1.350 million.
- Asked staff to clarify 'free trade zone'
  - Gary Parsons – technical term is Foreign Trade Zone which allows the zone to incentivize manufacturing of good within the United States. Exemplified steel part. Import tax is charged when the item leaves the zone. Primarily a process to allow manufacturer to produce without those costs until product is shipped out. Proposal tonight would add product such as software to an item originally made in another country then sell to offices in the United States. Zone is not competitive and is done thru the Federal Trade Department. Outlined the cost benefit component of establishing the zone.
- Need to understand this before proceeding, no foreign governments own the property, just a deferment to import tax collected by the United States until product is sold.

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Jim Sanders *(continued)*

- Free economics depends on open competition which largely means government stays out of the way. However here we have cities competing against each other for jobs. One major disadvantage to Ridgecrest is we are in California and taxes are extremely high so businesses need incentives to do business and other cities are competing for this business. We disadvantage ourselves and impede competition by now providing these things.
- In favor of continuing the discussion and not in favor of option 3 at all.

Chip Holloway

- Offered the proposers who might have heard something in public comment they would like to address the opportunity to speak.

Dan Clark

- Takes a year to put a free trade zone together.

Lori Acton

- Asked if Kern County had something similar where any energy projects had to be shipped into the county zone?
  - Gary Parsons – by locating the facility here the manufacturer will sell materials out of our zone and city will gain the sales tax from these sells. If he creates a distribution center at another location then the benefit will not exist. Need to have a firm to work with to establish the zone and may be able to entice other firms into the zone for future economic development

Eric Cline

- Clarified their firm is not a consultant, representing other companies and introducing them to Ridgecrest.
- Looking to represent many companies with diversification and not a consultant firm.

Steve Morgan

- Positive that each company wanted to get up and speak.
- Have specific questions for each proposal and suggested calling each one individually then other Council can chime in.

CalUAS discussion

Steve Morgan

- Asked CalUAS to review their current investments including private
- Commented there was only one product outlined and knowledge of more products.

Eileen Shibley and Catherine Hu

- Catherine Hu was awarded an MBA and is a Chemistry graduate
- Have a business plan.
- Have sold one product, 3 units, robot for the agricultural community
- Have developed 2 others including a system designed to do wind turbine inspections with cost savings and power line inspections. Have developed a number of systems that have accident reporting and other voyeur capabilities.
- Referenced popular mechanics production systems highlighting robotics.
- Local discussions have shown a need for some of the functions CalUAS can service.
- Currently have to buy some components but working on ways to develop these parts locally.
- Investment locally is both personal and local investors who believe in this product and have contributed. Also have investors outside the community. Currently developing the piece that will allow us to have equitable stock.
- Commented on AUVSI Association of unmanned vehicle systems international. Economic impact report indicates job growth in this area is unparalleled to anything in the past. We are positioned to be a part of this group.
- Spoke on Venture Capitalist numbers; are in talks with a Venture Capitalist firm and meeting them on Monday. Are looking forward to their support.
- CalUAS is a business with legs and wings, and is ready to fly.
- Company has been contacted by a broker who found a firm in California that wants to fund \$2 million but also want the firm moved to another area.

Steve Morgan

- Asked if there is a potential for other investments above the amount that is listed.
  - Eileen Shibley - Local investor's contributions are contingent on if the Council will support.
- Proposal asks for 2 year lease, please explain.
  - Eileen Shibley - Staff indicated there is an opportunity to have a 2 year free lease of vacant commercial buildings, have identified possible structures that would require very little modification and have now settled on the location at Graaf Street. Commented on both a training center and industrial space. Equipment works but not married to that location.
- Are there concerns regarding environmentally or solid waste in the production process.
  - Eileen Shibley - Company is using clean technology. We are a green outfit. Software driven. No waste or emissions and no water requirement.

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Dan Clark

- Commented that funds will be benchmarked out and asked if CalUAS plans on getting a business loan in addition to City funding.
  - Currently have not considered a loan, staff volunteers, 50% profit margin and looking at sustainability.
  - Company with large global need and funds needed at this time so we can make large quantity to produce for them. Hopefully 10 by end of year and will increase throughout the 5 years.
  - Diversity in the community and tax revenue for the City. Sales tax for Ridgecrest with each sale.
  - More people, customers for hotels, restaurants, and shopping.
- Asked if economy makes a major correction, does CalUAS have contingency plans
  - There is a contingency plan built into financial projections, 10% of revenue.
  - Plan on having local investors and staff members contribute their time and funds and do not project the UAV market going down. Anticipate a conversion from UAV to UAS
  - Will hold 10% in reserve for contingency.

Lori Acton

- Commented on numbers of 55 jobs with average salary showing a negative.
  - Typographical error.
  - Understand the concern on the number of jobs. This company is conservative in the numbers and wants to assure Council the projections are real. Salary and staffing needs are technical engineers, sales, marketing, technicians. We are mainly a green computer driven company with fewer laborers. Mining comparison of working with fewer people due to automation. CalUAS does employ within the technical group and engineers.
  - Eileen Shibley commented that she lived thru the 2005 BRAC so knows to be careful about expectations. Very confident that unmanned systems will become the biggest seller out there, but wanted to be conservative and not overly optimistic. Explained how the cost was put together. Clarified her philosophical perspective.
- Referenced school district and STEM. Asked about current discussions.
  - Currently talking about having student as part of this project. Have also had conversations with Burroughs Human Resources regarding a UAS project in the County. Have put Ridgecrest forward as the center for STEM development. Also discussed with Cerro Coso about curriculum or certificate program to prepare students. Working with Cal-State Bakersfield for research project. Close to having a school district agreement and will complete with Mr. Bell.

