

**DOUGLAS CITY COUNCIL
SPECIAL MEETING MINUTES
SEPTEMBER 15, 2010**

The City of Douglas Mayor and Council met in a Special Meeting on Wednesday, September 15, 2010, at 4:00 p.m. in the Council Chamber of City Hall – 425 Tenth Street. The Honorable Mayor Gomez called the meeting to order and proceeded to ask for roll call.

1. CALL TO ORDER/ROLL CALL

	PRESENT	ABSENT
MAYOR, DR. MICHAEL GOMEZ	X	
COUNCIL MEMBER MARGARET MORALES-WARD ONE	X	
COUNCIL MEMBER MITCH LINDEMANN-WARD TWO	X	
COUNCIL MEMBER BOB FERNANDEZ - WARD THREE	X	
COUNCIL MEMBER RAY SHELTON – WARD FOUR	X	
COUNCIL MEMBER IVAN HUIH - WARD FIVE		X (excused)
COUNCIL MEMBER RUDY QUIÑONEZ – WARD SIX	X	
CITY MANAGER- CURTIS SHOOK	X	
CITY ATTORNEY-JUAN PABLO FLORES	X	
FINANCE DIRECTOR-JORGE TREVIÑO	X	
CITY CLERK - BRENDA AGUILAR	X	

2. DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NO. 10-812 A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AND DELIVER AN INSTALLMENT LEASE PURCHASE AGREEMENT ACCEPTING A LOAN FROM ZIONS FIRST NATIONAL BANK IN AN AMOUNT NOT TO EXCEED \$400,000, AT AN INTEREST RATE OF 3.69% ALONG WITH MATURITY DATE, PRINCIPAL AMOUNT, PREPAYMENT PROVISIONS, THEREOF AND OTHER MATTERS WITH RESPECT TO SUCH LOAN REPAYMENT AGREEMENT FOR PURPOSES OF PURCHASING AND MAKING IMPROVEMENTS ON THE HIDDEN TREASURES RV PARK, LOCATED AT 3851 CAMINO DEL RANCHO STREET, DOUGLAS, ARIZONA; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

Curtis Shook explained the financing mechanism to close on the RV Park, which would serve to build the bathhouse and clubhouse facilities for the park and it is also anticipated the money will also be used to restore the roof at the clubhouse. The interest rate was based on good credit.

“Douglas – the premier southwestern border community.”

Motion by Council Member Shelton, **second** by Council Member Lindemann to approve Resolution No. 10-812.

Council Member Shelton requested further explanation pertaining to the lease purchase agreement and inquired if the city could afford it.

In response, Jorge Treviño explained that it was a capital lease, which signified that the city would have full ownership after full payment of the lease.

Council Member Shelton inquired if it would be in five years and Jorge Treviño agreed. Mr. Treviño further explained the city had appropriations to cover the first year. Under the model developed for 120 spaces it was estimated that at thirty percent occupancy for six months, it would be sufficient to cover costs in the first year. On the third year of the lease the capacity might be reached or before. Some of the efforts would include advertising up North in order to attract golfers.

Five institutions were solicited to submit a quote, but only two quotes were submitted with the lowest bid from Zions at an annual 3.69 %. The annual payment would be \$88,341 with a total interest of \$41,705 at the end of five years.

Council Member Shelton if there would be a clubhouse or place built as part of the \$175,000 and suggested the planting of trees and a rose garden.

Curtis Shook stated that it was included and the clubhouse would be located to the north of the decomposed granite driveway.

Mayor Gomez asked if everything was contingent on Yarber's property.

Curtis Shook stated requested financing approval and explained the closing would not take place until the Yarber matter was settled.

Mayor Gomez inquired if the money would also be used to buyout Yarber.

In response, Curtis Shook stated that it might not be necessary to buyout Mr. Yarber. Instead, there might be an agreement to give the city title to the property in return for commitment from the city to provide access over a three-year period through Hawks Nest.

Mayor Gomez inquired if it could be accomplished within the timeline.

Curtis Shook stated that it might be possible or the city could make Mr. Yarber an offer that he would not be able to refuse.

Council Member Lidnemann stated it would be the culmination of the southwest jewel and was looking forward to a high-grade money-making facility.

Council Member Morales requested the timeframe for improvements after closing and also requested the marketing plan.

Curtis Shook stated advertisement would be done and within a week after closing a cleanup process would take place, adding that it would be until January before the Clubhouse facility would be available. However, the current existing facilities would be available for use since some improvements had already taken place.

