

**Minutes of the
INDUSTRIAL DEVELOPMENT AUTHORITY
May 12, 2015**

1. **CALL TO ORDER:** an Industrial Development Authority meeting of the City of Douglas was held at City Hall, 425 10th Street, Douglas, AZ 85607 on May 12, 2015, at 10:05 a.m.

2. **ROLL CALL**

PRESENT

Daniel Ortega Sr.
Howard Henderson
Josue Lopez
Bill Thomas Sr.
Florencio Lopez
Patrick Scherden

ABSENT

Robert Marrufo
Craig M. Hughes

Others present:

Carlos De La Torre, City of Douglas
Alma Andrade, City of Douglas

3. **TREASURER'S REPORT**

Howard Henderson stated he wrote a check to B&D Lumber for paint in the amount of \$718.57 in addition to the check written on February 20, 2015 in the amount of \$4,132.46 for paint as well.

On 4/23/2015, check #226 for Byrd Sheet & Metal for roof repair on 11th Street building, in the amount of \$1,176. On the same day, another check was written check #227, in the amount of \$1,720, for the insulation removal, side insulation, removal of dried wall and cleaned up.

Florencio Lopez inquired if the panels were secured. Howard Henderson stated it belongs to the city and the city will take care of it.

5/1/2015 cashier's check in the amount of \$90,000 made to the City of Douglas per IDA's agreement for the Douglas Commercial Port of Entry Project, to include a \$1.50 fee from credit union.

5/4/2015 check for \$564.58 for Baxter Plumbing for removal of the old water heater and removal of the dilapidated water fountain in the IDA building and replacing with a new water heater at the request by Freeport McMoran as they are leasing the building.

Florencio Lopez inquired if it's an electric or gas water heater. Howard Henderson stated it's an electric and it's mainly for hand washing and restrooms since there are no showers there.

The following deposits were made:

- \$2,705.34 representing checks from Precept and Ortega's Stores.
- \$1,915.70, check from La Paloma, of which there are three payments remaining (\$5,680.70).

In addition, Howard Henderson stated that one of the CDs \$160,000 matured on May 4, 2015 and has ten days to make a determination on where to move it to.

Mr. Ortega inquired how much did IDA earned on that specific CD. Howard Henderson stated at a rate of .3%, \$163,133.84, on a 9 month term.

Howard Henderson also stated there's one more CD which is \$104,000 on a 12 month at a .4%.

Motion by Patrick Scherden to approve the Treasurer's report; second by Josue Lopez.

Motion passed unanimously.

4. DISCUSSION/DECISION REGARDING THE BROPHY BUILDING PURCHASE OFFER.

Carlos de la Torre stated the following reference the Brophy Building:

Square footage: 21,103

Lot size: 100' x 134', commercial zoning

2013 taxes: \$2,419

Owner is from out of town. Current asking price is \$129,500

Total appraised value: \$144,173, taxes are current.

2014 taxes: \$2,378.66

The sale history as follows:

1991 \$145,800

1992 \$100,000

1996 \$ 80,000

2007 \$205,000

2014 \$ 50,000

Sales comparable (recent sales):

531-535 11 th Street (in escrow)	\$50,000	3,655 SF	\$13.68/SF
1129 G Avenue (May 2013)	\$65,000	5,050 SF	\$12.87/SF
1109 G Avenue (June 2014)	\$118,000	10,138 SF	\$11.64/SF
1201 F Avenue (Dec 2014)	\$125,000	3,270 SF	\$32.22/SF
		Average	\$19.10/SF

Proposed Offer – Option 1

Purchase price \$50,000

Real estate commission \$5,000

2014 taxes \$3,578.66

ROI: 20%

Net Gain: \$12,200

Cash Offer Price: \$70,777

Proposed Offer – Option 2

Purchase price \$50,000

Real estate commission: \$5,000

2014 taxes: \$3,578.66

Total investment: \$58,578.66

ROI: 50%

Net gain: \$29,300

Owner financing: \$87,900

Period: 15 years

Interest: 2%

Yearly payment: \$566 x12 mos. = \$6,792

Florencio Lopez commented that the owner drop the price to \$98,500.

Carlos de la Torre asked the owner the price and stated it was \$129,500.

Howard Henderson inquired if IDA wants the building and if so, what is the IDA going to do with it.

Patrick Scherden inquired on how much it would cost to fix the roof.

Carlos de la Torre commented that to be realistic the building will continue to be in the same shape. The thought is maybe the City and the IDA jointly have control of the building to stabilize it or the

roof and begin to find small tenants to occupy the first floor. The upper floor is semi-secure since they have the upper windows and can secure the back and the roof. Break it up into smaller tenants. If they wish to utilize the entire building they need to buy it and come up with alternative parking in the area. Several ways to come up with parking depending on retail, office, clinic or school; the building will not function unless parking is provided and the only way to come up with parking is by demolish adjacent buildings.