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Dan Clark *(continued)*

- Commented that the Proposal diversity is not that much different from the Base. Asked if CalUAS is developing middle ground to help create jobs.
  - Responded there are several jobs other than engineers. Software coding does not require a degree. Spoke on 3-D printers. Manufacturing environment has functions that have to be done and don't require a degree.
  - Looking to cross over as a commercial company that does not have the same requirements as the base.

Jim Sanders

- Met earlier and appreciate understanding.
- Asked if the business plan accommodates a phased funding
  - Can accommodate, need to develop the manufacturing plant.
- First year initial investment needed?
  - Some options, equipment is big ticket items so intent is not to invest by buying but with lease options. To buy the major pieces and get into the building would require up to \$800,000.

Chip Holloway

- Likes all three industrial proposals
- Read paragraph from USA Today that concerns him regarding drones and John Deere showrooms.
  - Eileen Shibley is not concerned, every manufacturer is currently in the research and development phase and CalUAS is trying to stay ahead. Major manufacturers such as John Deere are in research and development.
- Encouraged people to google drones for farming. Looking at a similar model with a longer battery life and at a price of \$12,500 with training extra. Are you concerned?
  - No, every major system the limit is the battery. Units have up to 35 minute battery life and a better resolution on sensors. Commented on recent attendance at a sensor class and CalUAS was competitive, others were in the higher price range without the options. Currently looking for better parts with less cost.
- Counted at least 10 institutions in the country doing free research and development that CalUAS is going to be competing against.
  - Am concerned that we can develop a product and be competitive, and the regulatory issues. Not building and producing but are buying. We are on the mailing list and may be able to sell North Dakota some units. A lot of people doing just parts. Exemplified a call from Washington State, wants to buy one for a research data warehouse for agriculture. Trending analysis. He wants to buy one of our systems and will refer business to us.

- Eileen Shibley asked about current ownership of cell phones and I-phones. Many competitors with specific industry focus. Working at a conservative pace which will make this company profitable in a few years.
- Several companies have been given up to \$30 million from Google and their business grew so fast they are now in the position that units have to be taken back due to issues.
- Asked about the business plan
  - Catherine has developed a business plan focusing on revenue and tax revenue, estimating cumulative over 5 years could be \$10 million. Sales revenue after 5 years is approximately \$42 million.
- City only gets 1.75% of the current sales tax rate.
- With an order of 1000 units can you get funding from a bank.
  - Possible but would like to do this the old fashioned way and not incur debt. Cannot use this money for salaries and can't ask my workers to continue without payment, so the board has agreed to continue getting investors. If we cannot get enough then will have to get a loan. Hope to go down a path that won't require we service debt.
- Have you talked about possibility of synergy with other companies?
  - Yes and will continue these discussions.

**Recess for 5 minutes.**

**Resumed discussion at 9:00 p.m.**

China Lake Technologies discussion – Dave Burdick and Alex Coccoziello

Steve Morgan

- Potential businesses or product coming to Ridgecrest are you tied to Base related or looking at outside community
  - There is a close connection with base capabilities, not necessarily products. Insitech has been doing this type of development for a number of years. Engaged now in economic development administration activities in Kern County in the bio products area. Are going to exploit the number one economic driver in the valley and emphasize is the connection with those capabilities and not particular products.
- Requested a definition of bio products. Plan is to act as a clearing house.
  - Actively pursuing companies to move to Ridgecrest who don't currently exist here. Two approaches, one is Insitech who is in touch with a large number of small companies who deal with military bases because that is where the money is. There are a number of companies that utilize facilities on the base and legal mechanisms to bring these companies together. Will find companies who have needs that can be met primarily by the base and willing to relocate some of their operations to Ridgecrest. Fully understanding the needs for resources such as water.

Steve Morgan *(continued)*

- Suppose we create a matrix where you have some success with funding at one level and then more funding at another level.
  - We are talking about business development and not building widgets. Recognize city would like a phased effort. If city does not like the product after the phases then city would cut us off and we have been working under that philosophy from the start. Request a full year cycle. There are drop dead points on the last page of our proposal.
  - Alex added his thanks for allowing his participation. Been listening to Gary and others on structuring this proposal and have added a number of milestones, giving city opportunity to state when they are not happy. Proposing companies using technology on the base and collaborative. Ridgecrest is difficult location for manufacturing. Looking to identify the sweet spot our network of companies and sourcing candidates to come to Ridgecrest. Our proposal is like an investment portfolio looking forward and outward. Looking for best prospects to come to Ridgecrest and do manufacturing to create jobs.

