

Minutes of City of Douglas
INDUSTRIAL DEVELOPMENT AUTHORITY
August 22, 2013

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 August 22, 2013 at 10:06 a.m.

2. ROLL CALL

Present:

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

Absent

Bill Thomas Sr.
Craig Hughes

Others present:

Luis Pedroza, City of Douglas
Alma Andrade, City of Douglas

3. APPROVAL OF MINUTES – JUNE 6, 2013

Motion by Patrick Scherden, second by Robert Marrufo to approve the minutes of June 6, 2013.

Motion passed: unanimously.

4. DISCUSSION/DECISION ON OPERATIONAL GUIDELINES

Mr. Patrick Scherden went over 1966 to 1970 articles of incorporation and read about the following: President/Chairman, Vice President, Secretary and Treasurer, in which the Secretary/Treasurer can be combined into one. Also it calls for an annual meeting in the 3rd week of June. In addition Mr. Scherden mentioned that the Board follows the Robert Rules of Order.

In addition the Chairman/President should not have control of the books for the corporation. Mr. Scherden went online to the Arizona Corporation Commission to check for the Articles of Incorporation. The reason to incorporate is to protect the officers of the corporation. The only two individuals covered under this corporation are Mr. Daniel Ortega Sr. and Mr. Robert Marrufo. Expressed that all Board of Directors/Officers need to be added to the corporation.

Mr. Scherden mentioned that at a previous meeting the financial statements along with the P&L needed to be review. However, per a Corporation, revenue and expenditures need to be presented every time you have a meeting. We need a detail financial report.

In addition Mr. Scherden mentioned that the Treasurer's book should always be in the Treasurer's hand. Also for check writing, there should be two signatures registered at the financial institution, one by the Chairman and one by the Treasurer.

Mr. Florencio Lopez along, Mr. Josue Lopez and Mr. Danny Ortega thanked Mr. Scherden for a thorough report.

Mr. Robert Marrufo agrees with Mr. Scherden that everybody within the corporation should be cover.

Mr. Henderson believes that they are covered, the fact they are not mentioned on the website does not necessarily mean they are not. The corporation does not require all members, however it requires all officers. Since Mayor Ortega appoints them to this board they should be covered.

Mr. Ortega added that the same question came up a few months ago; therefore, he spoke to Marty Ryan regarding the same and mentioned IDA can go out and buy insurance. Mr. Ortega also stated Marty Ryan has been in charge of checking on the IDA and never had any problems.

Mr. Scherden added that at least the officers of the corporation should be listed in the Arizona Corporation Commission page.

Mr. Ortega commits to have the corresponding officers listed under the corporation commission page.

Mr. Henderson stated based on the Treasurer's report, he started a ledger starting August 1, 2012 up to date. Mr. Henderson is a check signer at Chase Bank but is not signer for CDs but he is working on this.

Mr. Scherden asked for clarification of check signers. Mr. Henderson replied that Mr. Ortega Sr., Mr. Henderson and Mr. Marrufo are authorized signers at Chase. In addition Mr. Scherden requested a monthly detailed financial report for upcoming meetings.

Motion by Patrick Scherden second by Florencio Lopez that Treasurer's report include the following information:

CDs

Checking account

Incoming checks and payments (detail)

List of checks whether we have one or two checks.

Ending balance for accounts.

Mr. Ortega checked with the financial institution regarding the CDs. Mr. Scherden asked what financial institution has IDAs CDs; Mr. Ortega mentioned all CDs are with Bank of America.

Mr. Florencio Lopez asked about a Postal Box and who has access to the box in which they receive IDA correspondence. Mr. Ortega mentioned Mr. Henderson has access to PO Box. 3861.

Mr. Josue Lopez inquired if the financial report is easier for Mr. Henderson to do it manually or easier to access online. Mr. Henderson mentioned he will sign up for electronic banking with Bank of America to monitor the account closely and will be able to print.

Motion by Daniel Ortega that all CDs require chairman/vice president and the Treasurer to be co-signers.

Motion passed: Unanimously.

Patrick Scherden asked if the corporation filed taxes as of 2008 for a nonprofit corporation. In addition, Mr. Scherden clarified that due to the IRS change in 2008 all non-profit corporations are required to file a 990-N Post Card for income under \$50,000.00 per year and the 990 Long Form for anything over \$50,000.00 of income per year.

5. FINANCIAL PRESENTATION BY CITY OF DOUGLAS FINANCE DIRECTOR, LUIS PEDROZA.

Luis Pedroza spoke regarding the financial market return on investment, cash investments, the City started with CDs since 2008. The money invested in local government investment pools. The City contracted with Wedbush securities about three years ago. Their rates were good. Currently rates: 4 weeks (.19%), 13 weeks (.26%), 26 weeks (.33%), and 52 weeks (.51%).