As an additional comment, Carlos de la Torre stated an option for such building could be Ppep Tech high school, they have two facilities, and they walk from one side to the other. Carlos de la Torre stated they can put something in front of them, renovate facility and continue to identify other solutions for the bottom floor.

Josue Lopez stated there may be more investments afterwards, but is more inclined with the schools if they can secure funds to remodel such building or have a tenant ready.

Florencio Lopez inquired about a grant writer within the City or the community.

Carlos de la Torre stated that maybe in the community, but at the moment he's not aware of a particular individual.

Howard Henderson inquired about the cost to stop the decline.

Carlos de la Torre mentioned that the roof could cost \$15,000-20,000, at a max \$30,000 all around it.

In addition Howard Henderson stated that if IDA accepts the offer, IDA could spend \$100,000 to stop the decline at such building.

Danny Ortega Sr. stated that downtown has quite a few empty buildings that are available for retail space. In addition Daniel Ortega Sr. commented that everything north of 10th Street as far as retails is out of the circle.

Bill Thomas inquired if anybody knows how much the owner is asking for the building across the street to the north of the Brophy building. Florencio Lopez stated Angelica Villareal is the person that might have the information pertaining to this building and that the asking price is \$110,000.

Bill Thomas stated he is concerned about the Gadsden Hotel and if the hotel closes, IDA's worst purchase could be the Brophy building. In addition Bill Thomas mentioned there may be a purchase option on the hotel, but it could be a low offer and as a second comment stated that if Mr. Brekhus passes, the family could not continue with the hotel business.

Danny Ortega Sr. stated that if the city loses the hotel it will be a major business loss for downtown.

Bill Thomas stated that IDA can contact the owner and rephrase the bottom section, possibly with \$15,000.

Mr. Ortega stated that IDA can table the item and discuss at future meeting.

Motion by Howard Henderson to table item and to discuss at a future meeting; second by Danny Ortega Sr.

Motion passed unanimously.

5. UPDATE REGARDING THE PAINTING OF COWBELLES BUILDING

Bill Thomas stated he hasn't hear anything and spoke to Peggy Boss which is the Cowbelle's President and stated they wanted to do outside remodeling and as soon as they are done, they will contact the IDA in order for the IDA to buy the paint and have the building painted.

Howard Henderson inquired about the carne asada fund raiser for the Douglas Williams House Museum as they need to paint the Williams House Museum. Is the IDA interested in painting the Douglas Williams House. In addition Howard Henderson stated IDA can match the painting project cost; however Danny Ortega Sr. stated IDA should wait until they hear from the Williams House members and see what their needs are in order to move forward.

6. UPDATE REGARDING THE FREEPORT McMORAN LEASE AGREEMENT.

Howard Henderson stated he has the signed lease by Freeport McMoran. In addition Howard Henderson inquired if the City may help as Freeport McMoran needs to be billed monthly and stated the city can process a monthly invoice and send to Freeport McMoran.

In addition Howard Henderson commented that the Lease is dated May 1, 2015; \$2,500 monthly plus taxes, insurance, and utilities; and Freeport McMoran will fix the offices.

7. UPDATE ON PORT OF ENTRY PARTNERSHIP BETWEEN THE CITY OF DOUGLAS AND THE INDUSTRIAL DEVELOPMENT AUTHORITY.

Carlos de la Torre stated he didn't get a chance to put it on the Mayor and Council agenda for consideration of the agreement between the IDA and the City for the \$90,000, but will bring in as part of the June 2015 Council meeting.

8. CALL TO THE PUBLIC

Josue Lopez suggested talking to the downtown merchants regarding fixing up downtown façade; for example providing the owners up to \$2,500 to fix up facades, better signage, paint, etc.

9. AGENDA ITEMS FOR NEXT MEETING

- Treasurer's report
- Election of officers (Danny Ortega Sr. will step down as president of the board, but will remain an IDA member)
- Discussion on Brophy building fixing up façade options
- Update on Freeport McMoran Lease
- Partnership between the City and the IDA
- Discussion on downtown merchants' façade.

10. DATE FOR NEXT MEETING

June 9, 2015

11. ADJOURNMENT: 10:53 a.m.

Posted at City Hall on Monday, May 11, 2015 by:

Barbara Rodriguez
Administrative Secretary

For reasonable accommodations pursuant to the Americans with Disabilities Act (ADA), call Frank Piñon at 417-7315 as early as possible to coordinate needed arrangements.

For further information, please call Alma Andrade, City of Douglas at 417-7302.