

**Minutes of the  
INDUSTRIAL DEVELOPMENT AUTHORITY  
June 23, 2015**

1. CALL TO ORDER: 10:04 am
2. ROLL CALL

**PRESENT**

Patrick Scherden  
Robert Marrufo  
Howard Henderson  
Josue Lopez  
Florencio Lopez  
Daniel Ortega Sr.

**ABSENT**

Bill Thomas (excused)  
Craig Hughes (excused)

**Others present:**

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

3. APPROVAL OF MEETING MINUTES FOR JUNE 9, 2015

Motion to by Howard Henderson to approve the June 9, 2015 meeting minutes; second by Robert Marrufo. Motion passed unanimously.

4. TREASURER'S REPORT

Balance on deposits:

\$442,539.01 in CDs  
\$148,202.95 in checking  
\$590,741.96 total

Accounts receivable:

\$20,000 City of Douglas  
\$3,798.13 La Paloma  
\$37,715.00 SAMC (nothing on the Bankruptcy court documents yet).  
\$71,908.76 Ortega's Stores, Inc.  
\$135,304.46 total

Monthly Income:

\$1,300 Precept  
(La Paloma \$1,915.70)

Check in the amount of \$1,020 to Baxter plumbing for repair of IDA building restrooms in which concrete was removed in order to repair the leak.

Check in the amount of \$2,000 to Byrd's Sheet Metal and Construction for the removal of insulation at the building as requested by Freeport McMoran.

Howard Henderson mentioned that Freeport McMoran has been billed with their first month's rent and should be getting payment soon.

La Paloma submitted payment in June, they have one last payment in July and they will be done with their loan.

Howard Henderson stated he renewed one of the CDs and kept it at Washington Federal as they were very competitive with other financial institutions. In addition, Howard Henderson stated there are two more CDs that will mature the month of July and another one in August, which there's a possibility to keep them at the same location.

Josue Lopez inquired if IDA paid the \$90,000 to the City of Douglas. Howard Henderson stated they have.

Motion to approve the Treasurer's report by Daniel Ortega Sr. and second by Josue Lopez. Motion passed unanimously.

## 5. DISCUSSION/DIRECTION PERTAINING TO THE IDA BYLAWS

Howard Henderson stated that IDA has been following the 2008 bylaws. IDA was having issues with quorums due to the bylaws which allowed for the majority of the members. IDA number was declining and it was too difficult to achieve a quorum in order to have the majority of the members present.

Howard Henderson stated as reviewing the bylaws, he came across the election information which required a 10 days' notice prior to alter or rewrite the bylaws. In addition, Howard Henderson mentioned that in looking at the 2008 bylaws the notice was done within 48 hours of the meeting, which it wasn't adequate to make changes to the bylaws. If the bylaws were approved then, the notice didn't give sufficient notice for the bylaws to be in effect. Therefore, IDA members need to look at both sets of bylaws to review, give ten days' notice in order to adopt/approve.

Florencio Lopez suggested following the 2008 bylaws in order to review, modify, adopt or create new bylaws.

Patrick Scherden mentioned to IDA members that telephonically quorum is legal and available to the members, but need to know in advance in order to coordinate.

Howard Henderson stated they would incorporate telephonically and proxy into the new bylaws.

Josue Lopez added it would be better to connect telephonically as he travels a lot and would be easier to have a quorum.

Patrick Scherden mentioned that all IDA members will review the current bylaws and can share information for the new bylaws. However, Howard Henderson and Bill Thomas will be the bylaws committee members, so any ideas in reference can be directed to them.

