

**Minutes of the  
INDUSTRIAL DEVELOPMENT AUTHORITY  
November 5, 2014**

**1. CALL TO ORDER: an Industrial Development Authority meeting of the City of Douglas was held at City Hall, 425 10<sup>th</sup> Street, Douglas, AZ 85607 on November 5, 2014 at 10:03 a.m.**

**2. ROLL CALL**

**PRESENT**

Daniel Ortega Sr.  
Howard Henderson  
Bill Thomas Sr.  
Robert Marrufo  
Patrick Scherden

**ABSENT**

Josue Lopez  
Florencio Lopez  
Craig M. Hughes

**Others Present:**

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

**3. MEETING MINUTES FOR JULY 10, 2014**

Motion by Patrick Scherden to approve Minutes for July 10, 2014; second by Bill Thomas. Unanimously passed.

**4. TREASURER'S REPORT**

Mr. Henderson stated the Treasurer's report is the same as presented before at the unofficial meeting. There have been a couple of deposits made, check from B&D, which paid for another month and have deposited a check from La Paloma, which doesn't show up on this month's report yet. Checks were deposited at the new checking account at the Southeastern Arizona Federal Credit Union, which opened account with a \$100,000 dollar check.

In addition, Mr. Henderson stated he will need to make an appointment at the Southeastern Arizona Federal Credit Union for Mr. Daniel Ortega Sr. and Mr. Robert Marrufo to go and register their signatures.

Mr. Henderson mentioned he will go to Chase Bank in order to get a cashier's check for the remaining balance in order to close the account.

Mr. Henderson met with Luis Pedroza and was able to get a Federal ID number, which enables IDA to open an account at the Southeastern Arizona Federal Credit Union. In addition, this will enable IDA to join in with the City of Douglas' investment group. Gathering data to see which investment pays more on IDA's money. The City's investment group pays more than others.

Mr. Henderson opened quarterly CDs, where one will mature every quarter and split the money. Mr. Ortega inquired if CDs with Southeastern Arizona are favorable. Mr. Henderson responded they are better and are guaranteed up to \$250,000 dollars per CD, and also per checking account. As an additional comment, Mr. Henderson stated that its IDA's intent to end up with \$50,000 dollars in the checking account, and the rest into CDs fairly equally distributed quarterly. Furthermore, the idea is to get a CD every three months for twelve months, which at the end of twelve months a CD matures. The approximate amount is \$650,000 divided by three, which \$216,000 per CD.

Mr. Marrufo inquired how liquidly on CDs. In addition, Mr. Scherden inquired if there were be a penalty.

In response Mr. Henderson stated the non-penalty three month CDs disappeared when the transfer was made from Bank of America to Washington Federal.

Mr. Marrufo suggested opening a saving account with Southeastern Arizona Federal Credit Union. In addition IDA members suggested that any monthly deposit should be put in the savings account.

Mr. Henderson stated IDA has a total of four CDs which totals \$441,798.46. Mr. Ortega suggested having \$100,000 per CD and the rest to be deposited into the savings account.

Motion by Howard Henderson to get a cashier check from Chase Bank and to move \$167,000 into the savings account, which will be a total of \$267,000 total to include the \$100,000 deposit made at the Southeastern Arizona Federal Credit Union; second by Bill Thomas.

Amend motion by Patrick Scherden to approve the Treasurer's report and to approve item #8, which deals with what Mr. Henderson updated the board; second by Bill Thomas. Unanimously passed.

**5. DISCUSSION/DECISION REGARDING THE POSSIBLE PURCHASE OF THE BROPHY BUILDING LOCATED AT 1055 N. G AVENUE.**

Mr. Thomas will decline on the purchase of the Brophy building, as the building needs a lot of renovation. Mr. Thomas is in agreement of putting a front in the building but as far as purchasing is not an option right now.

Mr. Scherden also agrees that the renovation of this building would be very costly.

Mr. Ortega also is in agreement that it's too much to fix up such historic building.

Mr. Henderson asked the members if they would accept if the building would be donated. In response Mr. Thomas stated that if in fact the building would be donated, would have to be donated to the City as no taxes would be involved.

Mr. De La Torre stated the property owner is not interested in donating the building. In addition, Mr. De La Torre mentioned that the building will continue in the same shape and form until it collapses. One thing could be consider, perhaps IDA can enter into an agreement with the buyer, not cash in offer. Maybe offer the owner a deal with whatever amount IDA decide to offer, with the intent that the City could buy it back from the IDA at same price over a ten year period. That way it's either controlled by the IDA or the City. With IDA's help, the City can make some repairs and stabilize the building.

Furthermore, Mr. De La Torre stated this is a great building and has no immediate use. This could be a policy decision on what IDA decides to do with the building.

Mr. Thomas added he has no trouble with Mr. De La Torre's suggestion. Also, inquired if the building is on sale for \$50,000. To this Mr. De La Torre responded that the owner sold it for \$250,000; then financed for \$250,000; to another refinance for \$200,000; which was foreclosed and foreclosure cost was \$50,000, which was when the owner was able to get it back.

