

AGENDA
TOWN OF QUARTZSITE
465 NORTH PLYMOUTH AVENUE, QUARTZSITE, AZ, 85346
REGULAR MEETING OF
MUNICIPAL PROPERTY CORPORATION
MONDAY, DECEMBER 9, 2013 AT 2:30 PM

CALL TO ORDER:

ROLL CALL:

Board Member: Shaneen Bergette
Board Member: Paul Carnevale

Board Member: Darrell Crooks

BUSINESS:

1. Discussion and possible election of a Chair.
2. Discussion and possible election of a Secretary.
3. Review of MPC (Municipal Property Corporation) Report of Total Debt and Repayment Status as of June 30, 2013 (Annual Report).
4. Consideration and possible adoption of a resolution authorizing and providing for the incurrence of indebtedness in the principal amount of \$1,057,000 for the purpose of providing a portion of the cost of acquisition and constructing wastewater treatment and collection facilities and authorizing making of promissory note(s), security instruments and pledges of revenues to evidence and secure the payment of said indebtedness and for related purposes.
5. Consideration and possible adoption of a resolution authorizing the negotiation of a note to the United States government, acting through Rural Utilities Service, United States Department of Agriculture, for the purpose of financing a project for the expansion and upgrade of the Waste Water Treatment Plant facility for the Town of Quartzsite, Arizona and approving the form and authorizing the execution and delivery of a ground lease, a town lease and agreements required in connection with the negotiation of the note and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by such ground lease, town lease and agreements and this resolution.

ADJOURNMENT:

HANDICAPPED ACCESSIBLE
BOARD MAY NOT ACT ON ITEMS NOT ON THE AGENDA

Certificate of Posting

The undersigned hereby certifies that a copy of the attached notice was duly posted at the following locations: Quartzsite Town Hall, 465 N. Plymouth Ave., Quartzsite, AZ, U.S. Post Office, 80 W. Main Street, Quartzsite, AZ and The Senior Center, 40 Moon Mountain Ave., Quartzsite, AZ, on the _____ day of _____, 2013 at _____ a.m. / p.m. in accordance with the statement filed by the Town of Quartzsite with the Town Clerk, Town of Quartzsite.

By: _____
Town Clerk's Office

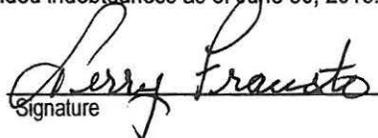
REPORT OF INDEBTEDNESS MADE TO THE ARIZONA DEPARTMENT OF REVENUE
 Office of Economic Research and Analysis / 9th Floor
 (ARS 35-501, 35-502)

12-13

					Principal Only									
1	2	3	4	5	6	7	8	9	10	12	13	14	15	
Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	7/1/13 Payment	7/1/12 Payment	GO Debt LIMIT	Interest Paid in FY13	Interest Paid to Date	
1	Town of Quartzsite MPC	Extended Water	04/27/01	06/01/31	2,200,000	848,557		1,351,443	5,876	5,734		37,037	395,095	
2	Town of Quartzsite MPC	MISC	04/15/04	07/01/19	1,520,000	755,000		765,000	8,750	8,750		53,300	618,802	
3	Town of Quartzsite MPC	Payroll RD/Water & Sewer Projects	11/15/06	08/01/36	7,215,000	790,000		6,425,000	150,000	145,000		301,925	2,113,440	
4														
5														
6														
7														
8														
9														
10														
11														
12														

I, Terry Frausto, Chief Financial Officer of Town of Quartzsite, in LaPaz
 (political subdivision) (county)

County do hereby certify that the foregoing statement is a full, true and correct abstract of the bonded indebtedness as of June 30, 2013.


