

INDUSTRIAL DEVELOPMENT AUTHORITY
MEETING MINUTES
August 10, 2000

The Industrial Development Authority met at 2:30 p.m., Thursday, August 10, 2000, in the Economic Development conference room, 1st Floor, City Hall.

1. Roll call and determination of quorum.

At 3:00 p.m., Mike Dipp, Chair, called the roll and determined that a quorum was present. The following members were present:

Mike Dipp
Tanny Berg
Alejandro Burgos
Bobby Bowling
Victoria Perea.

Others present included Norman Gordon and Josette Flores, Bond Counsel; Steven Adams, First Southwest Company; Carlos Yrena, Executive Director, El Paso Empowerment Zone; John Nance, Assistant City Attorney; Bobby Franco, Leo Gemoets, Adrian Ocegueda and Linda Castle, Economic Development Department.

The following members were absent:

Michael Gonzales Jim Pat Mitchell Pete Parraz Edmundo Rueda.

2. Call meeting to order.

After determining that a quorum was present, Chair Mike Dipp called the meeting to order at 3:00 p.m.

3. Approval of prior meeting minutes.

Motion was made by Tanny Berg to approve the minutes of the prior meeting, June 15, 2000; motion was seconded by Bobby Bowling and minutes were approved unanimously.

4. Discussion of IRS Inquiry on Millard Refrigerated Services. Discussion and action to authorize execution of a Power of Attorney and Declaration of Representation.

Norman Gordon, Bond Counsel, explained that the IRS is auditing the bond issuance to Millard Refrigerated Services in the amount of \$8 million and has asked for a transcript of the proceedings. Mr. Gordon said he believes this is a random audit. He said the transcript has been sent to the IRS, and today he is asking the Board to authorize his firm and the firm of Vinson & Elkins to represent the Board at any hearings before the IRS. Mr. Gordon explained that the City does not want the IRS to say that this is a taxable issue. After discussion, Tanny

Berg made a motion to authorize Diamond Rash Gordon & Jackson and Vinson & Elkins to represent the Corporation and to authorize the execution of an IRS Power of Attorney; Alejandro Burgos seconded the motion and the motion passed.

5. Discussion and action on Financial Advisor Contract.

Norman Gordon explained that First Southwest Company has been the financial advisor to the Board (and to the City) for several years but that the contract between the Board and First Southwest has expired. He said that the new agreement submitted by First Southwest asks for the same fee for their services as the old agreement: \$2 per thousand dollars of bond issue and a minimum fee of \$20,000. Steven Adams of the First Southwest Company told the Board that a lot of work and liability on First Southwest's part is involved in determining a company's financial capability. After several Board members raised questions about the amount of the minimum fee being too much for smaller issues and being an impediment for smaller businesses to locate in the Empowerment Zone, the Board asked that the proposed agreement submitted by First Southwest be re-worked and re-submitted to the Board. Steven Adams noted that IRB's have never been viable for smaller issues. Bobby Bowling made a motion that this item be tabled, Tanny Berg seconded the motion and the motion passed.

6. Discussion and action on Memorandum of Understanding between the City of El Paso and the El Paso Empowerment Zone Corporation.

Bobby Franco explained to the Board that this Memorandum of Understanding (MOU) has been approved by the Empowerment Zone Board. The MOU says that applications for New Empowerment Zone Facility Bonds will be presented to the Empowerment Zone Board. Carlos Yrena said that the EZ Board understands that the IDA is the sole issuing authority for the bonds and that it does not need the EZ Board's approval to issue EZ facility bonds. However, since the \$130 million of bonds does come from the Empowerment Zone Program, he is hoping that the IDA will allow the EZ Board to review the projects.

Victoria Perea moved to accept the MOU, and Tanny Berg seconded the motion. Objections to the MOU were raised by Mr. Bowling and Mr. Burgos; they felt that presenting each project to the EZ Board would delay the bond issuance process and that it is important to maintain efficiency in the process. Norman Gordon pointed out that the final approving authority for issuing the bonds is City Council, at which time interested parties have another opportunity to discuss the issue. The suggestion was made that a flow chart be developed so that the process of issuing bonds is clarified. Ms. Perea's motion to accept the MOU failed to pass, with 1 (one) vote in favor and 3 (three) opposed.

7. Discussion and action on the adoption of IDA Board Guidelines for projects under the New Empowerment Zone Facility Bond Program

Adrian Ocegueda reviewed the guidelines, which had been mailed the Board members, starting with the differences between the State IRB program and the Empowerment Zone IRB program. Mr. Burgos questioned the need for the adoption of guidelines for IRB projects. Tanny Berg moved to accept the guidelines; the motion was seconded. Mr. Burgos suggested a change in the wording from "Guidelines" to "Considerations." Ms. Perea suggested an addition to the considerations, that technology transformation be added as a targeted industry. The motion, as amended, passed.

8. Discussion and action to establish Checking Account and designation of signatories on the account

Norman Gordon reported that Chase Bank offers a 2.8 percent interest rate on a \$2,400 balance with \$12 monthly fee if the balance goes below the \$2,400. The Board asked Mr. Gordon to get rates and fees from other banks and report back to the Board.

Tanny Berg moved that the signatories on the account be Mike Dipp and Bobby Franco. Bob Bowling suggested that, instead, the signatories be any two of the five Board members present at today's meeting: Mike Dipp, Tanny Berg, Alejandro Burgos, Victoria Perea, and Bob Bowling.

Tanny Berg moved to accept Mr. Bowling's suggestion, Bob Bowling seconded the motion, and the motion passed.

9. Adjournment

Mr. Berg moved to adjourn the meeting, Bob Bowling seconded the motion, and the motion passed.