Lori Acton

- Two companies are creating a team to bring this proposal
- First concern is the proximity; do not see diversification from this. Need to see sustainability and viability
- What are you basing your projections on?
  - Numbers presented for job creation are target based on company size and realistic candidate to move their operation to Ridgecrest. Not guaranteed but feel is viable. 50-100 people within 5 years is realistic target.
  - Putting all eggs in one basket, but if you dig deeper then extra teams in technology there are other companies who may use those technologies if they are in Ridgecrest.
  - Relationship we see in the future is more like a Silicon Valley arrangement where the base and its people and facilities play the role of major university who partner with small companies that produce product used on the base. Also focus on federal program that involves 16 divisions such as agriculture, homeland defense and roads. All participating in federal program and have potential need of something that could be provided in this valley and could come and establish an office in the area. Biggest economic driver in the valley is the base and would be foolhardy to ignore the impact they have and continue to have on Ridgecrest.
- If the base isn't here would you still be here
  - One company in the bio product develops fragrances and insect repellents and other products. Linkage with bio tools and functions on the base. That relationship advances their chemistry and looking at setting up a small production lab. Currently in Germany and Italy but want to come back to the United States and willing to consider Ridgecrest.

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Jim Sanders

- Arrangement with R&D on base, is this a knowledge sharing venture.
  - CRATA and others pose no difficulty with either party on the agreement. Both sides getting something out of it. Facilities, people and laboratories.
- Referenced exposure to those types of agreement. These are sharing knowledge and not exchanging funds.
  - CRATA no money flows from government to company but company can pay the government for use of resources. Commercial Service Agreement Company pays fees to conduct tests at federal laboratory.
- Understand better. Seeking out companies that can set up companies with research on the base. Goal is to set up shop in Ridgecrest.

Chip Holloway

- Can't see in this proposal much more value than the previous proposal. Don't see why there is extra cost.
  - Teaming with APAC, which analyzes the needs of the base. Original proposal is 6 month efforts so now have made it a year effort in two 6 month cycles. Idea is to find at least one company which could set up in that first 6 month period.
  - More time spent then more diversity. We are looking at much longer term and broad sweep to find companies that fit both the Ridgecrest area and benefit from the base. Currently looking at companies that are not affiliated with the base. This is a broader effort which enhances the chance of success.

Dan Clark

- Am good with the answers received.

EH Group discussion with Edward Hackett

Steve Morgan

- Had one lengthy conversation with Edward about his proposal. Some concerns with proposal were more regulatory. Any solar voltaic facility or transfer waste product to energy is difficult to get thru the regulatory process. Requested clarification of the process. Solar voltaic will be phased project. City looked closely at property outside town where we thought a company could put in a field.
  - Were city was in 2010 looking at that renewable energy project is different. What is going on in the renewable energy side is the state of California has the largest effort to go to 33% renewable energy and draw down the pole energy. Policies will change in order to bring that energy into the state. Have seen a change in the investment and the federal government is heavily invested. There are funding opportunities available that we can leverage with the City's seed money. City can recognize other revenues than tax by making the public/private partnership.

Edward Hackett *(continued)*

- Loan guarantees required. Commented on research about employment pertaining to construction and owner/operator of renewable energy. Spoke on economic swing and construction element within the community.
- The facilities being targeted in the presentation will most likely be outside city of Ridgecrest limits so the revenue is actually the jobs because county gets the tax revenue.
  - Standard approach for solar is the 3000-4000 acre farm. In addition to the jobs, if you look at the valley and create a renewable energy center then can stitch into the fabric of the town. Collection facilities throughout the city and an architecture vision. Looked at a sector that fits this region. The energy piece is a nice balance to the base. Large workforce in technicians and laborers so when the balance shifts then can move to the other.
- Taking trash and making energy in the bio products. Previously expressed concerns. Kern county resolution does not allow wastes to be transferred into the county and do not believe we generate enough waste to make the project viable.
  - Waste to energy discussion is hard, landfill facility outside town and technology available that can use that resource. More interested in the bio-mass that focuses on the agricultural waste. Working with other companies in Hawaii and South Dakota, California Company manufacturing the equipment we use. See the opportunity in the community and the support on the federal government side at the base. Investment initiatives are from the federal government and this would be seed money to pull them together.
- Asked for a possible timeline to break ground for solar in Kern County.
  - Permitting stage was an issue in 2010. Suggest can move forward with work done by BLM. Takes 2-3 years to get permitting and suggested hydro fuel cell. State trying to establish 68 stations and are funding up to 60%. Connector stations are low volume during normal times and kick on during peak times. Fuel cell vehicles only run a few miles so connector stations are needed. Currently discussion looking to local government to fund system 100%. City can go for vehicle grants which can help make this commercially viable. Establish a foothold in the hydro fuel cell arena.
- Regarding bio-waste energy, assuming this is secondary component of the proposal, the company you are working with in a smaller scale?
  - Yes.

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Lori Acton

- DRECP wants to set aside 22 million acres for renewable energy. Would doing a renewable energy project here help keep us from giving up so much of our vacant land and also agriculture waste transport is not restricted under Kern County. Waste Management does a recyclable waste project. Timber does not fall into the bio-waste process?
  - Deal with agriculture waste and municipal waste separately.
- Are you looking at making this a self-sustaining community rather than putting on a grid?
  - State recognizes the need for more power and solar will be a larger players which requires a lot of land so is going into the desert communities
- Does this fit into the fast track process of Kern County
  - Want to talk with Council about the fast track mentality. Construction is large player in development of these sites. Need to look at the trade off and the impact to local construction. Interactive process may be more eloquent for this community.
- Solar lifespan is about 20 years. What is the alternative for the land once it is finished?
  - Building over time and recovering older sites.