## 6. DISCUSSION/DECISION REGARDING THE BROPHY BUILDING PURCHASE OFFER

Carlos de la Torre stated that per IDA's discussion and direction, he presented an offer to Mr. Abbott with two options:

### **Proposed option #1:**

Purchase price: \$50,000  
Real Estate Commission: \$5,000  
2014 Taxes: \$3,578.66  
Total investment: \$58,578.66  
ROI: 20%  
Net Gain: \$12,200  
Cash Offer Price: \$70,777

### **Proposed Offer #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 carrying financing: \$87,900  
Period: 15 yrs; Interest 2%; Yearly payment:  
\$566 x 12 mons= \$6,792

To these options, the property owner replied to the realtor and the realtor share this information as follows:

“cannot make any headway with the owner of 1055 G Avenue, he has a mortgage source that will loan \$500,000 as second mortgage with his existing \$190,000 mortgage. He thinks it will be condos upstairs and retail downstairs.”

Carlos de la Torre went back to the realtor and inquired about any response from the property owner in terms of what he’s willing to absorb or carry the note. The realtor will try back.

No response on the offer.

In addition Carlos de la Torre mentioned about the Partnership proposal between the IDA, PPEP Tech High and the City of Douglas:

- To develop the Brophy building into a new combined campus/facility for Douglas PPEP High School. 1<sup>st</sup> & 2<sup>nd</sup> Floors can be used for classrooms.
- 2<sup>nd</sup> floor is already partitioned into classroom size rooms.
- One centralized facility
- Renovate the facility to accommodate the needs of the High School
- Provide assistance through the development and construction process in an effort to significantly reduce project costs
- Purchase and demolish the building immediately north of the Brophy building to provide for limited off-street parking and open space
- Establish an MOU for project development
- Develop preliminary and final costs estimates
- Develop and execute a final agreement

Florencio Lopez mentioned that DUSD is not closing the other school due to another entity’s interest. Florencio Lopez inquired if the interested entity is PPEP High School.

Carlos de la Torre mentioned it could be another entity.

Josue Lopez inquired if the City has talked to PPEP yet. To this Carlos de la Torre stated they have not.

In addition, Josue Lopez asked if PPEP has resources in order to go towards the remodel. Carlos de la Torre stated that their resources are not focus on schools, but to loans, rural communities and other services.

Howard Henderson suggested putting the reference proposal in front of everybody to include DUSD.

Florencio Lopez stated that the Red Cross building that the school leases will expire.

Robert Marrufo inquired if the Red Cross building was given to the schools. To this Florencio Lopez stated there is a lease on it.

Josue Lopez inquired on conformation to the brophy building purchase price of \$129,500.

Carlos de la Torre confirmed.

## **7. UPDATE REGARDING THE FREEPORT McMORAN LEASE AGREEMENT**

Howard Henderson stated that the city administration will be invoicing Freeport McMoran on a monthly basis.

In addition Howard Henderson stated that Freeport McMoran is doing a lot of drywall work inside, carpeting, work outside, etc. no doubt they will leave the building in a much better condition. The City of Douglas is participating in handling the wiring due to safety issues concern. In addition, the City of Douglas is also handling the front and back gates repair so they operate properly. Howard Henderson stated that the building is in good condition.

Daniel Ortega Sr. inquired about the lease length. To this Howard Henderson commented is a month to month lease.

Howard Henderson stated Freeport McMoran plans to be there 10-12 months or longer; \$2,500 a month, plus taxes which is \$430.77, so they pay a total of \$2,930.77, plus utilities and insurance.

Carlos de la Torre mentioned that he has been talking to B&D Lumber about the possibility of exchanging the land that the city owns on 11<sup>th</sup> Street and Pan American with the land adjacent to it. Initially it was going to be an even trade and now B&D would like to keep some property at that site to store some of their equipment. The city is comparing numbers and is coming down with a legal description for that site to continue to pursue.

Howard Henderson inquired if the space is equal to the size they have now. Carlos de la Torre stated it's a little bit more than that.

Robert Marrufo inquired about clarification regarding this property. Carlos de la Torre stated it's the one where the old chamber of commerce, the old water department and the parking lot was.

Florencio Lopez inquired what was the reason B&D Lumber couldn't built out there. Carlos de la Torre is uncertain about this.

Robert Marrufo mentioned that there was a piece of property belonging to the railroad and there was no access to get in there. To this Carlos de la Torre stated that there is a horse shoe around the tower so that portion doesn't have access to 11<sup>th</sup> Street.

