

**Minutes of the City of Douglas**  
**INDUSTRIAL DEVELOPMENT AUTHORITY**  
**October 1, 2013**

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 October 1, 2013 at 10:09 a.m.
2. **ROLL CALL**

PRESENT:  
Daniel Ortega Sr.  
Howard Henderson  
Jose Lopez  
Bill Thomas Sr.  
Robert Marrufo  
Eddie Rivera  
Florencio Lopez  
Patrick Scherden

ABSENT:  
Craig Hughes

Others present:  
Carlos de la Torre, City of Douglas  
Luis Pedroza, City of Douglas  
Mr. Gerry Bohmfalk, Douglas Area Health Care Sustainability District  
Alma Andrade, City of Douglas

3. **APPROVAL OF MINUTES – SEPTEMBER 5, 2013**

Motion by Robert Marrufo and Second by Bill Thomas Sr. to approve the minutes of September 5, 2013.

4. **PRESENTATION BY THE CITY OF DOUGLAS FINANCE DIRECTOR, LUIS PEDROZA PERTAINING TO FINANCIAL INVESTMENTS.**

Mr. Luis Pedroza commented on what the City of Douglas is currently doing in reference to the investment program. The City currently has an approximate \$1.5 million dollars invested in the CDARS program where the City invests certificates of deposit. The City also started investing in a company called MBS Securities, which is a multibank security. MBS invests in CDs; we look to see who has the better rate available. We also have a depository agreement with both companies. All CDs need to be FDIC insured. FDIC insures up to \$250,000.

Mr. Pedroza researched on the availability for the IDA to invest CDs and the IDA is eligible for investing in these companies. In addition Mr. Pedroza mentioned that the City of Phoenix Industrial Development Authority is currently investing with CDARS program.

Mr. Pedroza also commented that is a very simple process to sign up with CDARS, the following are the requirements: sign a depository agreement and to open a bank account. You get to choose from four different investment options: 4, 13, 26 and 52 week CD investments. Sample of investment: 52 weeks at .51% basis points, not outstanding rates but better than any savings account.

Mr. Ortega asked if the investment company is liquid, can you cash in whenever possible or by the term.

Mr. Pedroza commented you can cash CDs out but there may be a financial penalty if you do, not necessarily liquid. In addition Mr. Pedroza stated that it is very important to structure your investment before you need the cash.

As a final comment, Mr. Pedroza recommends CDARS investment program to the IDA.

Mr. Ortega thanked Mr. Pedroza for the investment presentation and added he will check with the Board to decide on how to investment CDs.

#### **5. TREASURER'S REPORT TO INCLUDE MONTHLY FINANCIAL STATEMENTS, INCOME/EXPENSES/BALANCES.**

Mr. Henderson provided a brief Treasurer's report. Mr. Henderson stated that IDA has 4 CDs with 1 CD to be mature by the end of October 2013 in the amount of \$162,344 currently paying .14%

Mr. Ortega stated he spoke to Victor Varela at Bank of America regarding IDA's CDs and how to improve the return on CDs with a possibility of getting a .39% to mature in December 2013.

Mr. Henderson also mentioned IDA has two more CDs which will mature at the end of 2013, as follows: December 28, 2013: \$117,770 and a second for \$56,764. On a separate note a CD of \$103,712 to mature in August 2014.

Mr. Ortega commented that no checks have been written for August or September.

Mr. Henderson mentioned that the income (cash on hand) is \$597,585. The balance of the checking account is \$156,995.

#### **6. CORPORATE TAX RETURNS/TAX FILINGS AND BONDING**

Mr. Ortega tabled the item for discussion at a future meeting. Mr. Ortega confirmed that non-governmental agencies do not have to file income taxes since IDA does not have an employee and does not pay \$600 monthly; therefore, there is no need to file income taxes.

Mr. Florencio Lopez commented that income taxes are based on income received.

Mr. Ortega added he has been on the IDA's board for 25 years and have never filed income taxes. In addition Mr. Ortega mentioned that Victor Gonzalez when employed by the IDA, he filed his owned taxes. The other expense IDA has is Marty Ryan for needed services.