 Signature _____ Date 10/09/13

Address: P.O. Box 2812 Quartzsite, AZ 85346 Phone: (928) 927-4333 Fax number: (928) 927-4400

For questions, contact: Beverly Cunningham Phone: (928) 927-4333 E-mail address: bcunningham@ci.quartzsite.az.us

**LEASE PURCHASE / THIRD-PARTY FINANCING CONTRACTS
REPORT MADE TO THE ARIZONA DEPARTMENT OF REVENUE**
Office of Economic Research and Analysis / 9th Floor
(ARS 35-501, 35-502)

1	2	3	4	5	6	7	8	9	10	11	
Name	L or 3P	Purpose	Date of Contract	Interest Rate	Date of Maturity	Original Contract Amount	Principal Retired	Outstanding Principal	Interest Paid in FY13	Interest Paid to Date	
1	Town of Quartzsite	3P	HURF Water Turck	05/16/12	3.7600	03/01/15	119,709	48,916	70,793	3,569	3,569
2											
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I, Terry Frausto, Chief Financial Officer of Town of Quartzsite, in LaPaz
(political subdivision) (county)

County do hereby certify that the foregoing statement is a full, true and correct abstract of the lease purchase/third party financing contracts as of June 30, 2013.

Terry Frausto
Signature

10/9/13
Date

Address: P.O. Box 2812 Quartzsite. AZ 85346 Phone: (928) 927-4333 Fax number: (928) 927-4400

For questions, contact: Beverly Cunningham Phone: (928) 927-4333 E-mail address: bcunningham@ci.quartzsite.az.us

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF TOWN OF QUARTZSITE MUNICIPAL PROPERTY CORPORATION AUTHORIZING THE NEGOTIATION OF A NOTE TO THE UNITED STATES GOVERNMENT, ACTING THROUGH RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, FOR THE PURPOSE OF FINANCING A PROJECT FOR THE TOWN OF QUARTZSITE, ARIZONA, AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, A TOWN LEASE AND AGREEMENTS REQUIRED IN CONNECTION WITH THE NEGOTIATION OF THE NOTE AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY SUCH GROUND LEASE, TOWN LEASE AND AGREEMENTS AND THIS RESOLUTION

WHEREAS, the Corporation was formed to transact any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, including, without limiting the generality of the foregoing, any civic or charitable purpose such as financing the cost of acquiring, constructing and equipping of certain facilities for use by and leasing to the Town of Quartzsite, Arizona, (the "Town"); and

WHEREAS, the Mayor and Council of the Town has determined that it will be beneficial to the citizens of the Town to provide funds to design, acquire, construct and equip wastewater collections facilities and related appurtenances for the Town (collectively, the "Project"); and

WHEREAS, the Board of Directors of the Corporation desires to assist the Town in financing the Project; and

WHEREAS, the United States of America acting through Rural Utilities Service, United States Department of Agriculture (the "Government"), has agreed if all of its requirements are satisfied, to loan to the Corporation an amount sufficient to finance a portion of the costs of the Project, such loan to take the form of a promissory note (the "Note") in a total principal amount not to exceed \$1,507,000; and

WHEREAS, in connection with the negotiation of the Note, the Corporation and the Town shall enter into (i) a Wastewater Facilities Site Master Ground Lease, to be dated the date delivered (the "Ground Lease"), pursuant to which the Town will lease the real property described therein (the "Real Property") to the Corporation

and (ii) a Series 2013 Town Lease, to be dated the date delivered (the "Town Lease"), pursuant to which (A) the Corporation shall lease the Real Property and the improvements which are part of the Project (the "Improvements") to the Town, and (B) the Town shall (I) lease from the Corporation the Real Property and the Improvements and (II) as agent for the Corporation, shall agree to provide for the Project; and

WHEREAS, the Corporation has not made and does not intend to make any profit by reason of any business or venture in which it may engage or by reason of the assistance it renders the Town in financing the Project, and no part of the net earnings of the Corporation, if any, shall ever inure to the benefit of any person, firm or corporation except the Town; and

WHEREAS, the Note shall be issued pursuant to a Loan Resolution Security Agreement, to be dated the date delivered, by and between the Corporation and the Government and secured by a Real Estate Deed of Trust for Arizona with Assignment of Rents, to be dated the date delivered (the "Deed of Trust"), from the Corporation and a Security Agreement (Chattel and Crops), to be dated the date delivered (the "Security Agreement"), from the Corporation; and