Howard Henderson inquired who owns the old RV Park across the street from the IDA building south of 11<sup>th</sup> Street. Carlos de la Torre stated it's owned by Freeport McMoran.

## **8. DISCUSSION/DECISION ON THE PORT OF ENTRY PARTNERSHIP BETWEEN THE CITY OF DOUGLAS AND THE INDUSTRIAL DEVELOPMENT AUTHORITY.**

Carlos de la Torre mentioned that Council approved the IDA's MOU and a copy will be placed in the IDA's files.

## **9. DISCUSSION/DECISION ON THE DOWNTOWN MERCHANTS FACADE**

Josue Lopez mentioned at previous meetings about the downtown merchant's façade improvements and that there's interest from merchants in painting their buildings. This is a great idea to formalize it in which the IDA, the City and the owner can put one third down towards their façade improvements.

Patrick Scherden mentioned that Carlos de la Torre drafted a presentation in which trimming the trees and/or replacing with small bushes can help businesses as their façade will be easier to view.

Florencio Lopez stated that IDA can limit on the ideas and colors in order for the business owners to follow their guidelines in reference to façade improvements.

Carlos de la Torre mentioned he can draft ideas and language for a grant proposal for the downtown merchants. Identify areas, not only downtown, but perhaps Gaytan and other areas. The city and the IDA can try this idea as a pilot program.

Josue Lopez mentioned that the previous city administration spent money on a downtown study design; therefore, the IDA can adopt a few things from that study and to refer to the same study in case people would ask questions.

Robert Marrufo stated that the Design Review Board adopted colors for the downtown area as earth tone and neutral colors.

Carlos de la Torre commented that they can draft a proposed list of things they would like to see in the downtown area such as: painting building, replacing canopies and/or signage improvements with consistency. Carlos de la Torre will take the proposals to the Design Review Board and will bring back to the IDA and then take it to the Council.

Florencio Lopez mentioned that some businesses need to invest a little bit on their businesses for example, Southern Arizona corner car wash, can replace the old signage with a new sign; Resendiz business, they can change blinds and get slats on their fence and the Consulate of Mexico can paint their side.

Josue Lopez commented that since business owners get their business license at city hall, maybe city hall can provide them with a flyer on rules regarding renovations on their business building.

Carlos de la Torre stated that some businesses in the downtown area complain regarding the trees in front of their businesses. In addition Carlos de la Torre commented that the trees can be replaced with small bushes or something else that doesn't block the view.

Robert Marrufo inquired if the UofA study/plans are still available.

Carlos de la Torre stated those plans are still available.

Robert Marrufo inquired if there's a possibility of a legal form of action to give to absentee owners to fix their property.

Carlos de la Torre stated that the Eloy's property has back taxes of \$12,000; which are due in July 2015. The City if trying to have control of the building and the city is pursuing to take care of the underground storage, flatten area to create parking spot.

Florencio Lopez inquired about who started working on the Juvenile probation building.

Carlos de la Torre commented that as part of the Douglas Days, the City allowed the Art Walk committee to use the facility. The city helped by cleaning up the facility. The Art Walk committee put a grant application to the Tohono O'odham Nation for landscaping and flooring improvements.

Josue Lopez stated he can help with the merchants once the language is in place regarding the façade improvements portion.

Patrick Scherden inquired if there was any way to stop the furniture to be placed on the sidewalk everyday next to Eloy's building.

Carlos de la Torre commented that the City can and they have before. The City will address this issue.

**10. CALL TO THE PUBLIC**

None.

**11. AGENDA ITEMS FOR NEXT MEETING**

- Treasurer's Report
- Discussion/Review pertaining to the IDA Bylaws
- Update/Discussion regarding to the Brophy Building Purchase Offer
- Discussion/Decision on the Downtown Merchants Façade

**12. DATE FOR NEXT MEETING**

July 14, 2015.

**13. ADJOURNMENT: 11:07 a.m.**

Posted at City Hall on Wednesday, July 8, 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.