Mr. Ortega also addressed a question regarding bonding. Mr. Marty Ryan is experience in this subject; therefore, he mentioned IDA does not need to be bonded.

#### **7. PRESENTATION BY MR. GERRY BOHMFALK REGARDING THE DOUGLAS AREA HEALTH CARE SUSTAINABILITY DISTRICT**

Mr. Bohmfalk provided an overview regarding the Douglas Area Health Care Sustainability District, which is a hospital district. After several months of discussion and meeting, we have formalized as a

group that are going through the steps outlined in the Arizona State Statutes with regard to the formation of a hospital district.

Mr. Bohmfalk mentioned that there is a problem with health care in this community, as it related to the current urgent care in this region at SAMC. Mr. Bohmfalk clarified that the Douglas Area Health Care Sustainability District does not have anything to do with SAMC hospital.

Mr. Bohmfalk added that the proposed boundaries map which identifies 26,257 parcels in it. 1,206 mobile homes in the area as well. We defined the boundaries and now we are putting together an impact statement. Once this process is finished Mr. Bohmfalk will go to the county and at that time, the County will start the process to recognize DAHCSD to allow for the petition process. The petition process would circulate in the area we have identified. Followed by a public hearing, which at the time the boundaries may change due to Frontier people as they feel they do not want to pay for another tax. It seems that DAHCSD is well received by the community. Mr. Bohmfalk along with other members has talked to the surrounding communities regarding DAHCSD.

Mr. Bohmfalk added that DAHCSD is trying to get away from the County and City's affiliation, even though they get good support from both entities. Mr. Bohmfalk mentioned DAHCSD have a year to circulate petitions to get them signed. We may need 10,000 signatures.

Mr. Florencio Lopez asked if the number of signatures would be based on number of residents or real property owners. Mr. Bohmfalk stated that one of the requirements has to be 50%+1 of real property parcel owners and the second to get 50% of the valuation of the assessed value in the area.

Mr. Florencio Lopez inquired on what could happen to the tax if you do approve it, where would it go if SAMC goes under. Copper Queen already has a land behind Best Western ready to take over and build something there for the community.

Mr. Bohmfalk in return stated that if Copper Queen were to expand and SAMC is still in operation, we can only support one hospital in the area. Mr. Bohmfalk stated that after the petition process and signatures, and then we would go back to the County and then is formed. At that point, at the next election we would elect five operating board members and those five members would take over what Mr. Bohmfalk is doing now with the committee. We would be limited to one hospital in the community.

Mr. De La Torre added that any hospital cannot operate unless you get some subsidy either from AHCCCS, federal government or taxing entity. The DAHCSD is trying to establish a group for the mechanism to continue to provide health care services in the community through a hospital. Once that is in place it may take a year before they can consider voting on or even approved by the Board of Supervisors. Once the board is establish, the board would make a determination where the money could go. Ultimately, the money needs to be for a hospital not for a clinic. The board may decide who they want to give the money to whether it is SAMC or People's Choice because they may be the standing hospital providing hospital services to the community.

Mr. Florencio Lopez asked about the tax expiring in five years. Mr. Bohmfalk along with Mr. De La Torre clarified that the tax would need to be renewed every five years.

Mr. De La Torre added that any regional rural hospital cannot be within 25 miles with each other.

In closing Mr. Bohmfalk mentioned that the tax increase for property owners could be less than \$10 a month. Also a taxable board would be elected by the community.

## 8. POE UPDATE

Mr. De La Torre provided an overview regarding the Douglas Port of Entry:

