

**Minutes of the
INDUSTRIAL DEVELOPMENT AUTHORITY
January 13, 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 January 13, 2015 at 10:02 am
2. ROLL CALL

PRESENT

Daniel Ortega Sr.
Howard Henderson
Bill Thomas Sr.
Robert Marrufo
Florencio Lopez
Craig Hughes

ABSENT

Josue Lopez
Patrick Scherden

Others Present:

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

3. APPROVAL OF NOVEMBER 5 AND NOVEMBER 24, 2014 MEETING MINUTES.

Motion by Howard Henderson to approve the meeting minutes for November 5 and November 24, 2014; second by Bill Thomas Sr.

4. TREASURER'S REPORT

Howard Henderson provided the Treasurer's report as follows:

Balance on deposits:

CDs	\$442,148.96
Checking	\$225,020.10
Total	\$667,169.06

Four CDs that range from 0.20 to .40 return depending on the amount and length. The first CD will mature at Washing Federal on May 2015. Howard Henderson will work with Luis Pedroza to move the CD to a higher yield. \$190,000 of the monies is in the savings account at Southeastern Arizona Federal Credit Union.

Accounts receivable:

City of Douglas	\$20,000
La Paloma	\$11,263.13
SAMC	\$37,715
Ortega's Stores	\$75,000
Total	\$143,978.11

Monthly income:

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

Howard Henderson inquired about SAMC in order to delete the account or keep as is. Bill Thomas stated rather wait until IDA receives a formal order from the Bankruptcy court.

Mr. Ortega Sr. thanked the IDA members for the approved loan to Ortega's stores. In addition Mr. Ortega stated they consolidated their stores.

Howard Henderson stated that B&D Lumber turned in their keys from the warehouse so there's no more income from them.

Florencio Lopez inquired if the option to rent to Alstyle was still on. The response has been they are not interested in renting this warehouse anymore.

Howard Henderson asked the board about the issuance of a check for forty five dollars to pay his credit card as he paid for the renewal for the Corporation Commission.

Motion by Florencio Lopez to approve to pay forty five dollars to Howard Henderson for the renewal of the Corporation Commission; second by Craig Hughes. Motion passed unanimously.

5. UPDATE REGARDING CURRENT AND PAST REQUEST(S) OF FINANCIAL ASSISTANCE AND PARTNERSHIP OPPORTUNITIES BETWEEN THE CITY OF DOUGLAS AND THE DOUGLAS INDUSTRIAL DEVELOPMENT AUTHORITY.

Carlos De La Torre stated the City has approached the IDA and made a few funding request to assist with the preparation of the submittal of the partnership related to the Port of Entry project. The first loan request was on March 7, 2014, for the preliminary work for the Presidential Permit, in the amount of \$53,000, for 24 month period with no interest. Second loan November 5, 2014 and asked for \$120,000 loan and later on to have an agreement on payment arrangements.

Carlos De La Torre would like to recommend for IDA to rescind the \$53,000 and \$120,000 loans and come up with a new \$100,000 dollar loan, which will be paid at 36 month period or to secure it with payments or with a portion of land at the new port of entry site. IDA can secure the land at the current market value.

Bill Thomas inquired on what's best for the city, whether to pay back or to give land to the IDA.

Carlos De La Torre responded by stating that the City has no preference and can do what IDA decides, whether to establish a payment plan or land. In addition, Carlos De La Torre mentioned that from a long term perspective IDA can benefit to have control of the land.

Craig Hughes inquired if the City will put down collateral for the \$100,000 loan. Carlos De La Torre stated the City will not put down any collateral.

Florencio Lopez inquired about the plans backing up the \$53,000 and \$120,000 dollar loans. What happen to those plans? What is the plan intention for the \$100,000?

Carlos De La Torre stated that initially the City was going to be in a position to submit the application for a presidential permit for the new port of entry. The City was told by Customs and Border Protection not to submit the application permit because they were working on the new rules for the Private Public Partnership rules, such rules came out on October 1, 2014. Initially the cost to prepare the application was \$120,000-\$130,000. The City entered into a contract with the developer, which is \$90,000. The rest of the money may need to invest for additional studies for the port.

