

**Minutes of the City of Douglas**  
**INDUSTRIAL DEVELOPMENT AUTHORITY**  
**March 27, 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 March 27, 2014 at 10:04 a.m.

2. **ROLL CALL**

**PRESENT**

Daniel Ortega Sr.  
Howard Henderson  
Robert Marrufo  
Eddie Rivera  
Florencio Lopez  
Craig Hughes  
Patrick Scherden

**ABSENT**

Josue Lopez  
Bill Thomas Sr.

**Others Present:**

Carlos de la Torre, City of Douglas  
Alma Andrade, City of Douglas

3. **APPROVAL OF MINUTES – NOVEMBER 6, 2013**

Motion by Patrick Scherden to approve the November 6, 2013 Minutes and second by Robert Marrufo.

Motion approved unanimously.

4. **TREASURER’S REPORT**

Howard proceeded with treasurer’s report as follows:

CDs total:	\$441,035.68
Checking account:	\$209,311.43
Total:	\$650,347.11

Accounts receivable:

City of Douglas:	\$60,000
La Paloma:	\$30,000 approximately (paying on time)
SAMC	\$37,715 no change
Total:	\$127,715

Monthly Income:

Precept:	\$1,300
B&D Lumber:	\$2,500
La Paloma:	\$1,915.70

Mr. Henderson worked with City staff pertaining to CDs. Mr. Ortega had conversations with Victor Varela at Bank of America regarding CDs in order to get .25%, IDA was able to get from .08% up to .33%.

Mr. Henderson renewed three CDs to .33% at no risk CD and is able to take the money out at any time. There is one CD remaining that is at .1% on a twelve month, \$103,755.00, which matures in August 28, 2014.

In addition, there are three no risk CDs, mature date October 3, 2014 on one CD of \$56,824 at .33%. Another CD at \$117,894, 9 month CD, which matures October 3, 2014. Another CD of \$162,560.47, 9 month no risk and matures August 4, 2014. We have three CDs that are at .36% and the other two are at .33% and one at .10%, which has not been renewed due to mature date.

Mr. Henderson commented Bank of America is leaving Douglas and Washington Federal is taking over. It is his understanding that CDs will remain with Bank of America and will not transfer to new bank. Mr. Henderson would like Board's permission to continue to work with City staff pertaining to CDs.

Mr. Henderson will inform the Board on any CDs information that may come available in the near future.

Motion by Patrick Scherden to approve the Treasurer's report and allow Howard Henderson to continue to work with City of Douglas staff, second by Daniel Ortega Sr.

Motion approved unanimously.

**5. POSSIBLE LOAN TO THE CITY OF DOUGLAS FOR FURTHER DEVELOPMENT OF THE DOUGLAS PORT OF ENTRY PROJECT.**

Carlos de la Torre commented the City will keep working with the IDA to further develop the POE project. Essentially the City is working on putting together the work plans; the City has provided funding to the Economic Development Corporation for consulting services of Luis Ramirez of Ramirez Advisors Inter-National, LLC. on top of consulting services, we need to begin developing the engineering plans associated with the project. Mr. De la Torre mentioned we started with 6 locations and we are down to one location, which is basically a city property and its located one mile west of Kings Highway, right on the U.S. Mexico Border. The City owns 320 acres. The City's intent is to utilize the facility on the American side and on the Mexican side, the property owner, Mr. Marcelo Rascon, has made the commitment to donate the land to the Mexican Federal Government for the construction of the port, as well as for the connector road from the port of entry to Highway 2 of the Mexican side. The American side plans need to be incorporated into the Presidential permit. Mr. De La Torre stated he is working on the initial stages of the presidential permit, the only thing needed is an external help who at the time can assist with the diagrams through Stantec Consultant, who is the primary consultant which assisted with the development of the Mariposa port of entry. They are very familiar with CBP requirements.

Mr. De La Torre does not have the necessary money for Stantec consultant and would like to borrow money from the IDA, expense incur within a 6 month to a year. Mr. De la Torre also mentioned would go back to Mayor and Council during the budget process and ask about entering into a loan agreement with IDA for this work and then a repayment plan where the City would pay back the IDA in a two year period. The intent is to move forward with this permitting process. The total scope of work loan is \$52,307.

Mr. Ortega would like to round up the amount to \$53,000, however, Mr. Florencio Lopez stated the loan amount needs to be exactly as stated in the scope of work, if in need of more; City could come back to the Board to request more funds.

Mr. Henderson asked if the City has a potential 10% included in the \$52,307. Mr. De La Torre stated they have. Mr. De La Torre added that the scope of work could be more or less but that's the amount they are projecting right now.

Mr. Florencio Lopez asked if this would be presented to the IDA in a payment plan. Would IDA be paying directly to Stantec. The City cannot have two outstanding loans.

Mr. De La Torre stated Stantec consultant can work directly with IDA for the development of this project.

Mr. Marrufo stated would be easier for IDA to loan the City and have the City manage as they need. The City can take care of it and they owe IDA the amount loaned.

