



**NOTICE OF PUBLIC MEETING
OF THE
MUNICIPAL PROPERTY CORPORATION BOARD OF DIRECTORS
OF THE CITY OF COTTONWOOD**

Pursuant to A.R.S. §38-431.02 notice is hereby given to the members of the Municipal Property Corporation Board of Directors of the City of Cottonwood and to the general public that the Municipal Property Corporation Board of Directors of the City of Cottonwood will hold its Annual Meeting, which is open to the public on:

Tuesday, September 22, 2015
9:00 a.m.

Administrative Services General Manager's Office
Cottonwood Administrative Services Building
816 North Main Street
Cottonwood, Arizona

The agenda for the meeting is as follows:

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES – MEETING OF SEPTEMBER 18, 2014
- IV. ANNUAL FINANCIAL REPORT
- V. STATUTORY AGENT CHANGE
- VI. ARIZONA CORPORATION COMMISSION ANNUAL REPORTING

- VII. ADJOURNMENT

A copy of the agenda for the meeting will be available at the Cottonwood City Hall, 827 North Main Street, Cottonwood, Arizona, at least twenty-four (24) hours in advance of the meeting.

Dated: September xx, 2015
CITY OF COTTONWOOD

Jesus R. Rodriguez, CGFM
Administrative Services General Manager

A G E N D A

THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE MUNICIPAL PROPERTY CORPORATION OF THE CITY OF COTTONWOOD, ARIZONA, TO BE HELD TUESDAY, SEPTEMBER 22, 2015 AT 9:00 A.M. AT THE ADMINISTRATIVE SERVICES GENERAL MANAGER'S OFFICE, COTTONWOOD ADMINISTRATIVE SERVICES BUILDING, 816 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES – MEETING OF SEPTEMBER 18, 2014
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- VI. ARIZONA CORPORATION COMMISSION ANNUAL REPORTING
- VII. ADJOURNMENT

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE MUNICIPAL PROPERTY CORPORATION OF THE CITY OF COTTONWOOD, ARIZONA, HELD SEPTEMBER 18, 2014 AT 9:20 A.M. AT THE ADMINISTRATIVE SERVICES GENERAL MANAGER'S OFFICE, 816 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

Call to Order

President Frank Leupold called the meeting to order at 9:20 a.m. Roll call was taken as follows:

Introductions and Roll Call

Board members present:

Frank Leupold, President
Mark Hobson, Vice President
Jake Gonzales, Secretary/Treasurer

Board member absent:

City staff present:

Jesus R. Rodriguez, Administrative Services General Manager (ASGM)

Visitors: None

Approval of the Minutes of the November 25, 2013 meeting

Vice-President Mark Hobson motioned to approve the minutes of November 25, 2013 as presented. Secretary Jake Gonzales seconded the motion. Motion passed unanimously.

Annual Financial Reports

ASGM Rodriguez presented the annual un-audited MPC financial reports for the year ending June 30, 2014. The reports reflect that the balance on the MPC debt has been reduced by \$975,000 to \$31,750,000. The board was reminded that all utility debt service is paid solely by user fees with no outside assistance from the General Fund.

ASGM Rodriguez noted that in October 1, 2013 the city increased its water user fees dramatically in order to comply with the 2004 & 2006 bond covenants. Also mentioned was that the City was on target to meet our covenants with our bondholders. The City also instituted a differential rate between inside and outside the city's corporate city limits. Resident outside the city limits pay 30% more than those inside the city limits.

Currently, the City Council is proposing a 6% increase to water rates to ensure compliance with covenants as well as meeting all operation and capital improvements needs.

Secretary Jake Gonzales motioned to approve the Annual Financial Reports as presented, and was seconded by Vice President Mark Hobson. It was approved unanimously.

ACC Reporting

Jesus Rodriguez, ASGM reported that the ACC report was filed on September 15th, however, the on-line reporting system notes October 2nd as the file date. Vice-President Mark Hobson motioned to ratify the submission of the ACC report; Secretary Jake Gonzales seconded the motion. It was approved unanimously.

Open Discussion

There was an open discussion about several issues, including the differential rates, bonds rating changes, and the ongoing rate increase.

Adjournment

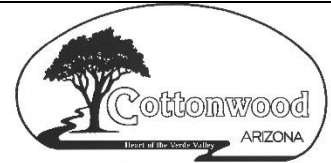
There not being any further business, Vice-President Hobson motioned to adjourn the meeting, Board Secretary Jake Gonzales seconded, motion passed unanimously.

Attest:

President

Secretary

City of Cottonwood, Arizona
MPC Agenda Communication



Meeting Date: September 22, 2015
Subject: MPC - Annual Financial Report
Department: Administrative Services
From: Jesus R. Rodriguez, CGFM, Administrative Services General Manager

REQUESTED ACTION

We are requesting approval of the Annual Financial Statements for the year ending June 30, 2015 for the Municipal Property Corporation.

BACKGROUND

Every year we are required to hold an annual meeting to discuss the MPC's financial status. This year the City of Cottonwood will file its annual report with the Arizona Corporation Commission (ACC) before October 1, 2015.

The balance on the MPC debt has been reduced by \$11,040,000 to \$20,710,000. You may recall that last year we ending the year with a balance of \$31,750,000. By June 30, 2015, the 2004 MPC Water Bonds were called and paid. The financial resources can get this accomplished were through a refinancing mechanism provided by the Water Infrastructure Finance Authority (WIFA). The refinancing package will save the City of Cottonwood over \$1M in interest saving over the term of the original MPC financing arrangement. This debt service will continue to be paid solely by user fees with no outside assistance from the General Fund.