Mr. Marrufo stated IDA can have Mr. De La Torre look into it reference renovation costs. Mr. Thomas added IDA can stabilize it rather than renovate it, and make it better for the community.

Motion by Mr. Robert Marrufo to authorize Mr. De La Torre and to provide up to \$75,000 to negotiate for the Brophy building; second by Mr. Patrick Scherden. Unanimously passed.

**6. DISCUSSION/DIRECTION TO ALLOCATE FUNDING FOR THE EXTERIOR PAINTING OF THE GRAND THEATRE LOCATED AT 1139 N. G AVENUE**

Mr. Thomas stated he spoke to Bruce Endres and explained that IDA is interested in sprucing Downtown, and that IDA would be painting the Grand Theater walls without touching the front at all. Mr. Thomas also inquired if inmate labor can be used for this project. Furthermore, Mr. Thomas would like for IDA to allocate and pursue for this project. IDA can possibly reimburse the City for inmate labor. Mr. De La Torre agreed.

Mr. Thomas also added that regardless of the number of paint buckets they are buying, to buy an additional 10 gallons.

Mr. De La Torre mentioned that inmates will start the project by power washing it and to primer it. Twenty four (24), five gallon (5) buckets may be needed, which could estimate a total of \$5,000 to complete this project.

Motion by Mr. Howard Henderson to approve up to \$7,000 dollars for the repainting of the Grand Theater; second by Mr. Robert Marrufo. Unanimously passed.

**7. DISCUSSION/DIRECTION TO ALLOCATE FUNDING FOR THE PREPARATION OF A CUSTOMS AND BORDER PROTECTION, SECTION 559 PRIVATE PUBLIC PARTNERSHIP PROPOSAL FOR THE NEW COMMERCIAL PORT OF ENTRY**

Mr. De La Torre provided background information regarding the 559 rules to move this project forward. The proposed cost is \$120,000 dollars to put the application together, which the deadline is December 23, 2014. The City's intent is to put an application on the table by using the IDA as the entity that would issue the bonds for the construction of the port or through a municipal property corporation. In addition, Mr. De La Torre stated that the focus is to make an investment and complete an application; such investment would be in the figures of \$15 to \$20 million dollars.

Furthermore, Mr. De La Torre would like to focus on other projects at the existing port to facilitate traffic not only northbound but also southbound, and eliminate some of the restrictions we have at the current port. Our application should look very favorably because we are not only moving cargo to a new facility, but are also making renovation improvements at the current port. In addition, Mr. De La Torre stated IDA can invest on the POE project as long as IDA can secure land at the POE site for future development. The City may help fund a third or fourth of the \$120,000 cost needed for the Port.

Mr. Marrufo stated he likes the option of obtaining land as an investment for possible warehousing, rental or sell in the future. Mr. Scherden also agrees with Mr. De La Torre and Mr. Marrufo on the possibility of investment for land at the POE site, which IDA's purposes is to bring businesses to Douglas. The rest of the IDA members are also in agreement of investing as well.

Mr. De La Torre also commented that CBP included the Douglas Port of Entry Project as one of the infrastructure projects for Arizona. Also, the City submitted a lot of information regarding the

port of entry to Mexico City in September of 2014. In an October meeting, the Under Secretary of Transportation made a commitment too, once the U.S. has a presidential permit, they would fully support.

Mr. Henderson inquired if the cities of Nogales and San Luis oppose Douglas' Port of Entry upgrade. Mr. De La Torre commented they are in full support of Douglas' Port of Entry. The more ports available benefits Arizona.

Mr. Henderson also inquired if Luis Ramirez is involved with the POE project. Mr. De La Torre responded that EDC cancelled his engagement but he is also involved with Stantec Consultant.

Motion by Mr. Howard Henderson to approve up to \$120,000 for up to 120 days, which could be either repaid by the City for land exchange for border crossing site per market value per City agreement to IDA, which will be presented at a later date; second by Patrick Scherden. Unanimously passed.

**8. UPDATE ON TRANSITION FROM CHASE BANK TO SOUTHEASTERN ARIZONA FEDERAL CREDIT UNION AND AUTHORIZING NEW CO-SIGNERS FOR BANK ACCOUNTS.**

Motion by Patrick Scherden to approve new co-signers for bank accounts; second by Bill Thomas. Unanimously passed.

**9. CALL TO THE PUBLIC**

Mr. Ortega stated that IDA will meet on the second Tuesday of each month, in order to have quorum for future meetings.

**10. AGENDA ITEMS FOR NEXT MEETING**

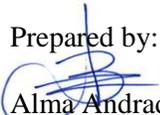
- Treasurer's Report
- Update Regarding the Possible Purchase of the Brophy Building located at 1055 N. G Avenue.
- Update regarding the exterior painting of the Grand Theater located at 1139 N. G Avenue.
- Update regarding the Preparation of a Customs and Border Protection, Section 559 Private Public Partnership Proposal for the New Commercial Port of Entry.

**11. DATE FOR NEXT MEETING**

December 9, 2014 at 10:00 a.m.

**12. ADJOURNMENT:** Meeting adjourned unanimously at 10:55 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.