Jim Sanders

- Already had questions answered

Chip Holloway

- Energy storage is huge opportunity
  - Last year's legislation in California allowed state funding for storage. This is another play for Ridgecrest valley. Mixing solar storage with hydrogen systems is the growth path beyond solar. 10-15 year investment potential and research is showing this as a critical piece to the program.
- Have always been on the band wagon because of our sun rays. Have had issues with capacity and grid. Not just revenue sources in jobs but ways to generate revenue streams. Cap and trade concept.
  - Have thought about that but didn't fold into the proposal. Gets into the trading within the energy sector. This proposal is the foundational elements and trade can be added later. Potential big wins for who has the revenue system is in the cap/trade side.
- Regarding component on bio-mass, there is a lot of wood waste being shipped so a potential on wood waste.
- Explain your 'skin-in-the-game' for this project
  - Have spent years developing experience base and bring this to the project. This is a 50 year game plan that brings in large private sector investment. This is seed money to bring together the whole initiative.
- Asked about phased approach
  - Would not expect anything else from a contract with milestones.

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Chip Holloway *(continued)*

- Asked about timeline to access funds
  - Ridgecrest investment is phased out in 3 years with the bulk being in the first year. Energy water connection. Need to work the future opportunities for water to the energy component. First year requires technical expertise then each year additional investment and ramp up with federal programs.
- SILO?
  - Not just engineering, communications critical and SILO has helped on past projects with multiple economic development plans worked with other companies. Partnership on development as well as industry.
- Leveraging \$1.5 million into a \$2 billion return on investment.
  - This community started with a tech vision. Commented on how the community started and this being the next sector of growth.

Dan Clark

- Confirmed beginning cost
- Asked about Naval concerns and connectivity to the grid.
  - 2-3 years to finish permitting and a lot of political strength in motion. Progressively put all the pieces in place. Ridgecrest is a lot closer than other proposed projects to transmission lines.
- Asked about wind energy and how to jump the hurdle of the Navy
  - Do not feel we have to do wind energy in Ridgecrest and understand the base concerns.
- Asked about bio-mass for the agriculture side
  - Used to have several sawmills in the valley because the timber was there. USDA has aggressive fire management programs which creates feed stock for the biomass. Gave statistics for current project and looking to work with western Kern County for their agriculture waste.

Lori Acton

- Asked if proposer is local to the area.
  - Came here active duty Marine and daughter's health issue were cured by the environment. Daughter graduated from Burroughs last year and currently at Auburn University.

Pertexa discussion with Kishor

Kishor is a local resident. Came to Ridgecrest 6 years ago, came for one year and stayed. Pleasure to live in the community, great place to raise children, low crime, allowed me to stay below the radar until we were ready. Over the years we have refined our product. Not a China manufacturer.

Steve Morgan

- Asked about foreign trade zone, referenced Shafter success. If we can't do the foreign trade zone, is it a deal killer?
  - Software Company has been in existence since 1999. Not a startup company. \$1.3 million has gone into the company with 70% of that amount being personal capital. Long term plan. Have built the software and proposal is small part of what we want to do on a larger market. Can continue to operate and expand just on the software. Software companies in the growth phase need people to support it. Call center. As an add-on and continuing expansion of the company is the Robo-doc. Want to build as many opportunities and avenues to market as possible. Robo-doc is about to explode, growing number of physicians who are leaving. Telemedicine is expanding all over the globe. Can operate without the assembly, original plan was to assemble in China. Have to look at this from a business sense, cannot beat the cost from manufacturing in China. California not the best state to do business. Commented on difficulty bringing businesses to California and Ridgecrest. Spoke on the uniqueness in Ridgecrest which is a prime for his company. Not looking for engineers, looking at support centers paying \$15-\$25 per hour.
- Citizen concern is perception of outside partners that have utilized your product but Ridgecrest Regional Hospital does not have it.
  - Individual physicians and smaller practices are targeted. Spent large part of career running hospitals and came here with interest in electronic health record implementation. This area has been great test area. Pushed broadband and digital 395. Related story of early stages of electronic health records including statistics of dissatisfaction of the systems. Outlined Pertexa system for electronic records. Company is now expanding with customers scrambling to get on the system. This system will be a game changer and if we can get on the cloud will take off and will require a support center with jobs as outlined.
  - Dr. Ferguson - Hospital has been fantastic with their support. We have the system; things are ready and will not sell it until the support is in place. We may have phenomenal software but must have exceptional support in place before you begin to sell at a larger scale. Need a fully staffed professional support center before deploying to a hospital.
- There was a perception that there was a problem with the hospital.
  - Hospital CEO won't consider a program that is not ready to give contracts about privacy and have everything in place. Referenced vendor expo. This is not start-up company and with the right funding will be operational in a few months.

Steve Morgan *(continued)*

- Asked for development and presentation opportunities
  - Spoke on the initial meeting with Cerro Coso and Jill Board. Have already started the education course required to staff the support center. Course will also be ready to roll out nationally at other colleges. Compared to QuickBooks and training agents. QuickBooks needs a support center just as our product does. Already worked with Burroughs High School. Attended the classes with the students who had great development ideas for Robo-doc. Part of development is to let other companies come and share the progress. Compared to i-phone and multiple companies creating applications. We see this as an activity that will invite other companies who will develop software that we can attach to our device. Have partnered with college and high school. Have plans to partner with other local facilities
- What will keep you in Ridgecrest
  - Listed several reasons why Ridgecrest makes sense. Reviewed 6 reasons including college, local engineer, community support, call center benefits including captive environment with lower attrition, personal family and location. Been licensed in Ridgecrest since 2011 and working with local physicians. Provided handout to Council
  - Ridgecrest desires to break away from the base; the call center support and enthusiasm will flow to the street and make the community stronger.
  - Does not want to uproot at this stage of life. Ridgecrest has the entire eco-system needed to help launch and then go into the national market.