WHEREAS, the Corporation is authorized and empowered, among other things (1) to issue its special obligations for the purposes of assisting the Town in acquiring, constructing and equipping municipal improvements and otherwise incurring expenses to improve the use of municipal facilities, or the refinancing thereof, (2) to enter into leases and other necessary documents and to provide for rental payments sufficient to pay the principal of and premium, if any, and interest on such obligations, (3) to secure such obligations as provided for herein, and (4) to adopt this Resolution and enter into the Ground Lease, the Town Lease, the Note and the other agreements required by the Government in connection with the negotiation of the Note including, but not limited to, the Security Agreement and the Deed of Trust as well as the "Water or Waste System Grant Agreement", the "Assurance Agreement" and the "Equal Opportunity Agreement" (collectively with the Deed of Trust and the Security Agreement, the "Government Documents") upon the terms and conditions provided herein and therein; and

WHEREAS, the Note shall be repaid on or before forty (40) years from the date of the execution and delivery of the Note shall bear interest at rates not to exceed six percent (6%) per annum;

WHEREAS, there have been placed on file with the Secretary of the Corporation and presented to this meeting (1) the proposed form of the Ground Lease, (2) the proposed form of the Town Lease (the Ground Lease and the Town Lease being referred to herein collectively as the "Basic Documents"), (3) the proposed form of the Note and (4) the proposed forms of the Government Documents; and

WHEREAS, it is hereby determined that (i) the Corporation was formed to assist the Town in financing its capital improvement

projects at no profit to the Corporation; (ii) the Town desires to finance the Project by the negotiation of the Note; (iii) the Corporation shall lease the Real Property from the Town pursuant the Ground Lease; (iv) the Town shall lease from the Corporation the Real Property and the Improvements pursuant to the Town Lease; (v) the Corporation has not and shall not make any profit by reason of the assistance it renders the Town in connection with the negotiation of the Note and (vi) the Corporation is authorized by law and deems it necessary to borrow money for purposes of carrying out its obligations pursuant to the Town Lease by negotiating the Note and to secure the payment of the Note and the performance of the covenants and conditions contained in the Basic Documents and the Government Documents;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TOWN OF QUARTZSITE MUNICIPAL PROPERTY CORPORATION THAT:

Section 1. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Corporation and its officers directed toward the negotiation of the Note are hereby approved and ratified.

Section 2. The Note is hereby authorized to be negotiated as soon as possible pursuant to the terms and requirements of the Government Documents, as limited as provided by the Recitals hereto, and the proceeds thereof applied to costs of the Project.

Section 3. The form, terms and provisions of the Note, in substantially the form thereof presented at the meeting at which this Resolution was adopted, are hereby approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized to execute the Note, and each is hereby authorized to execute and deliver and attest the Note.

Section 4. The forms, terms and provisions of the Basic Documents and the Government Documents, in substantially the forms of such documents (including the exhibits thereto) presented at the meeting at which this Resolution was adopted, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the documents (which approval will be limited as provided by the Recitals hereto and will be conclusively demonstrated by their execution thereof), and the President and, in the absence thereof, Vice President and Secretary or any of such officers are hereby authorized to execute the Basic Documents and the Government Documents.

Section 5. The officers of the Corporation shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Basic Documents and the Government Documents, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the negotiation of the Note.

Section 6. The Note shall be a special obligation of the Corporation payable solely from rental payments to be made by the Town pursuant to the Town Lease. Nothing contained in this Resolution, the Basic Documents, the Government Documents or any other instrument shall be construed as obligating the Town, except to the extent provided in such documents or instruments, or as incurring a charge upon the general credit of the Town nor shall the breach of any agreement contained in this Resolution, the Basic Documents, the Government Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town.

Section 7. This Resolution shall be and remain irrevocable until the Note and the interest thereon shall have been fully paid, cancelled and discharged.

Section 8. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 9. Any provisions of any bylaws, orders, procedural pamphlets and resolutions inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any bylaw, order, procedural pamphlet or resolution or any part thereof.

Section 10. It is hereby found and determined that all formal actions of the Corporation and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State of Arizona and the Corporation.

Section 11. This Resolution shall be effective immediately.

ADOPTED AND APPROVED this 26th day of November, 2013.

