

NEW APPLICATION
ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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COMMISSIONERS

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AZ CORP COMMISSION
DOCKET CONTROL

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IN THE MATTER OF THE APPLICATION OF)
 COMMUNITY WATER COMPANY OF GREEN)
 VALLEY FOR AUTHORITY TO BORROW UP)
 TO \$3.4 MILLION FROM COMPASS BANK AND)
 COMPASS MORTGAGE CORPORATION FOR)
 THE PURPOSES OF (1) REFINANCING UP TO)
 \$2.2 MILLION IN EXISTING LONG-TERM)
 DEBT; AND (2) ISSUING AN ADDITIONAL \$1.2)
 MILLION IN LONG-TERM DEBT, UNDER)
 A.R.S. §§ 40-301 AND 40-302.)

DOCKET NO. W-02304A-14-0041

APPLICATION (FINANCING)

Community Water Company of Green Valley ("CWCGV") hereby submits its Application for authority to borrow up to \$3.4 million from Compass Bank and Compass Mortgage Corporation ("Compass") for two purposes: (1) to refinance up to \$2.2 million in existing long-term debt; and (2) to issue up to \$1.2 million in additional debt to replace CWCGV's existing Reservoir #2 with an aboveground 2.0-million gallon steel storage tank.¹ CWCGV submits this application as required by A.R.S. §§ 40-301 and 40-302. In support of its Application, CWCGV provides the following information:

1. CWCGV is a non-profit public service corporation engaged in providing water service in Pima County, Arizona. It has been a non-profit corporation since 1977. The Commission approved CWCGV's initial Certificate of Convenience and Necessity ("CCN") to provide water service in Decision No. 47912 (May 1, 1977), when it received assets from Arizona Water Company - formerly known as the Green Valley Water System. CWCGV received an extension to its CCN in Decision No. 57549 (September 9, 1991). CWCGV acquired the CCN of New Pueblo Water in Decision No. 60082 (February 20, 1997); it has since received subsequent CCN

¹ This facility will sometimes be referred to as a new two-million gallon fresh reservoir in some of the exhibits to this Application and other information provided over the course of this proceeding.

1 extensions in Decision Nos. 63310 (January 11, 2001), 70164 (February 27, 2008), and 70551
2 (October 23, 2008). CWCGV serves approximately 13,000 customers – over 90 percent of whom
3 are residential customers.

4 2. CWCGV's office is located in Green Valley, Arizona and its mailing address is:
5 1501 South La Canada, Green Valley, Arizona 85614-1600, and its telephone number is (520) 625-
6 8409. CWCGV's manager is Arturo R. Gabaldon. The person authorized to receive notices and
7 communications regarding this application is:

8 Arturo R. Gabaldon
9 President
10 Community Water Community of Green Valley
11 1501 South La Canada
12 Green Valley, AZ 85614-1600
13 Phone: 520-625-8409
14 Fax: 520-625-1951
15 email: arturo@communitywater.com

16 CWCGV's attorney is:

17 Jason D. Gellman
18 Roshka DeWulf & Patten, PLC
19 One Arizona Center
20 400 East Van Buren Street, Suite 800
21 Phoenix, Arizona 85004

22 All data requests and discovery should be directed to CWCGV's attorney, with a copy to
23 Mr. Gabaldon.

24 3. CWCGV is currently authorized to charge rates for water service per Decision No.
25 71478 (February 3, 2010).

26 4. CWCGV's last financing application was approved in Decision No. 71259
27 (September 3, 2009). The Commission authorized CWCGV to incur up to \$2.810 million of debt
financing for paying off its then-existing line of credit (use to fund arsenic treatment facilities,
Central Arizona Project rights and other equipment) and to fund additional capital improvements
needed at that time. The financing was with Chase Bank, and involved 59 equal principal and
interest payments starting on November 2009; the terms included a variable interest rate based on
the Chase Bank floating rate plus 100 basis points with a 30 Libor plus 250 basis points. This loan
was based on a 20-year amortization. The balloon payment will be due November 18, 2014, absent

1 a refinancing. From the \$2.810 million originally issued, CWCGV projects outstanding principal
2 of approximately \$2.2 million remaining by September 2014. CWCGV indicated in its 2009
3 financing application, Docket No. W-02304A-09-0153, it would refinance this loan before any
4 balloon payment would be due.