Lori Acton

- With local distributors and foreign trade zone, please clarify.
  - Not a tax expert, this is a way it flows. We import the parts from China. If the unit came in at long beach then would have to pay the import tax to LA County.
- Is your plan to sell to distributors so sales tax originates in Ridgecrest?
  - Yes, sales tax will come to Ridgecrest and looking to sell approximately 700 units. Reviewed the sales tax to Ridgecrest
- Ratio of employees per providers.
  - Need 1 support for every 75 providers. Currently have 6 distributors with signed contracts. Had a 100% response when distributors showed the product. Plan to grow to 80 distributors which count as 8000 providers. One time sale of hardware. Robo-doc helps get to remote patients. Software and call center is monthly recurring revenue. Creates economies of scale.

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Jim Sanders

- Asked about Foreign Trade Zones. If we can't establish the Foreign Trade Zone does the assembly part of the plan go away
  - Yes, assembly and sales tax goes away because we would have to build somewhere else. Cash flow advantage and quality assurance locally before delivery which increases customer satisfaction. Thirdly there is some software installation needed on the device and there is a concern about letting software leave the valley. Protecting the intellectual property.
- Asked Gary to review the possibility of establishing Foreign Trade Zone
  - Gary responded, administrative and not competitive so very doable. Time frame depends on the type of zone and location so from 3 months to 1 year. Need to have business online before can talk to customs.
- Is cost of implementing the Foreign Trade Zone a part of the proposal
  - No, not factored into the proposal but the time to create has been factored in.
  - Gary Parson commented that a consultant would cost between \$50,000-\$80,000

Chip Holloway

- Asked about Dr. Cosner opinion
  - Have discussed with him and he has reviewed the system. Commented on concerns of the hospital which they are in discussions to answer.
- Obama care requires doctors to implement the HRS.
  - Physicians have already wasted billions of dollars with programs that do not work.
- Commented on personal relationships with all but one of the proposers. Related story of meeting Kishor and not pursuing the proposal. Other people encouraged me to meet with Kishor and so had a meeting with everyone from the medical community who wanted to attend. The hospital said it should be at the hospital instead of city hall. Have become very intrigued with this program and everyone I have talked to said there is a problem with the EHR programs out there today.
- Reviewed the actual sales tax reimbursement including Measure 'L' is in excess of \$4million
- 3 proposals are in unique and emerging technologies which is positive.
- Spoke on familiarity of initial software and commented on meeting rural tele-health at a conference. Biggest cost for prison system is inmate health care so unlimited potential with Robo-doc.
- Robo-doc will be able to create revenue for hospitals because patient won't have to be transported to the hospital. Commented on the pressure for hospitals to stay open. Excited about this technology, difference between blackberry to and I-phone for user simplicity.

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Chip Holloway *(continued)*

- Commented on Fox news report discussing doctors codes required and the increased codes doctors will have to know.
  - Looking to develop ICD 11 which will be used universally and won't be outdated in a year.
- American Medical Association also recognizing this technology. Excited about this proposal.

Dan Clark

- Commented on discussion with other hospitals in the county who look at this being a great potential for hospitals.
- Asked about the \$875,000 funding level
  - This would fund either the Robo-doc or the call center. Planning for the full \$1.5 million. You have two products, the call center and the software and to try to do both for the \$875,000 is difficult and may compromise the quality. Will discuss phasing. If the analysis is correct then the \$875,000 might work. Numbers listed are slow to medium growth and would rather come back to the city after a few months and request additional. Would rather have as a partnership.
  - City broadband connectivity is phenomenal and has a positive impact to the community on a call center. Referenced articles that showed the impact to the community because of the jobs.

World Economic Development Association (WEDA) proposal discussion with Eric Kleinsorge

Eric Kleinsorge - Commented on site selection and the cost of filing for a Foreign Trade Zone. Council should move forward on this as a benefit to the community.

Steve Morgan

- This company is more unique than what I am accustomed to. Please explain what WEDA is.
  - The bridge between two entities. Bring companies that have active expanding and relocation plans and build a bridge to the community. Education liaison to bring the two components together. Presented handout to Council
  - Try to match as many companies with communities.
- Spoke about SEC codes
  - Conduct a study and identify what industries would create the most clusters within your community. These are already funded companies that are looking for a location.
- How does your bridge cross the cavernous state of California regulations, codes, and costs? While we seem isolated is we are still in a state that has no clue how to welcome business.
  - Companies want to locate in specific areas for specific reasons.

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**Steve Morgan** *(continued)*

- Company seems sure in your projections about how to create a number of jobs in the community. How did you come up with the year 1 to year 5 projections?
  - Those numbers are projections and the ability to fire us.
- What experience do you have in California? Asked Eric to list two references that moved into California and two that moved internally within the State.
  - 8 years ago moved Tough Stuff and after a fire the company tried to move south. Called Tulare and identified buildings south and they have now announced they will rebuild in Tulare. Helped Tulare get the company and then helped them keep the project.
  - Boat manufacture distribution and manufacturing moved into California. Located 66 companies into California

**Lori Acton**

- How familiar are you with the challenges and can you adapt and overcome.
  - Lived in Newport Beach then moved to Texas and discovered there was a shift of money and no real savings. Reeducation of the community workforce is not as expensive as they think.

