

**Metropolitan Domestic Water Improvement District
Board of Directors Study Session**

July 11, 2011

Election of Directors for the District Municipal Property Corporation

Synopsis

The Board is requested to elect directors to the District's Municipal Property Corporation in order to ensure that the Municipal Property Corporation is viable and active.

Background

The Municipal Property Corporation (MPC) was formed by the District to secure financing with tax-exempt bonds for capital projects with a lease back arrangement for the facilities to the District in order to pay the debt service on the bonds. The MPC has been used to finance the new office building's land acquisition and construction as well as funding the Herb Johnson Reservoir. A portion of the refinancing bonds issued in January 2002 was used to pay off the MPC bonds.

The articles of incorporation for the MPC state that the governing body to the District, its Board of Directors, shall elect or "appoint" the directors of the MPC. Basically, the MPC meets upon the direction of the District Board of Directors. The bylaws of the MPC require that an MPC director serve a three year term.

In March 2008, the Board last elected the directors for the MPC to ensure that the District has the financial flexibility of an active MPC. At that time, the Board appointed to the MPC Jim Doyle, Dan Offret, Claire Strom, Reb Guillot, and Tim Thomure.

Issues

The primary reason at hand for ensuring the MPC is active is so the MPC can adopt a technical resolution that shows that the MPC has transferred the title of the District office and property to the District following the 2002 bond issuance. Unfortunately, in 2002, it had been overlooked to ensure that the title to the property had been changed. That includes the easements that the District is to transfer to Pima County in regards to the La Cañada Drive road expansion project.

Having the MPC Board active is also positive if the Board decides to utilize the MPC for a financial transaction. Since the MPC Board is to be elected every three years, the District needs to reappoint the MPC directors so that the MPC Board can meet and pass this resolution.

Both the articles of incorporation and the bylaws state that each director of the MPC will hold that position for three years. Directors of the MPC Board may also be District Board members; however, the majority of the MPC Board is not to be members of the District's governing Board. Traditionally, the District has had two District Board members serve of the Board. Also, the members of the MPC Board must be residents of the District.

Staff Recommendation

It is recommended that the District Board of Directors elect Jim Doyle, Dan Offret, Reb Guillot, Claire Strom and Tim Thomure to the District's MPC. Reb Guillot, Claire Strom, and Tim Thomure are members of the Finance Oversight Committee and bring a well rounded representation with an understanding of the District, financing background, and technical understanding of a water utility.

Suggested Motion

I move that the District elect Jim Doyle, Dan Offret, Reb Guillot, Claire Strom, Tim Thomure to the District Municipal Property Corporation.

Respectfully submitted,

Mark R. Stratton, P.E.
General Manager