Mr. Florencio Lopez mentioned the city would have two outstanding loans and it is not sure on how the bylaws work.

Mr. Henderson said that if in fact that were the case, the IDA would have to get a legal opinion. If in fact they can roll the money into what the City already owes the IDA into one note and loan it to the City and the City can use it to pay off their first note that way they would only owe one note.

Mr. De La Torre added that the note that is owed right now, should be paid this year. Mr. Henderson added that is \$20,000 per quarter.

Mr. Florencio Lopez mentioned that we should follow up legally in order to comply with IDA guidelines.

Mr. Ortega added if IDA would want him to ask a legal opinion, he could call Marty Ryan, however, Mr. Ryan charges for an opinion.

Mr. Scherden added he read the bylaws and there are no provisions. Mr. Henderson also mentioned there are no fees in the bylaws.

Mr. Ortega inquired on when this loan would start. Mr. De La Torre mentioned in about 60 days as he would take to the Council for consideration and approval after the board's approval. After the approvals Mr. De La Torre will issue a notice to proceed to engineer and then we will incur the expenses. Mr. De La Torre stated that everything he gets billed from the Engineers he will bill to the IDA.

Mr. Florencio Lopez inquired if this would be a no interest loan. To that Mr. Henderson said yes, no interest loan.

Mr. Hughes asked what the first loan to the City was for. Mr. Ortega stated that IDA loaned the City \$400,000 for the purchase of the Phelps Dodge building.

Motion by Howard Henderson to pledge amount of \$52,307 to be deliver to the City at their request and the City to pay IDA back in a 24 month period. Amended motion by Mr. Patrick

Scherden for loan amount up to \$53,000, no interest, on a 24 month period. Second by Mr. Florencio Lopez.

Motion approved unanimously.

**6. BISBEE-DOUGLAS INTERNATIONAL AIRPORT UPDATE AND TO OBTAIN DIRECTION FROM THE BOARD AS IT RELATES TO ENTERING INTO A MEMORANDUM OF UNDERSTANDING WITH THE SIERRA VISTA REGIONAL ECONOMIC DEVELOPMENT CORPORATION TO DEVELOP A COCHISE COUNTY UAS MOU/CONSORTIUM.**

Carlos de la Torre mentioned that the Sierra Vista Regional Economic Development Corporation, which is a separate entity from the City, which is a standalone nonprofit corporation. They have invested for several years the development of the UAS in the Sierra Vista area. They invested in order for the state to be one of the UAs test sites. Obviously Arizona was not selected but Sierra Vista played a big role in that. They still feel they can really benefit from doing something in Cochise County within that industry. They entered into an agreement to purchase a property called Four Pillars and that is an area between Tombstone and Wetstone in the north side of the Highway, a 200 acres site and they want to develop as a private UAS airfield. The intent is they do not want to test UAS' at any other public airports because they want to keep the information confidential and they can certainly do that at the Four Pillars site.

They made a decision to purchase the property but also to continue to pursue UAS opportunities in the County. They are looking at Benson and BDI for a potential site. They know they do not have the infrastructure at Four Pillars, they know they do not have the infrastructure in Benson and they know that BDI could be a good facility.

They have invested a lot of money and they do not want that money to go to waste. They want to continue the same approach and are willing to spend more money but they do not want to do it alone. They would like to do a partnership and they have approached the County and cities to include Douglas and Benson. They have asked if we are interested in paying them a fee so they can continue to market and promote those facilities for UAS opportunities. When they first started talking about this project they said they needed \$100,000 from each site, which it is a lot of money and they did not have a work plan. They went back to create an MOU and see if cities are interested to continue to work with the Regional Economic Development Corporation.

Mr. De La Torre commented it is not up to him to make a decision for the City or IDA. His recommendation is the City does not want to lose the possibility of something happening at BDI. Operating cost to bring UAS' should be on them on not on IDA's or City's. If something were to happen and materialize, I believe that the IDA can come in and invest in to that facility and proportionally to what the lease rate would be and would be able to provide some sort of a payback cost or prorated fee or contribution towards the recruitment efforts that were associated by bringing the company to BDI.

Mr. Florencio Lopez inquired if the Four Pillars land has been purchased. Mr. De La Torre stated they will lease it.

Mr. Florencio Lopez added why would IDA is going to invest if it is not going to bring any money locally, there is no sense.

Mr. De La Torre mentioned and according to SVREDC, there is no incentive to develop something in Douglas. If they bring somebody big that needs the space, we pay you, we offset the

cost of the recruitment and we pay you for the investment, depending on the lease or arrangement and we can do something else in Douglas.

Mr. Florencio Lopez stated we are interested but if it is something reflected in Douglas, then we will be able to offset the development and recruitment cost, we can invest in that facility then we can take a look at it and the Board to move forward with it.

Mr. De La Torre further stated he met with Northern Brauman, they looked at the facility, they like it and they asked for a support letter so they can use it to amend their permit, a certificate of authorization, not only to operate out of Sierra Vista and to operate at the College but they want to amend their application to amend and operate out of BDI, initially as an emergency landing base.