In January 1, 2015 the city increased it water user fees in order to comply with the 2004 & 2006 bond covenants. We are currently meeting our target covenants with our bondholders. The City also continues to have a differential rate between inside and outside the city's corporate city limits. Resident outside the city limits pay 30% more than those inside the city limits.

Currently, the City's utility rate committee is reviewing it rates for the 2016 fiscal year. Rate increases are necessary to ensure compliance with covenants as well as meeting all operation and future capital improvements needs.

JUSTIFICATION/BENEFIT/ISSUES

There are no issues pending with this item

RECOMMENDATION

It is staff recommendation that the Board approve the financial statements as presented.

ATTACHMENTS

MPC Financials for the Year ended June 30, 2015

CITY OF COTTONWOOD
Municipal Property Corporation
Balance Sheet - Consolidated
June 30, 2015

ASSETS

Current Assets:

Cash	\$0	
Trade Notes and accounts receivable (less allowance for bad debt)	0	
Inventories	0	
Other current assets	0	
Total Current Assets	0	
Land, buildings and other fixed assets (net of accumulated depreciation)		0
Other assets - Lease Agreement		20,710,000
Total Assets		\$20,710,000

LIABILITIES

Current Liabilities:

Accounts Payable	0	
Mortgages, notes, bonds (payable in less than one year)	0	
Other current liabilities	0	
Total Current Liabilities	0	
Mortgages, notes, bonds (payable in more than one year)		20,710,000
Fund Balances:		
Restricted	0	
Unrestricted	0	
Total Fund Balances	0	
Total Liabilities and Fund Balances		\$20,710,000

CITY OF COTTONWOOD
Senior Lien Water System Revenue Bonds, Series 2004
Balance Sheet
June 30, 2015

ASSETS

Current Assets:

Cash	\$0	
Trade Notes and accounts receivable (less allowance for bad debt)	0	
Inventories	0	
Other current assets	0	
	<hr/>	
Total Current Assets		0
Land, buildings and other fixed assets (net of accumulated depreciation)		0
Other assets - Lease Agreement		0
		<hr/>
Total Assets		\$0
		<hr/> <hr/>

LIABILITIES

Current Liabilities:

Accounts Payable	0	
Mortgages, notes, bonds (payable in less than one year)	0	
	<hr/>	
Other current liabilities		0
Total Current Liabilities		
Mortgages, notes, bonds (payable in more than one year)		0
		<hr/>
Fund Balances:		
Restricted	0	
Unrestricted	0	
	<hr/>	
Total Fund Balances		0
		<hr/>
Total Liabilities and Fund Balances		\$0
		<hr/> <hr/>

CITY OF COTTONWOOD

Senior Lien Water System Revenue Bonds, Series 2006

Balance Sheet

June 30, 2015

ASSETS

Current Assets:

Cash	\$0	
Trade Notes and accounts receivable (less allowance for bad debt)	0	
Inventories	0	
Other current assets	0	
Total Current Assets		<u>0</u>
Land, buildings and other fixed assets (net of accumulated depreciation)		0
Other assets - Lease Agreement		20,710,000
Total Assets		<u><u>\$20,710,000</u></u>

LIABILITIES

Current Liabilities:

Accounts Payable	0	
Mortgages, notes, bonds (payable in less than one year)	0	
Other current liabilities		<u>0</u>
Total Current Liabilities		
Mortgages, notes, bonds (payable in more than one year)		<u>20,710,000</u>
Fund Balances:		
Restricted	0	
Unrestricted	0	
Total Fund Balances		<u>0</u>
Total Liabilities and Fund Balances		<u><u>\$20,710,000</u></u>

City of Cottonwood, Arizona
MPC Agenda Communication

Meeting Date: September 22, 2015
Subject: Statutory Agent Change
Department: Administrative Services
From: Jesus R. Rodriguez, CGFM, Administrative Services General Manager

REQUESTED ACTION

We are requesting approval to make our City Attorney Steve Horton the new MPC Statutory Agent to the Municipal Property Corporation.

BACKGROUND

After 23 years of serving as the MPC Statutory Agent, Dean Pickett has retired. Actually, he retired several years ago and we were made aware of his leaving the firm of Magnum. Wall, Stoops & Warden, PLLC just a few months ago. With his retirement, we need to get a new statutory agent. The City Attorney, Steve Horton, graciously volunteered to take the vacancy.

JUSTIFICATION/BENEFIT/ISSUES

We need this spot filled as part of our Arizona Corporation Commission requirements.

RECOMMENDATION

It is staff recommendation that the Board approve the appointment of Steve Horton, Esq, to the fill the position of Statutory Agent for the Municipal property Corporation.

City of Cottonwood, Arizona
MPC Agenda Communication

Meeting Date: September 18, 2014
Subject: Arizona Corporation Commission (ACC) Annual Reporting
Department: Administrative Services
From: Jesus R. Rodriguez, CGFM, Administrative Services General Manager

REQUESTED ACTION

We are requesting approval to move forward with the submission of the FY 2015 Arizona Corporation Commission Report for the Municipal Property Corporation with the submission to include Steve Horton as the new statutory agent.

BACKGROUND

Every year we are required to submit an annual report to the Arizona Corporation Commission. This year the City of Cottonwood will file the annual report with the Arizona Corporation Commission (ACC) on before October 1, 2015.

JUSTIFICATION/BENEFIT/ISSUES

There are no issues pending with this item and we are in good standing with the ACC.

RECOMMENDATION

It is staff recommendation that the Board approve to move forward with the submittal of the annual ACC report.

ATTACHMENTS

None.