



CCA Board Meeting

Monterey County Government Center Rosemary Conference Room  
1441 Schilling Place, Salinas, CA 9390

March 22, 2018

**MINUTES**

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Cara Martinson called the meeting to order at 10:00 a.m.

**1. Roll Call.**

<u>  X  </u>	Estelle Fennell, Humboldt County, CCA President
<u>  X  </u>	Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
<u>  X  </u>	Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer

Others: Cara Martinson, Alan Fernandes, Greg Turner, Adam Crabtree, Edith Driscoll, Santa Cruz Treasurer Tax Collector, Brandon Swanson, Planning Manager, Monterey County, Kelly Donlon, Deputy County Counsel, Monterey County, Nick Chiulos, Assistant County Administrative Officer

**2. Approval of Bylaws.** The Board approved the proposed CCA Bylaws. Questions were posed regarding how to comply with the Brown Act while conducting business via teleconference. Greg explained the process and notice requirements. Other topics of discussion from Board members included: noticing of agendas, notice to Board members regarding additional counties joining and annual audit requirements.

**Motion to Approve: Jim Erb**

**Second: Estelle Fennell**

**3. Election of Officers.** CCA Board Members voted to elect Supervisor Fennell as CCA President, Mary Zeeb as Secretary and Jim Erb as Treasurer. Cara described of role of each CCA Officer as put forth in the bylaws. There was a discussion of the role of President and both Mary Zeeb and Estelle Fennell expressed interest in serving. Discussion amongst Board Members mentioned the need for continuity and a stable Board as the organization develops, as well as rotational leadership. A two year term was favored.

**Motion to Approve: Jim Erb**

**Second: Estelle Fennell**

**4. Public Comment.** No public comment.

**5. Appointment of Executive Director.** The CCA Board approved the appointment of Cara Martinson as the CCA Executive Director. The Board also approved the Powers Conferred Resolution and the Banking Powers Resolution as one motion. Alan introduced the item and provided background on how CSAC Finance Corp has managed other Joint Powers Authorities. The Executive Director

Appointment resolution includes clause that states the CCA Board will submit the name of a future Executive Director candidate to the CSAC Executive Committee for consideration. Mary asked for explanation of what “consideration” means in this context. Discussion revolved around CCA’s autonomy to make the decision on a future ED candidate, but also the close and mutually beneficial relationship between CCA and CSAC.

**Motion to approve all three resolutions: Estelle Fennell**

**Second: Jim Erb**

6. **CCA Budget.** The Board voted to approve the proposed CCA budget for fiscal year 2018-19. Staff included an internal CSAC Finance Corporation (CSAC FC) FY 2017-18 that reflected current year expenditures made by CSAC FC. Alan explained that CSAC FC is providing start-up costs for CCA, and is budgeted to expend \$125,000 in FY 2017-18. In addition, CSAC FC will provide an additional \$180,000 (reflected in FY 2018-19 budget) upon approval of the CSAC FC Board at their April 2018 meeting. Alan explained that part of the mission of CSAC FC is to provide a broad array of finance, investment, insurance and purchasing services to benefit California counties and related public agencies. As such, CSAC FC is proposing to allocate funds within its budget on new business development directed at CCA. This funding will be paid back to CSAC FC over time, as a percentage of revenue generated by CCA.

The Board discussed assumptions built into the budget, and the revenue model for CCA. Cara and Alan explained the revenue model is based on a charge to counties and participants equal to 35 basis points of total sales (gross receipts) within the jurisdiction. The breakdown of the calculation is 15 basis points to technology provider; 5 basis points to CSAC FC; and, 15 basis points to the CCA general fund. Mary asked questions about flexibility with basis points charge, and suggested that at some point the CCA Board may want to change that revenue model/ calculation. Questions were asked about the definition of “total sales.” Cara indicated that this term reflects gross receipts in the the jurisdiction. It was also noted by Adam and Cara that the state’s track and trace system, Metrc is the system of record. The Board also discussed what the total state sales numbers could be and the potential for CCA to generate revenue. The Board discussed the payment process to CCA, and decided on a quarterly billing process to jurisdictions in arrears. There was additional discussion of adjusting the basis point calculation down over time, as needed to provide cost effective service to counties. The Board also acknowledged and approved the adjustment of the Executive Director compensation to reflect \$4000/ monthly including all travel.