5 5. The amount and purpose for CWCGV's requested authorization is as follows: (1) to
6 refinance up to \$2.2 million in existing long-term debt currently with Chase Bank; and (2) to issue
7 up to \$1.2 million in additional long-term debt in order to replace one of its current storage
8 reservoirs (Reservoir #2) with a 2.0-million gallon aboveground steel storage tank.

9 6. Regarding the need for the new storage tank: the current Reservoir #2 was built in
10 1977 and is 37-years old. It is an aging facility that has reached the end of its useful life. The
11 current liner for Reservoir #2, which was installed in 1998, has experienced significant leaks
12 requiring maintenance repairs, and needs to be replaced. Reservoir #2 has a gravity feed, but is not
13 gravity balanced. The engineering for the existing Reservoir #2 included a common inlet and outlet
14 connection and underground configuration that pose a greater risk for contamination. By contrast,
15 the new aboveground storage tank CWCGV proposes as a replacement to Reservoir #2 will
16 significantly reduce the risk of contamination – in part because the aboveground tank will have a
17 separate inlet and outlet; which will consequently allow for enhanced turnover of the stored water.
18 Further, additional capacity will best assure safe and reliable service for its customers, including
19 during an emergency and especially since CWCGV's service territory is incurring a sustained
20 drought with no access to alternative water supplies. Finally, the Reservoir #2 poses a heightened
21 safety risk for personnel who will likely have to perform more maintenance even with a
22 replacement liner. CWCGV thus determined that replacing the current Reservoir #2 with an
23 aboveground storage tank is the more cost-efficient solution providing greater benefit over the
24 near-and-long term than replacing the liner in the current Reservoir #2.

25 7. CWCGV believes that the total cost for and to install the new 2.0-million gallon
26 aboveground storage tank and related facilities (including on-site engineering and all work to
27

1 install the tank, interconnect it with CWCGV's system and remove the Reservoir #2) will be no
2 greater than \$1.2 million.

3 8. The total amount is requesting in this Application is therefore up to \$3.4 million
4 (\$2.2 to refinance existing debt plus \$1.2 million in additional debt.) An itemized description of the
5 financing purposes, including the Reservoir-#2 replacement, is attached as Exhibit 1.

6 9. CWCGV has successfully negotiated one 15-year term loan with Compass for both
7 purposes. The terms include a fixed principal repayment based on 20-year amortization – and a
8 fixed interest rate to not exceed 5.8%. The terms of the refinancing does include a balloon for the
9 remaining principal in 2029. The proposed debt will be secured through existing assets and the
10 new storage tank – specifically as a first position pledge on CWCGV's net revenues and a blanket
11 lien on its business assets. There is no upfront origination fee. CWCGV will file a copy of all
12 executed documents associated with the authorized financing with the Commission. A copy of the
13 terms and conditions from the lender is attached as Exhibit 2.

14 10. CWCGV did approach the Water Infrastructure Financing Authority ("WIFA")
15 regarding its needs, and had discussions with WIFA's Chief Financial Officer among others.
16 WIFA indicated that it legally cannot refinance any current debt. Regarding the additional \$1.2
17 million, WIFA indicated that it would have to have first priority regarding all senior liens and for
18 *all* of CWCGV's assets. Further, WIFA would require it having this first priority over all *future*
19 debts, including subsequent re-financings of CWCGV's existing debt. It is highly unlikely that
20 any other financial institution would agree to be second in line to WIFA. WIFA would possibly
21 accept shared senior lien status, but only if the terms of the other financing were acceptable to it.
22 But WIFA would not make that determination until after CWCGV obtained Commission approval,
23 possibly forcing CWCGV to seek subsequent financing and Commission approval (and under a
24 greatly contracted timeframe to do so) should WIFA reject the terms of the other financing. This
25 could lead to an untenable situation for CWCGV, even assuming that the other debt holder would
26 accept a shared senior lien with WIFA. Thus, CWCGV would not be able to refinance any of its
27

1 debt on more favorable terms or to avoid any looming balloon payment. For these reasons,
2 CWCGV has opted not to enter into any financing arrangements with WIFA.²

3 11. CWCGV is targeting the end of winter to complete the new aboveground storage
4 tank to replace Reservoir #2 and to have it operational. To do so, it must start mobilizing
5 construction no later than late September 2014. This will allow CWCGV to undergo construction
6 during the winter months, when peak demand on its system is lower. Therefore, CWCGV must be
7 able to obtain approval by September 15, 2014.