Luis Pedroza added we care about the money to be safe, liquidity and we need cash to sit there for a long period. Diversified further by contacting with another bank to offer CDs and compete against Wedbush. To pick the bank with the best rate and includes FDIC insured.

Florencio Lopez asked if capital would be reduced to \$100,000. Luis Pedroza mentioned he wasn't aware of that. Florencio Lopez also inquired about a 4 weeks term and if it was able to liquidate cash without penalty. Luis Pedroza answer by stating yes, money can be liquidated without penalty. Luis Pedroza stated that the City prefers to get cash to reinvest or pull out to reinvest the rest.

Florencio Lopez asked how IDA takes advantage of the same program. Luis Pedroza can look into these types of investments, multibank, something similar as to what the City does.

Daniel Ortega asked about the highest earnings. Luis Pedroza reply by stating .51% per year. Daniel Ortega expressed the IDA is looking for FDIC insured and liquidity. The board is to decide on CDs. In addition Mr. Ortega spoke to Victor Varela referencing CDs and that the board would like to have short term CDs.

Florencio Lopez stated they would like to have a short term, CDs on staggered terms and checking to stay at a certain level.

Mr. Ortega asked on the total amount on CDs. Mr. Henderson says \$440,000 balance available.

Josue Lopez added since Howard already started working on the ledger that next month he will be better prepared with all the information gathered.

Luis Pedroza provided an example of a \$435,000 CD investment on a 52 week, which would provide the board with \$185.00 a month on interest, with an interest rate of .51%.

Daniel Ortega spoke to Victor Varela at Bank of America regarding CDs interest rate and might be able to get an interest rate of .45 on 9 months to a year.

Patrick Scherden asked the current CD percentage rate. Mr. Ortega mentioned they vary from .3%, .19%, .2%, and .7%. Howard Henderson will find out current interest rates.

Florencio Lopez added that Alliant Credit Union located in Chicago pays 1.1%.

Howard Henderson asked Luis Pedroza on the possibility to share the City's financial guidelines to look over and asked for the right recommendation. Luis Pedroza will provide the requested guidelines.

6. POE UPDATE

Item tabled for a future meeting in order to Carlos de la Torre to provide update.

7. BDI UPDATE

Item tabled for a future meeting in order to Carlos de la Torre to provide update.

8. REVIEW OF AUDIT FINANCIAL STATEMENTS FOR PREVIOUS YEAR

Daniel Ortega mentioned this item has been cover with item #4.

Howard Henderson will provide a more detail treasurer report. In addition handed out the financial report up to date, which includes the following:

Balance on Deposit: \$440,053.90 on CDs; \$147,409.85 on checking account, which totals to: \$587,463.75.

Accounts receivable:
City of Douglas: \$80,000
La Paloma: \$40,612.38
SEAMC: \$37,715, which totals to: \$158,327.38

Monthly income:
Precept \$1,300
B&D Lumber: \$2,500.

9. P&L STATEMENTS FOR THE LAST THREE MONTHS

Daniel Ortega mentioned item #8 is clear and also covers item #9.

10. ELECTION OF OFFICERS (PRESIDENT/CHAIR, VICE-PRESIDENT, TREASURER AND SECRETARY)

Mr. Ortega opens the President/chairman positions for nominations.
Josue Lopez nominates Mr. Ortega for President as he has the right vision for the corporation and stated to have a strong board.

Motion by Patrick Scherden second by Florencio Lopez to leave the current officers in place until June 2014.

Patrick Scherden asked for clarification as to Mr. Marrufo being the Vice President. Florencio Lopez asked about the secretary position. Mr. Ortega mentioned the City has always helped with providing an assistant to help with IDA meetings, minutes, etc.

Josue Lopez asked about the lack of quorum in meetings. How many meeting can be missed without being excused? Mr. Marrufo clarified it's a total of 3 unexcused absences.

Patrick Scherden asked if the absences are in the course of a year or consecutively. Mr. Marrufo stated it is consecutively.

Motion unanimously passed to keep all positions as current until next election of June 2014, all members in favor.

11. CALL TO THE PUBLIC

None.

12. AGENDA ITEMS FOR NEXT MEETING

Financial statements/Treasurers report.
Luis Pedroza, investment presentation
Tax returns for nonprofit corporations
POE update
BDI update

13. DATE FOR NEXT MEETING

As a final verification point Mr. Ortega mentioned that as requested by the board, he will turn the financial books to Howard Henderson.

Confirmation for bank authorized signatures as follows: Mr. Ortega, Mr. Marrufo and Mr. Henderson.

Next meeting for September 5, 2013 at 10:00 a.m.

Motion by Mr. Marrufo, second by Mr. Scherden to reimburse Howard Henderson a total of \$32.34 for the ledger book.

Motion passed: unanimously.

14. ADJOURNMENT: 11:12am.

Motion by the members to adjourn the meeting at 11:12 a.m. unanimously passed.

Prepared by:



Alma Andrade

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.