

**Minutes of the
INDUSTRIAL DEVELOPMENT AUTHORITY
August 3, 2015**

1. CALL TO ORDER: 10:04 a.m.
2. ROLL CALL:

PRESENT

Patrick Scherden
Robert Marrufo
Howard Henderson
Bill Thomas Sr.
Florencio Lopez
Craig M. Hughes

ABSENT

Josue Lopez
Daniel Ortega Sr.

Others present:

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

3. APPROVAL OF MEETING MINUTES FOR JULY 14, 2015

Motion by Howard Henderson to approve the meeting minutes for July 14, 2015; second by Robert Marrufo.

Motion by Howard Henderson to amend meeting minutes to include officer's titles as follows: to add Patrick Scherden (President), Robert Marrufo (Vice President), and Howard Henderson (Treasurer), and to remove Daniel Ortega Sr. (Former President), and have secretary sign minutes in order to take them to the bank and change the proper signature cards; second by Robert Marrufo. Motion passed unanimously.

4. TREASURER'S REPORT

Balance on deposit:

CDs	\$442,857.26
Checking	\$177,075.80
Total	\$619,933.06

Accounts Receivable:

La Paloma	last payment
SAMC	\$37,715.00
Ortega's Stores	\$68,547.62
Total:	\$106,262.62

Monthly Income:

Precept	\$1,300.00
Ortega's	\$1,405.34
Freeport McMoran	\$2,930.77

Howard Henderson stated that IDA has received the first payment (May 12-June 12, 2015) from Freeport McMoran in the amount of \$2,930.77.

As an additional comment, Howard Henderson mentioned that plumbing work is being done by Roy Clark with Baxter Plumbing as there still leakage in the restroom; also, the possibility to receive an invoice from Charles Diffie for the lock work done in the front door.

Howard Henderson provided a letter from La Paloma requesting a sign Release of Lien from the IDA and thanking IDA for the \$80,000 loan at the interest rate of 7% for a 48 month period.

Motion by Bill Thomas Sr. to sign the Release of Lien; second by Robert Marrufo. Motion passed unanimously.

Motion by Bill Thomas Sr., to approve the Treasurer's Report; second by Florencio Lopez. Motion passed unanimously.

5. DISCUSSION/REVIEW PERTAINING TO THE IDA BYLAWS

Robert Marrufo suggested adding the proxy and teleconferencing to the bylaws.

Howard Henderson commented on the following: what constitutes a quorum, proxy absentee, question on the secretary title wording.

Patrick Scherden suggested a change on the Article 2. Notice Section 5 and Subsection 2 as follows: Notice to the Directors shall also be given not less than twenty-four hours in advance of the meeting. Notice to the Directors may be by personal delivery, mail, telephone **and/or email**.

Patrick Scherden also suggested in Article 3, Section 2. Election and Term of Office. The Officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at their annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death or until he shall resign or have been removed in the manner hereinafter provided.

In addition, Patrick Scherden referred back to Article 3, Section 1. Number. The officers of the corporation shall be a President and a Secretary, and such other additional officers (including one or more Vice Presidents, Secretary and Treasurer) as the Directors may from time to time deem necessary, each of whom shall be elected by the Board of Directors **or appointed as a recording secretary and ratified by the Directors**. Any two offices, except President and Secretary, may be combined.

Howard Henderson inquired about the quorum number or if quorum is four no matter the number of members.

Patrick Scherden referred to Article 2, section 6, Quorum. A majority of the number of Directors then serving (as distinguished from the number of Directors authorized by the bylaws or articles) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. For purposes of determining a quorum, a Director who disqualifies himself from participation for any reason, but who attends the meeting, shall be counted.

Carlos de la Torre commented that language says currently attending or participating. Carlos de la Torre stated that since the IDA is formed by nine members, then five should constitute a quorum. How to generate to have a quorum, teleconference could be the case. Proxy discussions are for a yes and no votes, however IDA does not have yes or no votes, and most of the times are discussions back and forth; and perhaps reducing the number of members to four could work better for the IDA.

Patrick Scherden referred to the bylaws a majority of the number of members then serving (as distinguished from the number of Directors authorized by the bylaws or articles), which articles specifies nine members.

Carlos de la Torre suggested changing the number of members to seven, then four members will be a quorum all the time.

Howard Henderson stated that the initial review of the bylaws was initially due to the no meeting quorum.

Carlos de la Torre suggested leaving the number of members as is in order to have more flexibility.

Bill Thomas suggested leaving the majority of the members as is and use the telephone if needed to have a quorum.

Patrick Scherden commented on Article 2, section 2. Number, Tenure and Qualifications. The number of Directors of the corporation shall be not less than three nor more than nine.

Patrick Scherden's only changes are adding email to the notice section and adding the Secretary position.

Howard Henderson suggested adding absentee voting to establish a quorum.

Carlos de la Torre suggested adding same language as the council meeting regulations.

