

DOUGLAS UNIFIED SCHOOL DISTRICT #27
DOUGLAS, ARIZONA

Board Room
Central Administration Building

10:00 A.M.
December 23, 2025

Special Board Meeting
Minutes of the Board

I. PRELIMINARY MATTERS:

CALL TO ORDER: Mr. Ray Borane, President

PRESENT: Mr. Kevin Smith, Member
Mrs. Jana Selchow, Member
Mr. Mitch Lindemann, Member
Mr. Mario Ramos, Member

ABSENT: Denise Cox, Assistant Superintendent

Others Present: Ana C. Samaniego, Superintendent
Cesar Soto, Chief Financial & Operations Officer (Telephonically)
Alma Valenzuela, Executive Secretary

II. ACTION ITEMS:

A. Discussion/action on the possible approval of Amendment to Lease with Chiricahua Community Health Centers, Inc., related to A Avenue School to extend the Closing Date and Term of Lease.

Mrs. Samaniego advised that the Board was provided background information from the DUSD Attorney as to what this item is related to. Last week, she was contacted by Dr. Melk, CEO of Chiricahua, as the closing date is scheduled for December 2026. Everything has been going smoothly and documentation is being processed by the title agency. In the last steps, while the title agency reviewed the deed, they found language and stipulations that now prevent the District from moving forward until it is taken care of. Basically, in the deed, there is a Douglas Investment Company that was the foundation of the original founders who built and donated the building to the District. In the deed, there is some language that states that Douglas Unified cannot sell it to anyone for business purposes. In this case, Chiricahua is a business. This deed was created and done 107 years ago. With this new information, the Chiricahua lender is a little uneasy about moving forward because of the language. There are a couple of things that would have to be done on behalf of Chiricahua, not the District: one is to try to find if there is any descendants of the Douglas Family that would provide a written statement allowing the District to sell the building for any reason, including a business; and second is to see if the Douglas Investment Company is still a viable and practicing organization or if it dissolved. If it is dissolved, there are statutes of limitations that would have to go to court. After discussions with both attorneys, their recommendation is to bring a new amendment agreement which would allow an extension of 90-

¹A unanimous (5/0) vote will show the members voting in this manner throughout the minutes:

Name	Aye	Nay
Mr. Kevin Smith	√	
Mrs. Jana Selchow	√	
Mr. Mitch Lindemann	√	
Mr. Mario Ramos	√	
Mr. Ray Borane	√	

days initially, but there is also language in there that if it is not taken care of in the 90 days, the District could extend it up to two (2) times. Allowing the District for a new closing date of June 30, 2026. Chiricahua is still very interested in purchasing the building; they just need this extra time to resolve the matter. The DUSD attorney has advised that it is doable, but it is nothing the District has to spend money on, and it is something that Chiricahua has to do. By extending the new amendment lease agreement, the District will continue to rent the facility for the same price. If information is received from Chiricahua that they cannot take care of the deed information, then we would have to discuss doing an extended indefinite lease and looking at a different price.

Mr. Borane commented that the fact that there is no representative from Chiricahua present at this meeting, in light of a lot of other things, is always troublesome as we are not able to ask questions. There are many factors that could affect the lease and there is no one to talk to. Mr. Borane asked why did the DUSD attorney draw up the new agreement and why should the District bear the cost. It is incumbent on Chiricahua as they are the ones asking for the extension, to draw up the lease and present it to our attorney. Mrs. Samaniego commented that she has been working with the DUSD attorney and he advised about extending the time frame. Because of the December 31st timeframe, it was important to get this amendment to the Board. The reason our attorney drafted this is that anything related to this matter has been drafted between both parties but the DUSD attorney is the one who has reviewed and drafted the documents. There is communication between both legal entities. If the Board decides to entertain beyond the first 90-days, the amendment allows the District to do so and possibly price increase. The current rental amount is approximately \$14,075.00. As soon as the deed language was discovered, both attorneys were contacted and have worked together. Chiricahua's intention is to buy the property, as their board has approved and given Dr. Melk the authority to move forward and continue with the process.

Mr. Lindemann motioned to approve the Amendment to Lease with Chiricahua Community Health Cents, Inc., related to A Avenue School to extend the Closing Date and Term of Lease as presented. Mrs. Selchow seconded the motion.

Mr. Borane commented that regarding the first 90-days, if the Board approves this agreement in its entirety, would that mean that they would automatically roll over to the next 90-days? Mrs. Samaniego replied that there is language in the amendment that would allow that without having to get Board approval for the second 90-day extension. Mr. Borane commented that for whatever reason Chiricahua can't get the deed cleared up, the administration has the authority from the Board by the action taken this morning.