Florencio Lopez inquired if the City was going to put a portion of the \$100,000 needed for the port. Carlos De La Torre stated that IDA can put up a good portion as the City allocated some of the monies and can pay a portion but still needs to be looked at. The City has not been billed by the developer and does not know how the invoice will look like. In addition, Carlos De La Torre stated that Mayor and Council are supportive of what IDA is doing towards the port of entry.

Robert Marrufo stated he would prefer to secure land at the new port of entry site for warehousing, rentals, etc.

Florencio Lopez inquired if the land is subdivided in portion, negotiating or invest in zoning and parcels. Carlos De La Torre explained the land has not been subdivided. The City owns 320 acres and has designated 80 acres for the port construction. The additional 240 acres have not been subdivided. The City will need to initiate the annexation process for the city to annex.

Howard Henderson stated IDA can approach Mayor and Council and have them designate a market value per acre, then IDA can have the option to buy if so chooses at market value and at a guaranteed price.

Carlos De La Torre stated it's very possible that two entities are putting money for the development of this project, which will benefit the IDA and the City.

Motion by Howard Henderson to approve to rescind the \$53,000 and \$120,000 dollar loans to the City and to approve a new loan to the City in the amount of \$100,000 dollar, with pay back details to be determined in the future; second by Craig Hughes and Robert Marrufo. Motion passed unanimously.

6. UPDATE REGARDING THE EXTERIOR PAINTING OF THE GRAND THEATER

Bill Thomas stated he received a letter from Carlos De La Torre with an approximate amount on two different ways to paint the Grand Theater. One of them is \$11,000 and the other one \$14,000, depending on the extent of preparation. IDA stated the paint needs to be bought locally.

Carlos De La Torre stated that the figure he provided includes rental equipment. Moreover, he stated that the City is using another approach, the ladder truck to wash the entire building and to reach areas they cannot reach with other equipment. It may be difficult to do the backend as power lines are visible. There may be a challenge to assembling or scaffolding.

Bill Thomas stated that if the City cannot do all the work, IDA can rent or hire somebody to balance the work.

Florencio Lopez inquired about inmate work for this project. Carlos De La Torre stated approximately \$4,000 for equipment rental and materials.

Carlos de la Torre stated the City is committed to work on this and maximize resources.

Florencio Lopez inquired if the City can take care of the subpanel electric, façade low voltage light to highlight the building.

Carlos de la Torre mentioned that the Realtors Association approached the city as to the building coming into town on G Avenue. Realtors can hire people or contractors to do the work. The Council will consider an MOU with the City and Realtors to highlight the downtown. The initial budget is about \$10,000 for such project.

7. UPDATE REGARDING THE SUBMITTAL OF A CUSTOMS AND BORDER PROTECTION, 559 PRIVATE PUBLIC PARTNERSHIP PROJECT PROPOSAL FOR THE NEW COMMERCIAL PORT OF ENTRY.

Carlos de la Torre mentioned that the City approached the IDA in terms of submittal of this application. The City hired a consulting firm, which is Stantec Consultant and a group that was ultimately involved with the development and construction of the San Luis Port of Entry, the Mariposa Port of Entry, and now the proposed Douglas Port of Entry. The City put together an application for the construction of the port of entry at the identified location, at James Ranch Road. The application is to build a new port but also to renovate the current port of entry facilities. The City started with a \$25M project for the port of entry, but after meeting with Customs and Border Protection, they asked for additional improvements, additional facilities with a bigger footprint with a cost of \$38M dollars in terms of the physical port construction.

In addition, Carlos de la Torre stated the City assigned \$3M dollars' worth of improvements at the current port. Once commercial is out of the existing port it's going to allocate a lot of room for Customs to do other improvements, whether to create other lanes, office space, or use some of the money to acquire additional land outside the footprint most likely to the north, in order to create a conceptual expansion plan that will help them facilitate cross border traffic.

The City can create through the IDA or the creation of a Municipal Property Corporation to issue bonds. The ways bonds could be paid is through a lease option with CBP, where the City and IDA can enter into an agreement with CBP for leasing of the facility. At the end of the 30 year period, the City will donate the facility back to the federal government. The new rules state that they want all the facilities donated to the federal government. The City will construct the road from the Port to Highway 80.