**Motion to Approve: Jim Erb**

**Second: Estelle Fennell**

7. **Approve Agreement with CSAC Finance Corporation.** The Board voted to approve the contract with CSAC FC as amended by Alan and Mary. Alan proposed an amendment to clarify Section 3 of the Contract to read: (Pg. 3, Section 3, Services to CCA, first paragraph)

“In furtherance of CSAC-FC’s mission and beliefs, and at the discretion of the Executive Director, CSAC-FC agrees to provide certain services. CSAC FC shall meet regularly with the Executive Director to determine an appropriate distribution of services provided to CCA. Services to be provided include...”

Mary Zeeb proposed changes to: Section 3.2, first sentence. "CSAC-FC shall through the term of this Agreement, provide such Management Services as the CCA Executive Director from time to time may specify." A change was also requested to strike section 3.2.5, as it is a typo.

Alan walked through the terms of the contract, including the 18 month wind down period. This was explained to be, in part, due to the potential impact on CSAC's budget. CSAC FC contributes to the CSAC budget on an annual basis and wind down period is appropriate to avoid disruption. The term of the contact is ten years. CCA will pay CSAC FC five basis out of total 35 revenue model until debt is repaid, and then 3 basis points thereafter for sponsorship and support.

**Motion to Approve: Estelle Fennell**

**Second: Mary Zeeb**

**8. Meeting Calendar.** The Board approved the proposed 2018 meeting calendar. Discussion included meeting dates in relation to other meetings of different Boards & Associations. The Board also discussed proposing the budget for the fiscal budget year at the February 2019 Board meeting, or a meeting prior to the June monthly meeting.

**9. Legal Services Contact.** The Board approved Greg Turner as the CCA Counsel, as well as his legal contract, as amended to reflect changes to Exhibit A. Alan introduced Greg Turner and explained why he retained his services, and supported why he is the appropriate counsel to serve CCA. Greg introduced himself to the Board and stated that he specializes in state and local tax issues. He owns his own practice and has served members of the Legislature and the California State Board of Equalization, and extensively engaged on issues regarding state and local taxes as well as state and local government authority. With respect to his contract, there is a provision that allows Greg to report back to the Board if he exceeds the hours proposed and an additional rate structure. There was an amendment to Exhibit A that was included in the packet. The proposed contract (Exhibit A) did not include hours and retainer amounts. Alan and Cara made the correction and proposed that changes should read: Monthly Retainer Amount: \$8000; 20 hrs per month; and anything in excess would be \$450/hour. Services outside of the defined monthly retainer would be billed at \$550/hr.

Greg also stated that he would not take on private cannabis clients, and has no conflicts with other clients. His other clients include private sector business; and some lobbying clients for state/local tax purposes. Supervisor Fennell asked the question about whether or not Greg had any experience with banking. The Board discussed working with the banking community and how this organization might interact with financial institutions.

**Motion to Approve as Amended: Estelle Fennell**

**Second: Jim Erb**

**10. NCS Contracts.** The Board voted to approve the contract with Nationwide Compliance Specialists, and Adam Crabtree. Adam provided an overview of the platform, data sources and how CCA members and participants would have access to data, log-in, and interface. The Board discussed the NSC Contract, which is software as a service agreement between CCA and NCS. There is a non-disclosure agreement included in NSC contract as we will be dealing with sensitive data. Discussion also included topics including proprietary rights, and who owns the data. Greg advised that the Board that CCA will own the data, but will license aggregate information. There is a non-compete clause included in the contract as well. The contract prescribes that NCS is

restricted in providing directed services to individual cities and counties. There is a prior approval requirement if NCS would like to provide service to individual jurisdictions.

Cara and Greg provided an overview of the contract, including details specific to length and payment. The contract is a 5 year agreement. The charge is 15 basis points on total sales (gross receipts). Exhibits A and B includes a general description of features and functionality of the organization, not otherwise described in the contract. This is current standard technical support services. The Board had questions about data security. Adam explained his system's security specifications. Greg discussed the role of the public entity and liability. Mary Zeeb mentioned they've modeled their system off DMV system for user access.

Board members had questions about what data counties will have access to, and what the state will be willing to grant CCA. Cara explained that the CCA team is working with the state to negotiate an MOU for access to information. Jim mentioned that aggregate information is important and will have a lot of value. Adam mentioned that his system is able to geo-location businesses within city and county jurisdictions with GIS mapping.

**Motion to authorize the CCA Executive Director to execute a contract over 50,000. Cara will check in before executing: Mary Zeeb**

**Second: Jim Erb**

- 11. Contract with Executive Director.** The Board approved the CCA Executive Director Contract with Cara Martinson. They also moved to amend the contract to total \$4000/monthly in compensation and to be inclusive of travel.

**Motion to Approve as Amended: Mary Zeeb**

**Second: Jim Erb**