

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE MUNICIPAL PROPERTY CORPORATION OF THE CITY OF COTTONWOOD, ARIZONA, HELD SEPTEMBER 22, 2015 AT 9:03 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 9:03 a.m. Roll call was taken as follows:

Introductions and Roll Call

Board members present:

Frank Leupold, President
Mark Hobson, Vice President

Board member absent:

Jake Gonzales, Secretary/Treasurer

City staff present:

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

Visitors: None

Approval of the Minutes of the September 18, 2014 meeting

President Leupold asked that a date error on the minutes be corrected. Vice-President Mark Hobson motioned to approve the minutes as amended. President Leupold 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, 2015. The balance on the MPC debt has been reduced by \$11,040,000 to \$20,710,000 compared to last year's ending balance of \$31,750,000. By June 30, 2015, the 2004 MPC Water Bonds were called and paid. The financial resources to 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 its 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. Residents outside the city limits pay 30% more than those inside the city limits.

Currently, the City's utility rate committee is reviewing its 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.

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

Statutory Agent Change

ASGM Rodriguez discuss that a change was needed to replace Attorney Dean Pickett as the Statutory Agent for the MPC. Mr. Pickett has retired and has requested to be removed as the Statutory Agent for the MPC. The Cottonwood City attorney has volunteered to be the replacement Statutory Agent for the MPC.

President Leupold motioned to approve the replacement of Dean Picket as the Statutory Agent for the MPC and replace him with attorney Steve Horton presented, and was seconded by Vice President Mark Hobson. It was approved unanimously.

ACC Reporting

Jesus Rodriguez, ASGM reported that the ACC report would be filed shortly after the meeting, however, the on-line reporting system notes October 2nd as the file date. Vice-President Mark Hobson motioned to move forward with the submission of the ACC report; President Leupold 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 and other city topics.

Adjournment

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

Attest:

President

Secretary