The current marketing is through RV Traveler for the Western Region and had been successful in the prior year. Additional advertisement would be in Tucson, Pima County, and Cochise County and in moving forward other locations would be considered.

Mayor Gomez requested clarification on the interest rate amount.

Juan Pablo Flores explained language in the resolution concerning the interest rate.

Curtis Shook further stated that if there were any material changes, the item would be presented to council again.

Roll Call: All members, except Council Member Quiñonez, voted in favor.
MOTION PASSED

3. **DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NO. 10-813, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AND DELIVER AN INSTALLMENT LEASE PURCHASE AGREEMENT ACCEPTING A LOAN FROM ZIONS FIRST NATIONAL BANK IN AN AMOUNT NOT TO EXCEED \$75,413, AT AN INTEREST RATE OF 3.79% ALONG WITH MATURITY DATE, PRINCIPAL AMOUNT, PREPAYMENT PROVISIONS, THEREOF AND OTHER MATTERS WITH RESPECT TO SUCH LOAN REPAYMENT AGREEMENT FOR PURPOSES OF PURCHASING EQUIPMENT FOR THE HIDDEN TREASURES RV PARK PROJECT, LOCATED AT 3851 CAMINO DEL RANCHO STREET, DOUGLAS, ARIZONA; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.**

Curtis Shook explained the equipment replacement plan in order to maintain the course.

Motion by Council Member Shelton, **second** by Council Member Morales to approve Resolution No. 10-813.

Council Member Morales asked for an explanation concerning the higher rate.

Curtis Shook explained the interest rate for equipment was typically higher than for land or buildings because of it had a shorter useful life.

Jorge Treviño commented only one offer had been submitted.

Council Member Shelton inquired how many offers had been solicited and Jorge Treviño stated there had been four.

Council Member Lindemann commented money had to be spent in order to make money.

Mayor Gomez inquired if sufficient equipment would be purchase to maintain the course.

Curtis Shook explained the poor condition of the equipment currently used.

Council Member Shelton inquired how many greens had been affected with the equipment.

Curtis Shook stated that there were two severely, two moderately, and three slightly.

Council Member Quiñonez expressed concern pertaining to the amount of money being invested in projects, which might create a problem in the future.

Mayor Gomez inquired if the current condition of the equipment was causing damage.

Curtis Shook stated that it was although there had been operator error and again explained the poor equipment condition, adding that it was time to make the investment since it was in the best interest of the city.

Council Member Quiñonez inquired how many RV spaces were currently occupied.

Curtis Shook stated that during season in the prior year the average was either 23 or 24 out of the 28 spaces. However, August and September were the worst months with an average occupancy of five to six spaces, but currently as of the day prior only four spaces were occupied. Effective October 1, new arrivals were expected and the numbers should be similar to the prior year and further mentioned improvements.

Council Member Quiñonez again expressed concern regarding the vacant spaces and further inquired how new open spaces would be filled if the current spaces were currently vacant.

Juan Pablo Flores explained there would be a time during the year at which time the majority of the spaces would be vacant since the spaces were generally filled during the winter months. However, the city's facility currently offer limited services with 20 amps per space, but the new park would offer improved service with 50 amps per space.

Mayor Gomez commented three spaces were currently available with 50 amps for the riggs and if they were filled, riggs would not be able to park.

Motion by Council Member Lindemann, **second** by Council Member Shelton to approve an amendment to Resolution No. 10-813 as set forth on the amended Resolution document issued by Juan Pablo Flores in that the lease purchase agreement exhibit conform herewith.

Council Member Shelton commented it might be two or three years before the park would be filled to capacity and requested further explanation pertaining to occupancy at the new park.

Jorge Treviño stated that thirty percent capacity in a new facility would translate to more than thirty spaces.

Council Member Shelton further inquired if it would be thirty percent for the whole year or for the season.

Jorge Treviño stated that at thirty percent occupancy for an average of six months, the facility debt would be covered and after five years, it would be revenue for the city.

Roll Call: All members, except Council Member Quiñonez, voted in favor.
MOTION to amend PASSED

Roll Call: All members, except Council Member Quiñonez, voted in favor.
MOTION PASSED

4. PERSONS WISHING TO ADDRESS THE COUNCIL IN WRITING OR VERBALLY ON ANY ITEM NOT ON THE AGENDA.

None

5. ADJOURNMENT.

Motion by Council Member Shelton, **second** by Council Member Morales to adjourn the meeting at 4:31 p.m. unanimously passed.

Prepared By:

Brenda Aguilar
City Clerk