Florencio Lopez inquired about the absentee to have accountability, how many absences or if a call would suffice.

IDA members inquired about the IDAs seal. Craig Hughes recalls seeing Daniel Ortega Sr with the seal.

Carlos de la Torre will take bylaws so that the city attorney can review them. Carlos de la Torre also commented that one of the proposals could be three consecutive meetings or anytime below percentage.

Howard Henderson stated IDA can suggest an appointee and the Mayor can appoint at a council meeting.

6. UPDATE/DISCUSSION ON THE MERCHANTS FAÇADE IMPROVEMENTS

Bill Thomas Sr. spoke to Michael Gutierrez with the Douglas Association of Realtors, Howard Henderson, Florencio Lopez, Carlos de la Torre and to Mayor Ortega in regards to this topic.

Bill Thomas Sr. recommended giving the Douglas Association of Realtors \$10,000 from the IDA and having them improve downtown, with one restriction, that they need to buy all materials in Douglas.

Howard Henderson inquired if the Douglas Association of Realtors would respond to IDA with an expense report.

Bill Thomas Sr. stated that the Realtors will need to provide them with an expense report.

Carlos de la Torre stated that the City didn't put any restrictions to the Realtors Association reference the monies used for downtown improvements.

Bill Thomas Sr. stated that Realtors Association need to spend money on the downtown area on any business, but not on a private residence.

Florencio Lopez inquired about the \$10,000 given to Realtor's Association in order to market the community; and is IDA putting forward the application to beautify downtown, whether this is part of the \$10,000 project or combining two projects.

Bill Thomas Sr. stated that its two different projects.

Carlos de la Torre stated that the City can bring the same agreement to the IDA, modify it and approve in order to check how the monies are spend and restrictions IDA would like to include in this document.

In addition Carlos de la Torre stated that the City can develop a three-way agreement between the City, the Realtor's Association and the IDA in terms of funding \$10,000 at \$3,000 each. The property owner could also fund part of this amount. Carlos de la Torre will present this agreement to IDA for modification and at future meetings IDA can approve it.

Motion by Bill Thomas Sr. to designate \$10,000 for the Realtor's Association to continue with downtown improvements as the city is doing with the Realtor's; second by Howard Henderson and Florencio Lopez. Motion passed unanimously.

Florencio Lopez asked if the Cowbells would address Bill Thomas Sr. or the Realtor's Association.

Bill Thomas Sr. stated they would address IDA and would continue from there.

Carlos de la Torre met with Mr. Durazo and mentioned that Mr. Durazo was approached by the Cowbells and will allow the painting of the mural and is in the process of getting rid/replant the trees.

7. UPDATE ON THE CITY OF DOUGLAS SECTION 559 POE APPLICATION SUBMITTAL

Carlos de la Torre mentioned he traveled to Washington DC in order to know how the Federal Government reviewed the 559 application submittal by the City. They don't have authority basically to enter into a long term agreement where they don't have authority to spend money whether it's a lease or anything not a gift to the federal government; they are not in a position to approve the application. The federal government received a total of seven applications; however, they are continuing to move to the next stage with four applications. They need to figure out whether they can staff it or whether they can absorb the improvement. They need to have capacity to add more power to the facility.

In addition Carlos de la Torre stated he's happy with the submittal of the application and next steps are to continue to push forward this project.

The federal government believes there are still other projects to be done onsite to profit the facility and suggested the city to submit a 559 application. Any improvements are made they have to be donated to the federal government.

Florencio Lopez inquired if the City will submit an application in October 2015. In addition Florencio Lopez asked if the government's intent is for the city to construct a direct line access to the interstate.

Carlos de la Torre agrees to submit another application.

Carlos de la Torre commented that this is a local concern and the city along with the IDA need to bring the state government to the mix. Unfortunately, the congressional delegation is not in tune to a direct earmark or designation of that facility. The city and the IDA can bring their attention to

this project. Office of Representative Martha McSally has provided a lot of support toward this project.

As a separate note, Carlos de la Torre stated that a group from Sierra Vista, Phoenix and Naco, approached the city in reference to expanding the Naco facility and build railway from Naco to Benson. They presented to Douglas and inquired if Douglas was interested in doing something with them in terms of expanding. Their interest is not only for this area but to connect to the port of Guaymas and also to Long Beach, as well as to connect to the port of Tucson and to I10. Create a multimodal facility. These are benefits for Douglas as well. This group also mentioned they have about \$150M in their portfolio secured for the rail construction.

8. CALL TO THE PUBLIC

None.

9. AGENDA ITEMS FOR NEXT MEETING

- Meeting Minutes for August 3, 2015
- Treasurer's report
- Update on the Downtown Beautification Project.
- Discussion/Review of the IDA Bylaws

10. DATE FOR NEXT MEETING

September 3, 2015.

11. ADJOURNMENT: 11:27 a.m.

Prepared by:



Alma Andrade
Executive Assistant

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.