

**Minutes  
of the  
Regular Meeting of Board of Directors of  
The Industrial Development Authority of the County of Gila  
(the "IDA")**

Date: June 14<sup>th</sup> 2013, 10:00 a.m.

Place: Gila County Courthouse  
Supervisor's Hearing Room  
1400 East Ash Street  
Globe, AZ 85501

Presiding: Fred Barcón

Present: Fred Barcón, Bill Long, Gerry Kohlbeck, Bill Byrne, Mickie Nye

Absent: Cliff Potts

Administrative Manager: Sandy Palmer

Guest Present: Fernando Zepeda, Officer Relationship Manager of Prestamos

Mr. Barcón called the Regular Meeting of the Board of Directors of the Authority to order at 10:04 a.m., noting the presence of a quorum.

**1. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF THE BOARD HELD ON  
APRIL 8, 2013.**

On motion made by Mr. Kohlbeck and seconded by Mr. Byrne, the minutes of the Regular Meeting of the Board held on April 8, 2013 were approved as submitted.

**2. PRESENTATION, DISCUSSION AND ACTION AS DETERMINED REGARDING CPLC'S  
SMALL BUSINESS LENDING PROGRAM.**

Mr. Barcón introduced Fernando Zepeda, Officer Relationship Manager of Prestamos a division of CPLC.

Mr. Zepeda gave some historical background on Prestamos and CPLC, one of the largest non-profit organizations in Arizona.

Mr. Zepeda explained that Prestamos has borrowed 10 million dollars from SCF to establish a small business lending program for small businesses in rural Arizona. The funds can be used for multiple

purposes: working capital, equipment purchases, real estate purchases- TI (tenant improvement.) Because this is a private equity program, Prestamos offers more flexibility than a traditional bank. Unlike banks, Prestamos can loan on projects that are riskier than others: start-up businesses, restaurants, low credit. Many rural areas are underserved and that is the criteria of this program.

Prestamos provides technical assistance; helps business owners pull it together, and make it bankable. Prestamos offers discounts to Veterans. Most banks are a simple yes or no. Prestamos has the flexibility to reach out and help some businesses get into better positions.

Mr. Barcón mentioned that the IDA is looking for opportunities to generate revenue stating that it is very difficult for IDAs in rural areas to become successful. He asked if there is an opportunity for the IDA to partner with Prestamos on this lending program.

Mr. Zepeda stated that partnership wouldn't work on this particular program, but CPLC has many other programs where partnership would be conducive.

Mr. Barcón stated that is something the IDA should explore further.

Mr. Zepeda explained that Prestamos engages the help of entities such as the IDA to inform small business owners in rural communities. He asked for assistance from the IDA to help spread word through Gila County about the Small Business Lending Program.

After further discussion and upon motion made by Mr. Nye and seconded by Mr. Kohlbeck, the following motion was approved:

The Industrial Development Authority of Gila County grant Prestamos the assistance of IDA Administrative Manager, Sandy Palmer, to assist Prestamos in spreading word to small business owners in Gila County regarding their small business lending program.

**The motion passed unanimously by a vote of (5-0).**

### **3. CONSIDERATION AND ACTION AS DETERMINED REGARDING THE ELECTION OF A SECRETARY/TREASURER TO FILL THE VACATED TERM OF MARK MARCANTI.**

Mr. Nye stated that being a small business owner he is familiar with accounting procedures and is willing to fill the term if the Board desires.

Mr. Long nominated Mr. Nye as for the office of Secretary/Treasurer.

Mr. Barcón acknowledged Mr. Long's nomination for Mr. Nye and requested other nominations.

No other nominations were made.

After further discussion and upon motion made by Mr. Long and seconded by Mr. Byrne the following motion was approved:

The Industrial Development Authority of the County of Gila elects Mr. Nye to fill the vacated term of Mr. Marcanti as Secretary/Treasurer.

**The motion passed unanimously by a vote of (5-0).**

**4. REPORT, DISCUSSION AND ACTION AS DETERMINED REGARDING COBRE VALLEY MEDICAL CENTER BOND ISSUE AND SUBSEQUENT INVOICE FROM POLSINELLI SHUGHARDT.**

Mr. Kohlbeck explained that Neal Jensen, Cobre Valley Regional Medical Center's CEO, stated that CVRMC awarded the hospital expansion bond issue to Arizona Health Facilities Authority because the IDA's attorney, Mr. Irvine, refused to cap his fees or provide a reasonable price range for his services. Mr. Jensen stated that CVRMC had a few conversations with Mr. Irvine and told him plainly that if he could not cap his fees or provide a price range, CVRMC would use Arizona Health Facilities Authority to bond the hospital renovation and expansion. Arizona Health Facilities Authority's attorney agreed to cap fees at \$25,000.

Mr. Kohlbeck added that IDA's attorney, Mr. Irvine, did not explain that his fee was a potential deal breaker. Mr. Irvine never gave the IDA an opportunity to negotiate with CVRMC, to pay attorney fee overage if fees did exceed \$25,000, etc. By Mr. Irvine's refusal to cap his fees or inform the IDA of the potential deal breaker, the deal was killed without the knowledge of the IDA Board.