Mr. Henderson inquired if Northern Brauman is exempt from the agreement with Sierra Vista. Mr. De La Torre stated they are exempt because discussions have not happen with Sierra Vista.

Mr. Henderson asked what other interest are at BDI recently. Mr. De La Torre stated they are looking at building an aircraft boneyard, with mergers of US Airways, American Airlines, which are looking at facilities on where to park that.

In addition Mr. De La Torre mentioned you see trucks out at BDI doing explorations on oil, as it relates to the heavy equipment does not think it would materialize, not capital nor business sense to make it happen. The market is there, however the individuals who are trying to move it they need to be a little more aggressive with what they want to do.

Mr. Florencio Lopez inquired about the boneyard setup and security chain-link fence and if it's the minimum cost IDA would have. To this Mr. De La Torre stated it's mainly chain-link fence and no other cost could incur.

Mr. De la Torre is searching how much other facilities charge in order to compare to this area. How much would it cost to secure the facility and what would be the opportunity cost for that land. The land out there is probably \$500 per acre, very minimal.

**7. POSSIBLE SERVICE CONTRACT WITH LUIS RAMIREZ FOR THE DEVELOPMENT AND IMPLEMENTATION OF A SHORT AND LONG TERM SUSTAINABLE ECONOMIC DEVELOPMENT STRATEGY FOR DOUGLAS/AGUA PRIETA AND THE SURROUNDING AREA.**

Mr. Ortega stated that IDA members need to review/study Mr. Ramirez' proposal and bring it back for the Board's discussion/approval. In addition Mr. Ortega mentioned IDA can ask Mr. Ramirez to come down to explain proposal and to clear any questions the board may have.

Mr. Florencio Lopez inquired if Mr. Ramirez is still working for the City, IDA or EDC. Mr. Ortega stated they would like to use Mr. Ramirez' services as needed and to pay him for results on what he does.

Mr. Marrufo inquired if the Douglas Port of Entry is part of the Douglas Regional Economic Development Corporation. In addition asked about the Douglas Port Authority and if they would contribute to this contract.

Mr. Ortega stated the IDA takes care of providing the necessary funds for Mr. Ramirez' contract, as neither the Port Authority nor EDC have any money, therefore, the IDA takes care of the funds.

Mr. De La Torre summarized that Mr. Oscar Vildosola and Mr. Carlos Fernandez inquired about doing something different for Economic Development in the area. Since Mr. Victor Gonzalez is no longer employed by the IDA and the City does not have an Economic Development Director. Somebody with a more strategic approach of things that is familiar with Douglas and the border region to see if he can come in and identify opportunities. Mr. Ramirez was presented to the EDC members and we as the City know that the key project is the Douglas Port of Entry. The EDC members requested a proposal from Luis Ramirez in order to move economic development opportunities forward with a focus on the port of entry. Since the EDC does not have any funds, they decided to bring this proposal to the IDA.

Mr. De La Torre added that Mr. Ramirez is on board with the port of entry and EDC; however funds come from the City. The primary focus is the port of entry and one of the priorities is to move the commercial traffic out of downtown to facilitate traffic, which will open some retail and other opportunities.

Mr. Henderson inquired about Mr. Ramirez' work background and his performance as a whole and what IDA wants done at the border.

Mr. De La Torre graded Mr. Ramirez' performance as a B average as there is work that needs to be done for this project. In order to accomplish this project is going to take a lot of effort from the City, the IDA and the community in order to move this project forward.

Mr. Ortega stated that members have time to review item #7 regarding Mr. Ramirez' contract. Mr. Ramirez has been available for the Mayor, the City Manager and the rest of the members. He has been working well with the City as well and has done a lot of work together. The group as a whole is doing a great job.

In addition Mr. Ortega inquired about a termination date regarding the MOU. Mr. De La Torre added that there is no termination date as the MOU is between the City and the EDC. Also, the City is going through the budget process and most likely there will be some changes on that as well. Mr. Ortega added that it is up to the City to decide how much longer we will need Mr. Ramirez' services.

Motion by Mr. Ortega to table the item for future meeting and second by Mr. Marrufo.  
Motion approved unanimously.

## **8. CALL TO THE PUBLIC**

Mr. Henderson inquired about the Fiber Optic Broadband meetings in the area.

Mr. De La Torre stated that the Cochise County received a grant from the Federal Government to identify what the broadband needs are at an institutional/consumer level. They gathered service providers such as Qwest, Centurylink, Cox, Valley Telecom, among other satellite providers. What are the capabilities of providing broadband in the future. What are the institution needs. The County is documenting all the needs in order for the vendors to come in and provide broadband services. Adequate fiber needed for the new port of entry as well as for Cochise College.

**9. AGENDA ITEMS FOR NEXT MEETING**

- Treasurer's Report
- Update on Fiber Optic Broadband
- Mr. Luis Ramirez' Service Contract

**10. DATE FOR NEXT MEETING**

May 13, 2014

**11. ADJOURNMENT: 11:17 a.m.**

All members voted in favor to adjourn the meeting at 11:17 a.m. unanimously passed.



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.