Florencio Lopez inquired about the \$35M vs. \$38M regarding the donation and how can you donate \$3M to something that already exist. Carlos de la Torre stated the City is donating the improvements to the facility.

As an additional comment Carlos de la Torre stated bonds could be an issue but the city can potentially absorb the \$3M dollar debt service for a 30 year period, as long as we can demonstrate that we are increasing the traffic through Douglas.

8. UPDATE REGARDING ORTEGA'S STORE COLLATERAL (918 G AVENUE).

Howard Henderson stated IDA closed on the loan and met with Ortega's representative at Pioneer Title. Robert Marrufo and Howard Henderson signed off on the documents. Payments are going to go through the Title Company to avoid any misrepresentations.

Florencio Lopez inquired on Pioneer's monthly fee, which is \$3.00.

Howard Henderson stated first payment will take effect February 1, 2015 of the 918 G Avenue Building.

9. CALL TO THE PUBLIC

Bill Thomas inquired if IDA can have access to privately owned property and paint houses in town with the owner's permission, for example, Eloy's Gas Station and the Furniture Store across the street from the Post Office; all this with minimal fee.

Carlos de la Torre stated the intent is to bring the board of realtors, who should have interest on what the city's image is and they might be able to take more of a direct participation such as dealing with the public and bringing this project to fruition.

Mr. Ortega stated a volunteer committee is needed in order to identify the buildings for the necessary façade improvements. Volunteer members: Bill Thomas, Florencio Lopez and Robert Marrufo. Volunteers will meet with the realtors and go through G Avenue in order to find out what needs painting, etc.

Carlos de la Torre commented that the Realtor's President is Michael Gutierrez and has been working with him on this project. Mr. Ortega along with Carlos de la Torre suggested identifying key buildings in order to show the work and our progress.

Florencio Lopez inquired about the Y building and what are the plans for such building. Carlos de la Torre commented that the City has wanted to redevelop for many years, since the early 1980s. Carlos de la Torre also stated that IDA needs to identify key buildings, such as: Chase, Gadsden, Brophy, Grand Theater, the Mexican Consulate, and some of the other businesses.

The Brophy building is probably 60,000 square feet looking at both the first and second floors, who can utilize the building, possibly a school, clinic or a call center, but what is the problem. We don't have parking for such building. Parking is an issue no matter who uses that facility. The city is not disconnected from the Y building and not disconnected from historic buildings. We need to change the focus of what Douglas used to be, where Douglas is and what Douglas of the future needs to look like. Back in the 1960s the community tried to fund the Y building renovations, but since then there has been no activity in the past 30 years. In order to reactivate the building it's probably going to take \$5 to \$7M dollars, at least to get it in decent shape. Why do we want to renovate the Y building's façade if we cannot use or see the inside. A possible option is to demolish the structure and flattened out to create another space for another commercial entity or create a monument in there that reflects Douglas' history and future. Begin to identify key areas that will show we are progressing and not regressing.

Carlos de la Torre stated IDA can build a community center around the high school where fields are close by. In addition, right across from the high school on the lot owned by Joe Borane; and 8th Street Park where the Bushmaster's is at. We need to give today's generations the modern facilities that they need for the future. The minimum investment is about \$3M, almost half of what it could take to remodel these buildings.

Florencio Lopez is in agreement with the Memorial Park at the Bushmaster's before deciding on another building.

Howard Henderson commented that B&D building is vacant and IDA needs to insure it. Howard Henderson along with Bill Thomas will get insurance quotes and present to the board at future meetings.

10. AGENDA ITEMS FOR NEXT MEETING

- Realtors Association involved in beautifying Douglas
- Brophy Building, facades
- B&D Building Improvements
- Vicky Merritt-office space, where the old clinic was across from the post office. Joint venture, leases for a year. Longer term lease, 5-7 year lease, at an investment possibly \$80,000. IDA may be able to use her as a tenant to bring additional office space for other businesses.

11. DATE FOR NEXT MEETING

February 10, 2015

12. ADJOURNMENT

11:24 a.m.

Posted at City Hall on Friday, January 09, 2015 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.