Mr. Nye expressed his regret. He stated the IDA made a very reasonable offer to CVRMC and the IDA trusted Mr. Irvine to follow through.

Mr. Barcón explained that while he was in the hospital recovering from knee surgery he had an opportunity to speak with Mr. Jensen. He told Mr. Jensen the IDA Board was willing to negotiate. The IDA Board asked Mr. Irvine to initiate negotiations with the hospital. Mr. Irvine never informed the IDA that the attorney's fee had become part of the negotiations. The IDA was never notified or given the opportunity to settle a fee dispute with the attorney. The IDA could have agreed to pay the overage, or hired another firm to handle the bond issue. As a result the hospital bond issue was awarded to another bonding authority, and the IDA has been saddled with a hellacious invoice from the attorney.

Ms. Palmer explained that Polsinelli Shughardt invoices total close to \$12,000; of that \$3,200 has been paid, leaving a balance of nearly \$7,900.

Mr. Kohlbeck suggested asking Mr. Irvine to settle for the \$3,000 application fee CVRMC paid the IDA since it was Mr. Irvine's lack of communication that killed the deal.

Mr. Barcón agreed stating the IDA was blindsided. He explained that he complained to Polsinelli's owner, Marty Harper, after receiving Mr. Irvine's first invoice. Mr. Irvine told the IDA he would never

charge the IDA over \$275 per hour and the invoice stated \$450 per hour. Mr. Harper agreed that was an accounting error and agreed to modify the invoice.

Mr. Barcón read through Mr. Irvine's summary of charges: reviewing e-mails, writing e-mails, phone conversations with the hospital, occasional calls with the IDA and attending one IDA meeting.

Mr. Nye suggested engaging the service of Daisy Flores with instruction to settle for what has already been paid.

Mr. Barcón agreed that it would be best to allow Ms. Flores to handle negotiations and settlement with Polsinelli Shughardt.

Mr. Nye stated the crux of the problem is Mr. Irvine responded to the hospital without IDA direction. He should have informed the President and awaited the Board's direction.

Mr. Byrne stated the IDA hasn't been represented well and shouldn't be required to pay another dime.

Mr. Barcón agreed. Not only did the IDA lose the deal, it cost thousands to lose it.

Mr. Nye mentioned his concern of looking poorly in the eyes of the community.

After further discussion and upon motion made by Mr. Nye and seconded by Mr. Byrne the following motion was approved:

The Industrial Development Authority will retain the services of Daisy Flores to negotiate and settle Polsinelli Shughardt's outstanding invoices. Ms. Flores will be compensated \$200 per hour for her time, not to exceed 4 hours without further permission from the IDA Board.

**The motion passed unanimously by a vote of (5-0).**

## **5. REPORT AND DISCUSSION ON THE STATUS OF THE RACETRACK PROJECT.**

Ms. Palmer stated that during discussions with Max Trax (Steve Nielsen and John McGinley) it was made clear that a non-profit entity is needed to step in and carry the racetrack project forward. The non-profit will survey the community; meet with the Board of Supervisors, etc. Max Trax is looking for a non-profit with a mission statement congruent with their mission. Max Trax has committed to contribute a share of the profit to the IDA and the community college.

Ms. Palmer continued that Max Trax acknowledged the importance of community support. They realize building in the bowl will be the ideal location. Mr. McGinley mentioned that the EPA is cracking down on dirt tracks. He stated if the general consensus in Globe is for a dirt track, they will cater to the community's wishes and start that way. Be warned that the EPA may step in and require the track be converted to asphalt.

Mr. Barcón stated that with building a 1.5 – 2 million dollar facility it would be impossible to make a profit on racing alone. Max Trax has in mind to build an events center that will host events from mini airplane races, to classic car shows, to weddings.

**6. INFORMATION AND DISCUSSION TO SUPPORT A LAND EXCHANGE SOUTHEAST OF JUNCTION 70/77 WITH POSSIBLE USE OF THE LAND TO INCLUDE RESIDENTIAL DEVELOPMENT.**

Mr. Long stated that the Developer, Brad Watts, tried to obtain the land years ago. City of Globe Manager, Brent Billingsley, is currently working on the land exchange. The land is well situated for a commercial strip along the highway and residential development, perhaps a 55+ golf course community.

Mr. Nye explained that years ago Senator Kyle educated that Globe could get the land as long as a partnership could be formed; a partnership between the Tribe (3 members), the County (3 members) and the City (3 members). Senator Kyle offered to move the Bill through Congress and dedicate that land to the non-profit partnership. Any sale of the land, or improvements that could be sold off, would revert back into the non-profit partnership for the development of that site. Senator Kyle is no longer in office, but because that was something he said, we might get him to talk to Flake, McCain or someone to remind them that is on the table.