**Jim Sanders**

- How did you find out about Ridgecrest?
  - Call from Carol Harris who assisted with the proposal. Economic development is about business retention and attraction and would love to work with the other proposers.
  - Gary Parson mentioned to Carol Harris that the process was coming up.
  - Feel we can adequately do the job for the amount listed.
- Asked about the process
  - Typically we build a perfect profile for five different industries, then market and try to attract companies to the profile.

**Chip Holloway**

- Commented on article in Forbes magazine by John Sysco and other projects that might fit Ridgecrest
  - Spoke on the cloud storage companies that are looking for secure storage cities. Not a lot of jobs but high paying jobs. Assess assets such as military and there would be outside training coming to Ridgecrest so staying in hotels and eating at restaurants.

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Dan Clark

- Figures don't jive with billing cycle and projected sales and jobs
  - Targets and profiles. We would answer those questions together. Values of industries we are tracking.
- Track record supports the first year totals?
  - Yes, the last page of the handout is just last year's success. These are already successful businesses and not startups.
  - Suggested focusing on option 3 would be wise for the Council to consider. Making this performance based makes a lot of sense.

Dan Clark

1. Fund none
2. Fund all but move money around
3. Fund a couple of proposals

Steve Morgan

- Asked Mr. Speer about available funding, TAB allocated \$1million with another \$350,000 could be used.
  - Dennis Speer – economic development allocation is limited to 5%.
- Are there any other dollars that we can afford to put into economic development
  - Dennis Speer – no
  - Gary Parsons – bond Council says capitalized expenditures are allowed
  - Dennis Speer – any proposal that is not brick and mortar has to be reviewed by bond counsel
- Came in with the idea and have not been moved from initial thought process. Issue I personally have with communications is it is extremely dangerous for Council to do any consultant so down to three. Interested in working with Pertexa and CalUAS, both are local, have huge potential, along with community support which would leverage a success opportunity. Can't find anything wrong with Pertexa, have researched them. As an established company they are ready to be successful which is more important than anything. Have to have a win. These two create the opportunity for the win in either case. Can only do one if going to do 100%. If we don't make a decision tonight, would like staff to go back to these groups and see what we can come up with. If had to make a decision tonight then would go with Pertexa.

Lori Acton

- Same struggle, consulting is not the way to go, suggested WEDA out of general fund. Pertexa passed the 10 year benchmark for startup and the medical industry has a higher success rate. Long range I look at the EH group. I like CalUAS and appreciate the business plan. Not opposed to pulling funds from parks and rec or roads because if we pave the roads and don't create a revenue stream then we can't maintain the roads. It's about opening the door, doing in phases, and then having discussion about where we will pull funding from. Commented on possible saving in order to pay the money.

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Lori Acton *(continued)*

- Do not believe in splitting the funding, could cripple them. Like Pertexa first, followed by EH group and then CalUAS.

Jim Sanders

- Going back to criteria previously stated I added economic diversity; we need different types of economic drivers in the community to be stable. Mind wasn't made up at the beginning although had a good idea. Everything I've heard reinforced. Pertexa AND WEDA combined would be a good approach. WEDA because these are companies ready to come her without government dependency. A lot of time people think of economic development as a get rich quick scheme which is not realistic. Really like Pertexa approach because it is a strong product and plan which reduces the risk. Think we could do both companies and outlined possible plan.

Chip Holloway

- Each proposal is fraught with risk. To have 3 viable opportunities is a wonderful thing. Have tried everything to get companies and could not find a viable company. Personally did not ask too many questions. Think Pertexa has the potential of creating the most cash flow. CalUAS is a good firm but was frustrated with the proposal and feel more comfortable. Terrified by the market of the UAS companies. To ignore the EH proposal we miss a huge opportunity to set this community. Think we need to find a way to fund all three. Don't have to write the check in one year, all have agreed to a phased approach. Talked about the sales tax revenue agreement and the foreign trade zone. Think there is money in the \$2.25 construction management for west Ridgecrest Blvd. that can be pulled. Walmart would be my next spot and probably a little fat in the corporation yard and then consider parks and recreation. WEDA and China Lake Technologies. New proposal is a little pricy for china lake technologies. Economic growth is better than no growth. Find a way to fund what we can. Talked about the sales tax component and do all three proposals.

Dan Clark

- Reviewed each Council members selections and Pertexa and CalUAS are the favored. I want to fund 3 of them also. Willing to maybe not give all they want but thought will need more than 1.5 million to fund all three. Willing to borrow from the Ridgecrest commercial specific plan and now not going to do it for Walmart. We need this. The two I like have time constraints, CalUAS and Pertexa both have timing issues. Commented on CalUAS as a fledgling but has some sales and if they wait will be behind. Pertexa also has a timing issue. Lastly agree with WEDA. Willing to borrow \$250,000 which were originally allocated for Walmart and don't need now, which combined with the other funds already allocated will fund all three at their minimums. Think we can approach 3 companies that give us an opportunity to help our community.