By.....
President, Town of Quartzsite
Municipal Property Corporation

ATTEST:

.....
Secretary, Town of Quartzsite
Municipal Property Corporation

Section 2. (Terms of Loan). That the Organization borrow _____ and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary ~~and have the corporate seal of the Organization affixed~~ thereto, and shall bear interest from its date, which shall be the date of delivery at a rate not to exceed _____ percent per annum; the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in the promissory note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable 40 years from the date of the note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred ~~together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof, as provided in the applicable corresponding Town Lease by and between the Organization and the Town.~~ ^{lease} together with the interest thereon, shall be payable from the gross income and revenue to be derived from the ~~operation~~ ^{lease} of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose ~~and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof, as provided in the applicable corresponding Town Lease by and between the Organization and the Town.~~ _____ Secretary

Initial

MPC

Section 4. (Protection and Disposition of Funds). The _____ of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

~~The _____ is hereby directed to establish the following accounts into which the current funds of the Organization, note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:~~ _____ as provided in such Lease

(a) Construction Account. N/A

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility costs, and at least the amount of -0- to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in the Construction Account which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the President _____ of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account shall be made only on checks signed by the _____ President of the Organization and countersigned by an authorized official of the Department of Agriculture. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

~~(b) General Account~~

~~As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:~~

~~(1) Borrowers making monthly USDA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.~~

~~(2) Borrowers making other than monthly USDA Debt Service Payments shall use the General Account to pay operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.~~

~~(c) Debt Service Accounts~~

~~For borrowers on other than monthly debt service payments, transfers, in proportion to income availability, shall be made from the General Account and set aside in an account designated as the Debt Service Account, in sufficient amounts which will accumulate for the next installment on the note.~~

(d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b)(1) or (b)(2) and (c), there shall be set aside into an account(s) designated as the Reserve Account(s) the sum of _____

each month until the sum of _____ is reached. With the prior written approval of the Government, funds may be withdrawn and used for such things as loan installments, emergency maintenance, extensions to facilities and replacement of short-lived assets, subject to conditions established by the Government.

~~(e) Whenever there shall accumulate in the General Account amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the organization to make prepayments on the loan or retained in the General Account.~~

(f) The accounts required in subsections (b)(1) and (2), (c), and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid;

(a) It will indemnify the Government for any payments made or losses suffered by the Government.

(b) It will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for payment of the operation and maintenance thereof; ~~the installment payments on the note; and~~ the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.

(d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition ~~and meet installment payments on the note when the same become due if, for any reason, gross revenues are insufficient.~~

(e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs, and will provide for the annual audit thereof, in such manner as may be required by the Government; will provide the Government without its request a copy of each such audit; and will make and forward to the Government such additional information and reports as it may from time to time require.

(f) It will provide the Government, at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.

(g) It will maintain at least such insurance and fidelity bond coverage as may be required by the Government.

(h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(i) It will not cause or permit any voluntary dissolution of its organization, or merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands, by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue in excess of the amount required to maintain the accounts described by Section 4 herein will not be distributed or transferred to any other organization or legal entity.

(j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government,

(k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the organization or public body.

~~(l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.~~

(m) It will comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing adverse environmental impacts of the facility's construction or operation.

Initial

MPC

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form RD 400-1, "Equal Opportunity Agreement", and Form RD 400-4, "Assurance Agreement".

Section 9. In the case of a grant in the sum not to exceed _____, the Organization hereby accepts the grant under the terms as offered by the Government and that the _____ President and _____ Secretary of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force from and after the _____ 26th _____ day of November, 2013 _____, being the date of its enactment.

The vote was: Yeas _____ Nays _____ Absent _____

Town of Quartzsite Municipal Property Corporation

(SEAL) (if applicable)

By _____

Attest:

Title President

Title Secretary

CERTIFICATION

I, the undersigned, as secretary of the Town of Quartzsite Municipal Property Corporation hereby certify that the board of directors of such Organization or Corporation is composed of _____ members of whom _____, constituting a quorum, were present at a meeting thereof duly called and held on the 26th day of November, 2013; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this _____ day of _____

Secretary of Town of Quartzsite Municipal Property Corporation