Mr. Nye continued; the issue is the Tribe can't get it without the City and County, and we can't get it without them. Water can't be an issue in any way, shape or form. That's an issue with the City. The Tribe would be very suspicious if we go after the land, they're going to claim we're after the water. That conversation took place four or five years ago when Kyle was in office.

Mr. Long stated that it is wonderful the City of Globe has an interest in the land. The IDA should do what they can to help push it along.

**7. INFORMATION, DISCUSSION AND ACTION AS DETERMINED REGARDING THE GILA COUNTY MARKETING PACKAGE.**

Mr. Barcón explained that the IDA owns a website that was created for the Southern Gila County Economic Development Corporation. Hardt & Junct Associates discovered Mexico, Germany and Canada are three countries Arizona needs to target for tourism. The County sets funds aside for economic development. The IDA, as a countywide entity, has a great position. The IDA can launch a countywide marketing package geared toward tourism and economic development.

Mr. Barcón continued: the winter visitors that flock to our state from all over the northern states and Canada usually have the time and wherewithal to travel and enjoy areas of interest. They need to be made aware of what Gila County has to offer.

Mr. Nye stated the County gives the Chambers \$36,000 per year for marketing; roughly \$10,500 for Payson the same for Globe and the balance for Tonto Basin. If you asked the Globe Chamber what they spend their money on you would get a smoke and mirrors act. Yes, you have Germany, Mexico and Canada, but the reality is that you have an ungodly amount of day trippers living in the east valley and

all you need to do is put something in those 55+ communities. Last I heard the County set aside \$150,000 for economic development projects. I remember the survey that Hardt & Junct put together. The answer was people just don't know we're here because we have never marketed ourselves well. I don't care what the County spent through the Chambers, whatever they did was ineffective because they never reached the market we need to go after.

Mr. Nye continued: while at a marketing meeting in San Carlos sixty days ago, they had just put \$75,000 toward marketing. If the IDA moves forward that is certainly a group that we would want to visit with. They have all new people out there now. These two gentlemen are very friendly; they certainly want to make inroads.

Mr. Barcón stated the IDA needs to apply for the County's economic development funds, as the IDA can do an efficient job marketing the entire County. With what Sandy has put together along with input from the production company, the IDA can create a tremendous, first class marketing package.

After further discussion and upon motion made by Mr. Nye and seconded by Mr. Kohlbeck the following motion was approved:

The Industrial Development Authority will continue working on a countywide media package, with assistance from Monster Media, with the intent of approaching the Board of Supervisors for economic development funding.

**The motion passed unanimously by a vote of (5-0).**

#### **8. INFORMATION, DISCUSSION AND ACTION AS DETERMINED REAGRDNIG A BUSINESS CREDIT CARD TO BE USED FOR IDA BUINSESS PURPOSES.**

Mr. Barcón stated that it is useful to have a business card on hand for occasions such as the lunch with Mr. Jensen; various expenses such as computer repair, business supplies, etc.

After further discussion and upon motion made by Mr. Nye and seconded by Mr. Long the following motion was approved:

The Industrial Development Authority credit card from Great Western Bank to be used for business purposes only. Purchases over \$100 permitted with permission from the Chairman of the IDA.

**The motion passed unanimously by a vote of (5-0).**

**9. REPORT AND DISCUSSION REGARDING THE IDA'S PRESENTATION DURING THE UPCOMING BOARD OF SUPERVISORS' WORK SESSION.**

Mr. Barcón stated the Board of Supervisors has requested the presence of the IDA Board for the upcoming BOS Work Session. The BOS has requested an update on what the IDA has been working on and working toward. We have a list of entities we have meet with, meetings we have had. As I said earlier, there are two types of IDAs those who meet only to pass bonds and the active ones. We happen to be very active for a County of our size. If you would like to add anything to the list, this is only a draft.

Mr. Nye asked how far back the Board would you like to go? Highlight all the work done for the youth of the community at the Country Club?

Ms. Palmer stated that is included in the donation history.

**10. Financial Report**

Ms. Palmer reviewed the balance sheet. Not much has changed since the last meeting. Only one check was written.

**11. Current Events**

Mr. Barcón stated that Mr. Billingsley has invited Ms. Palmer to represent the IDA on the Steering Committee for the City of Globe General Plan 2035. Mr. Billingsley mentioned a project he is working on that may require bonding. He will be in touch.

Mr. Barcón continued: Bob Zache and his group have been moving forward on the Waste Water Project. We've talked about the need for housing in this area, until we get the infrastructure we won't be able to bring in housing.

Mr. Nye reminded the Board the County has started the ten year Master Plan. Since the IDA is a countywide organization, especially looking at economic development, it would be worth keeping an eye on.

Mr. Nye suggested working with the Forest Service to get land at Roosevelt to build a nice, top-notch resort, like a Marriott or Hyatt.

Mr. Barcón mentioned Maricopa County owns Lake Pleasant's marina. A marina would generate a lot of money for the County.

Mr. Nye suggested further investigation and discussion.

## ADJOURNMENT

With no further business to come before the IDA, upon motion made and duly seconded, the Regular Meeting was adjourned at 12:55 p.m., without objection.

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