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- Dennis Speer – Walmart is moving along and in the next few months will need the bulk of that money for our participation in the development agreement.
- Reviewed the numbers and think this is a proactive approach that all Council has wanted to do. Our match is the development fees we get from them so willing to take \$250,000 out of the Ridgecrest specific fund and add to the \$1.3 million to fund at a fair level Pertexa, CalUAS, and WEDA. Commented on CalUAS ability to leverage the funds they need. We can have 3 viable companies in our community. Think we can fund the 3 of them and borrow to fund at the minimum level they require. Can have future discussions with each of the proposers. Suggesting \$875,000 to Pertexa, \$700,000 to CalUAS and \$147,000 to Weda. If we are lucky enough to win the DOF suit then we are golden and if not we look at other options.

Lori Acton

- Asked if the \$147,000 could come from the reserve?
  - Rachelle McQuiston – Council can do whatever they want but do not recommend this.
- Request Council look at setting aside a percentage of revenue annually to fund proposals like this.
- Do not feel leaving EH out is a wise thing since it is long range. Suggest we agree to fund 4 and then come back to discuss where to pull the funds from.
  - Dan Clark – asked for levels of funding.
  - Chip Holloway – asked Ed Hackett for clarification of the phases
    - Ed – need \$945,000 the first year
- Still say we need to move stuff around, take from parks and rec.

Chip Holloway

- At \$945k for ED, \$875K, for Pertexa, \$147k for WEDA. Pull funds from Economic Development, and other locations
  - Dennis Speer – reminder the purchase of Boydston is in escrow and a large portion of that funding will be needed.

Jim Sanders

- Suggested selecting the top priority and then as other issues like Walmart conclude then see about funding the others. Original though to Pertexa is \$1,173 million. Thought is to do one now.

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Steve Morgan

- Appreciate the thought of trying to find a way to phase money and try to fund both Pertexa and CalUAS. Adamantly oppose thinking we can just take money from other places. You have a contract, agreement engineering, design, development, and obligations for both corp. yard and Ridgecrest Blvd. and to say you are just going to pull from them it is wrong. If there are funds left over then fine after the project is complete. Already have Kern COG on board and received money with an obligation to spend the money the way they agreed to. To stop those projects would destroy the relationship with Kern COG. Have been down this road before and not going to let it get messed up. Have to put performance milestones. Don't have to put a number on it. Say we are going to go with Pertexa and CalUAS. Let the staff go find a way. Staff will sit down with Pertexa and make real decisions on timelines and performance, and same with CalUAS then bring back to us for us to either agree or disagree.

Dan Clark

- Think we as a Council to staff, we are willing to pay the balance necessary to make them successful will come out of the Ridgecrest specific plan. If eliminate and just go with Pertexa and CalUAS then will still have to borrow from the specific plan. Or we can try to put in a third company (WEDA) then give staff the ability to do this. Have to talk to minimums. \$1.525 million without WEDA. If we go to 3 company's then give staff direction to go up to \$200,000 borrow from the specific plan.

Lori Acton

- Asked if the corp. yard could be moved back rather than cancelled
- Agree with Steve's approach
- Do not mean we will never help them, just delay a few projects.

Jim Sanders

- Trying to split the money too much, would rather than not fund any of them than to cut back to the bare minimum. Putting more risk into the process.

Dan Clark

- Don't think it is our responsibility to fund them at 100%, is incumbent on them to take the funding we do give and leverage it to make them successful.

Jim Sanders

- Pertexa Minimum is \$875,000 which will only allow them to do a part of their plan and not the whole plan. Shooting ourselves in the foot by not allowing them to do the entire plan.

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Chip Holloway

- Agree staff needs to pick where adjustments could be made in the TAB projects. Focused on the \$2.25million on Ridgecrest Blvd. so I don't believe that is the actual costs. Agree we need to fund the proposals in a way that makes them successful. Saying we could fund the \$875,000 now and still make the commitment for the full amount? May see tax revenues which could go toward some of the other projects. Minimum Council may be able to do is rank them. Pertexa, if funded, can they have their money in the next 30 days.
- Support Pertexa, CalUAS and EH in the form of a resolution. Accept Steve's approach to allow staff to allocate the TAB funds. Have staff go back and get an honest assessment of the proposals and see what can be done. Find the money to make them successful.

Lori Acton

1. EH group is taking their request from us by leveraging \$10 Billion. No doubt that we need to fund Pertexa. Support CalUAS but if we do in phases, there was a comment of venture capitalist. Believe we need to do Pertexa and EH fully with whatever we can do for CalUAS.

Steve Morgan – Supports Pertexa and CalUAS

Lori Acton – Supports Pertexa and EH Group

Jim Sanders – Supports Pertexa fully, no reduction to request.

Chip Holloway

- Asked how these rank without funding limits

Steve Morgan

1. Pertexa – because it is already established
2. CalUAS – is a fledgling company
3. EH Group – there are concerns about what is involved and the loss of OHV

Dan Clark

- 4 of 5 say Pertexa is number 1; CalUAS is second; EH Group is third; WEDA is fourth
- Suggested funding Pertexa and CalUAS at minimum level then have staff return with a resolution to fund EH and WEDA as funds come available.

There was brief discussion between Dan and Jim about minimum levels funding.

Dan again suggested funding both Pertexa and CalUAS at minimum level and then have staff come back with a resolution for future funding of groups

Jim Sanders – feel we have to pick one.