Mr. Smith commented that he is a little bit leery about the whole thing. Has anyone seen a copy of the deed? Mrs. Samaniego replied yes, she, Mr. Soto and the attorney have seen it. Mr. Smith commented that it seems very convenient that back in 1918 they would have put a clause in there that it can't be sold for commercial but it can be leased for commercial use; which is basically what has been done and is being tried to agree on today but just can't sell it. Whenever this was discussed before, Chiricahua was supposed to have a final decision on whether they were going to buy it or not by October and now they are wanting another extension which is about another year of stalling on making this purchase. It just seems convenient and the fact that they don't bother to send a representative to discuss. The fact that the deed is so specific, from way back then, is kind of circumspect. Now, the way to fix this is trying to find the organization but there is something

off about the whole thing. Mr. Borane commented that there is a confusing part as the funds used to build the building were a bond issue. Evidently, the Douglas family had to have donated the property and put that stipulation in there when the property was donated. That is something interesting in the deed about selling and renting. Mrs. Samaniego commented that she asked the same question and provided the deed wording, which states: “the said premise shall not be used in any way for the purpose, or trade, or business”. That is the one line in the deed. The DUSD attorney even mentioned that the property has been rented for 10 years and no one contested that wording and believes it can be taken care of by Chiricahua. This wasn’t discovered by either legal party but by the title agency. Mr. Smith commented that, with that being said, and as long as it is not contested, who could contest this? One of the parties involved, Chiricahua or District? Neither party is contesting this; how is this preventing the sale from going through? Mr. Borane commented that the fear from Chiricahua is that someone will come from the woodwork one of these days and they would have another problem. Mrs. Samaniego commented that it is not Chiricahua itself but their lender; the lender who is providing the funds wants that taken care of. Mr. Smith commented that he feels it is a stall tactic. Mr. Borane asked Mr. Soto if Chiricahua has ever defaulted on the monthly payment. Mr. Soto replied no; they haven’t. Mr. Smith commented that extending this is obviously a benefit to the District and is in favor of that. Will the District be financing the sale or do they have to provide the funds? Mrs. Samaniego replied that the District will not be financing and Chiricahua will have to pay.

Mrs. Selchow asked if the deed paperwork fee falls on the District? Mrs. Samaniego replied no, all legal costs will be assumed by the buyer. The determination and any expense related to clearing the deed are not going to be on the District. Mrs. Selchow asked if that includes billing from the DUSD attorney? Mrs. Samaniego replied that she has no answer for that at this time.

Mr. Lindemann asked if anyone knows who the original people were on the deed. Mrs. Samaniego replied that is what Chiricahua has to find out and handle. Mr. Lindemann commented that if it is going to take a long time, then just raise the rent.

Mr. Ramos commented that if they are asking for a 90-day extension and then additional 90-days up to three times, are they stalling? Is someone speaking to the lender? Mrs. Samaniego replied no, that is Chiricahua’s lender and we have nothing to do with them. Our attorney is the one dealing with their attorney and the title agency. Mr. Borane commented that he doesn’t believe they are stalling; it is a legitimate concern by the lender. Mrs. Samaniego commented that they are not stalling and it is in the best interest of the District to get this item approved.

Mr. Soto commented that in conversations with Dr. Melk, they are not trying to stall the process or anything like that. It is in Chiricahua’s best interest to purchase the building so they can get federal grants to benefit the community. Since they are leasing the building, they are not able to get federal grants.

Mr. Borane asked Mr. Soto if he could clarify what fund the rent goes to? Mr. Soto replied that the monthly rent is \$14,075.00 and it is deposited in the 500 fund, which potentially will be using to assist with the health insurance for employees.

Mr. Smith asked if anyone knew what the square footage of the property is? Mrs. Samaniego replied no. Mr. Smith commented that he is curious what the current going rate for commercial property is for leasing, to see if it is what the District is getting for rent. Mrs. Samaniego commented that the amount currently being charged, has been based on the current going rate for commercial properties. There are formulas and information that our attorney has factored and is the recommendation that he gave. If the District were to extend beyond June 30th, she would come back to the Board with a recommendation for an extended lease with a new rental agreement and price index, which our attorney would be involved in.

Mr. Borane commented that always omnipresent is the responsibility and stewardship of the Board. The Board is ultimately responsible for the finances of the District. The Board's priority is always the students: their education and security; and staff security and always trying to do the best the Board can financially for staff. Keeping that in mind, the Board is always ultimately responsible.

There being no further discussion, motion carried 5/0.¹

III. ADJOURNMENT:

There being no further business, Mr. Lindemann motioned to adjourn the meeting. Mr. Smith seconded the motion. Motion carried 5/0. The meeting was adjourned at 10:33 a.m.

Minutes prepared by Alma Valenzuela, Executive Secretary. The Board at their meeting on October 6, 2026, approved these minutes.



Ana C. Samaniego, Superintendent