- Douglas by the numbers (cars, pedestrians, trucks and total people) 10% change from 2012 to 2013.
- ADOT Traffic Demand (the study shows that in the mid-term the DPOE will not have enough capacity to satisfy the POE crossing, therefore, long queues are expected).
- Sample of key activities (collaborative efforts to establish a SENTRI lane)  
The City of Douglas provides office space for the enrollment center.
- The City of Douglas leased the 1<sup>st</sup> Street Parking Lot to CBP in order for CBP to utilize the commercial compound for commercial traffic.
- Additional result is gain of 3 additional loading docks for inspection of cargo.
- August 12-15, 2013, State of Arizona delegation visit to Mexico City to meet with top leadership in both the Mexican Congress and Mexican Federal agencies. Raise awareness on the project and requested assistance in expediting the process for the transfer of the land from current land owner in Agua Prieta to the appropriate Mexican agency.
- Have met with key federal and state agencies on the project, including:
  - Office of the Governor
  - Arizona Department of Transportation
  - US Customs and Border Protection (Tucson Field Office)
  - General Services Administration (Region 9)
- Participated in the AZ-Sonora Border Liasion Mechanism and Binational Bridges and Border Crossing Meetings:
  - Phoenix (March 14, 2013)
  - San Diego(May 22, 2013)
  - Ensenada (September 12, 2013)

In conclusion Mr. De La Torre stated the following:

- ADOT Study confirms that current LPOE has great limitations for long-term growth
  - The relocation of trucks traffic to new location provides long-term solution to situation at current port of entry
- Community working to make as many HI-LC projects to improve situation at existing port of entry in order to provide short- to medium-term relief
- Continue to develop this project through a P3 project
  - Feasibility Studies
  - Nad-Bank
- A top priority project for the State of Arizona
- Douglas-Agua Prieta: Joint Vision for the future
- Challenges: POE Operations & Federal Budget
- City of Douglas will submit the Presidential Permit by April 2014

## 9. BDI UPDATE

Mr. De La Torre provided a brief overview regarding the Bisbee-Douglas International Airport (BDI).

- Attended the UAV National Conference
  - August 12-16, 2013
  - Industry of over 40+ years

- www.isrgroup.com
  - COA-Military Operations and Defense Contractors
  - UAS Air Worthiness Certificate & NOTAM (Notice to Airmen)
  - Current UAS Restrictions:
    - No Sizing
    - Limited to 400 feet
    - Full visibility and control of the UAS
    - No Business or Commercial Uses
- Test Sites (11-Nationwide)
  - FAA is scheduled to select the sites by December 2013
    - Arizona has a good chance of being selected
    - Other states are better prepared
      - Integrated approach (Cities, Counties, Private Sector, Universities and Infrastructure)
    - Integration of commercial UAS operations to the NAS (National Airspace)
      - Pilot Certification
      - Equipment Certification and Licensing
      - Ground Monitoring and Control Stations
      - Transponders
      - Communication
      - Coordination and Standards
        - » Detect and Avoid
      - Security and Privacy Issues
      - Insurance
- Working with the Sierra Vista Economic Development Corporation
  - Partnership Agreement
  - Instrumental in the AZ Test Site Submittal
  - Direct contact with UAS Companies
  - Need to partner with partners with facilities
    - Small companies looking to test their equipment
      - No COA's
      - NOTAM
- City of Douglas/Cochise County-Memorandum of Understanding
  - Non-Exclusive
  - 5-Year agreement
  - Open agreement
  - Flexible
  - Contingent upon FAA Approval
  - Placed on the October 2013 Council Agenda

In conclusion Mr. De La Torre provided the following information:

- UAS Opportunities:
  - 600,000 UAS by 2021
  - UAS replacement in 5 years
  - Maintenance and Repair (Cluster of Companies)
  - Assemble test and maintain
  - Equipment Certification
  - Operator Certification
  - Commercial Uses
    - Precision Agriculture
    - Law Enforcement

- Mapping
  - Private Security
  - Data Collecting
  - Surveying
  - Mining
  - Research
  - Oil Rig /Pipeline Monitoring
- Mostly fee for Services
  - Mexico has more relaxed rules for UAS Operations

**10. CALL TO THE PUBLIC**

None.

**11. AGENDA ITEMS FOR NEXT MEETING**

- Treasurer's Report
- CDs investment

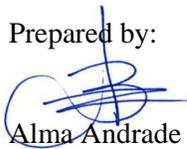
**12. DATE FOR NEXT MEETING**

October 15, 2013.

**13. ADJOURNMENT:**

All members voted in favor to adjourn the meeting at 11:43 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.