Lori Acton – not willing to lose out on EH Group

Dan Clark – if we all feel the same about Pertexa and CalUAS, can we fund them both

Chip Holloway – Suggested funding them both and have staff bring back a funding plan

Dennis Speer – Reminded Council they need to meet the 5% discretionary level

Gary Parson – requested clarification of Council on direction.

Steve Morgan- would like staff to re-discuss numbers with proposers and bring back the discussions and funding for Pertexa and CalUAS, then EH Group. Understand the goal is to hope they are successful in their second year. Don't think you can push the first year. Don't see how we can do EH Group without winning the lawsuit at Department of Finance. Would like Gary to talk to them (the proposers). We are trying to find a way to get at least two up and running with the Performa in place and if they miss one then funding goes to the other one. That is what I am thinking. Sorry we don't have enough for EH Group and if staff can come back with a modified TAB list that will pass the attorneys review, fine, but don't bet on it. Come back in 3 weeks or whatever and discuss it.

Lori Acton – all agree on Pertexa so suggest committing to fund them tonight then come back to discuss funding the others.

Three Council members indicated they were alright with funding at the minimum funding level both Pertexa and CalUAS.

Directed staff to negotiate with each group to determine the minimum funding level and fund Pertexa and CalUAS at the minimum level and explore funding the EH Group and return with a funding plan at the July 2 regular meeting.

**8. Discussion Of The Collection Process For Outstanding Solid Waste Accounts Receivables** **Clark**

Dan Clark

- Presented staff report.
- Suggested direction to staff to explore companies and bring back to Council for further discussion

Steve Morgan

- Discussion will be more difficult that you think. The number we are discussing are flawed.
- Worried that the individuals doing the billing were not doing it properly. The number is not real and don't know how to get to the real number.

Public Comment

Carol Vaughn

- Records are so bad; do you think you will be able to prove who paid and who didn't?

Dan Clark

- Would like staff to look at it.

**COMMITTEE REPORTS**

**Activate Community Talents And Interventions For Optimal Neighborhoods Task Force (ACTION)**

Members: Jim Sanders, Dan Clark  
Meetings: 3<sup>rd</sup> Tuesday of the Month at 4:00 P.M., Kerr-McGee Center  
Next Meeting: To Be Announced

Jim Sanders

- No report

**Veterans Advisory Committee**

Members: Dan Clark  
Meetings: 1<sup>st</sup> and 3<sup>rd</sup> Tuesday of the Month At 6:30 p.m., Kerr McGee Center  
Next Meeting: To Be Announced

Dan Clark

- Met and working on 5013C

**Ridgecrest Area Convention And Visitors Bureau (RACVB)**

Members: Chip Holloway  
Meetings: 1<sup>st</sup> Wednesday Of The Month, 8;00 A.M.  
Next Meeting: Date and Location To Be Announced

- No report and July 2 meeting cancelled

**OTHER COMMITTEES, BOARDS, OR COMMISSIONS**

- None

**CITY MANAGER REPORT**

Dennis Speer

- Measure 'L' Committee Member Appointment Process
  - Application process
- Council Meeting of July 2, 2014 scheduled

## MAYOR AND COUNCIL COMMENTS

### Steven Morgan

- Thanked the people who were still at the meeting.
- Not tired as these types of meeting get me excited.
- Have issue with painting stripes on the roads, ours disappear in 3 days whereas other cities stay longer, if they are using the wrong paint the I want to get some.
- Earlier questions about police injuries, police work is hard on the body. Don't like that air traffic controllers are told at age 56 they are washed up, but is the nature of the beast.
- Will not be at the July 16 meeting.
- Thanked Willdan and staff for meeting with the community on the Ridgecrest Blvd. project
- Asked if Water District is so concerned about the West Ridgecrest Blvd project, now they know there is a problem, why aren't they out there morning, noon, and night to finish the job?

### Lori Acton

- Excited about the interest in Economic Development from the community.
- Impressed by the Youth Advisory Council report, these are our future leaders.
- Thank you for sticking it out tonight, see you on the second.

### Jim Sanders

- Surprised this many people are still here and grateful for the support received on these projects. Great support from the community.
- Wish we had a lot more money to do these projects but can't have our cake and eat it too. Feel we are on the right track.

### Chip Holloway

- Won't be here July 16 so hoping some agenda items will be moved to July 2
- Enjoyed tonight even though I lost.
- Not convinced we can't do all three projects, two selected are sales tax based and might help fund the third.

### Dan Clark

- Commented on an American Archeological magazine article about the petroglyphs and an LA times article about the petroglyphs
- Hotels have already had 7 reservations for the Petroglyph Festival
- Met with Paul Goldsmith, film producer, who wants to be a part of the festival.
- News Review again printed accusations of Brown Act violations. News Review will be receiving a letter from the legal staff clearing up that there was no violations
- Commented on attending a Senior Citizen meeting with Transit Coordinator Starla Shaver and that there are great things happening.
- Updated petroglyph event.

Dan Clark *(continued)*

- Thanked attendees for staying at the meeting.

ADJOURNMENT at 1:12 a.m.

A handwritten signature in blue ink that reads "Rachel J. Ford, CMC". The signature is written in a cursive style and is positioned above a horizontal line.

Rachel J. Ford, CMC  
City Clerk