8 12. Further, approval for this request by September will allow CWCGV to refinance its
9 current outstanding debt balance before its balloon payment to Chase Bank is due on November 18,
10 2014. Without the authorization requested in this docket, CWCGV must make the balloon
11 payment, or risk default. That would adversely affect CWCGV's ability to fund operations and
12 address vital capital needs for its water system. Further, because of the security for the proposed
13 Compass loan for both refinancing existing debt and the additional debt, the refinancing would
14 likely also have to occur by September 15, 2014. Even so, the requested financing preserves and
15 will not impair CWCGV's ability to provide safe and reliable service.

16 13. For all of the above reasons, CWCGV believes its request is in the public interest. It
17 seeks Commission approval for financing in accordance with its Application. Further CWCGV
18 seeks an order approving the Application on or before September 15, 2014.

19 14. In support of this Application, the Company's pro forma capital structure is attached
20 as Exhibit 3. The Company submits that even with the additional \$1.2 million in debt, its equity
21 ratio (including Contributions in-aid-of Constructions) will remain above 30 percent of total capital
22 and provides reasonable balance of cost and financial risk the Company and its member-customers.
23 Further, CWCGV's expected unconsolidated net operating income for 2013 is \$292,424 and its
24 utility plant less accumulated depreciation equals \$25,996,069 as of December 31, 2013.

25
26
27 ² Further, because of the requirements under the Davis-Bacon Act (40 U.S.C. § 3141 *et. seq.*) and
other related acts, the total amount requested for the new storage tank would likely be
approximately \$1.4 million, or \$200,000 more than what CWCGV is requesting.

1
2 15. Based on year-ending 2013, CWCGV submits its Debt Service Coverage ratio is
3 approximately 5.3 – and its Time Interest Earned Ratio (“TIER”) is approximately 12.7. The
4 Company submits it will be able to meet all obligations with cash generated from operations.
5 Audited financial statements for the year ending December 31, 2013 will be provided when
6 completed, as well as the unaudited 2014 pro forma income statement.

7 16. The purpose of CWCGV’s request is for lawful purposes (*i.e.*, to refinance its
8 existing debt financing and fund a necessary infrastructure improvement to its water system).
9 CWCGV further submits that it is within its corporate powers to issue the evidence of indebtedness
10 it seeks approval for here in the Application, as reflected in the Corporate Resolution attached to
11 this Application as Exhibit 4.

12 17. As described above, approving the debt financing will allow CWCGV to refinance
13 its existing debt and fund the new storage tank in a cost effective manner, while also preserving a
14 balanced capital structure. The proceeds of this financing will be exclusively used toward the
15 above-described purposes and comply with all applicable regulatory requirements. No portion of
16 the funds will be used for operating expenses. Therefore, CWCGV believes its application is
17 consistent with sound financial practices and will enhance the Company’s ability to ensure safe and
18 reliable service.

19 18. For all of the reasons described in this Application, CWCGV believes its request is
20 in the public interest. Further, CWCGV submits that it is in compliance with all applicable ADEQ
21 and ADWR requirements.

22 19. CWCGV intends to provide public notice of this Application as shown in Exhibit 5.
23 CWCGV will have this notice published in a newspaper of general circulation in its respective
24 certificated service area. CWCGV will file proof of publication with the Commission when
25 available.

26
27

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

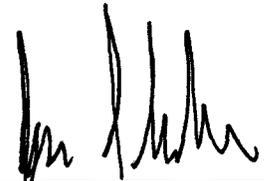
1 WHEREFORE, based on this Application, CWCGV respectfully requests that the
2 Commission:

- 3 1. authorize CWCGV to borrow up to a total of \$3.4 million from Compass Bank and
4 Compass Mortgage Corporation for the purposes of: (1) refinancing of up to \$2.2
5 million in existing long-term debt; and (2) issuing an additional \$1.2 million in long-
6 term debt for the new aboveground 2.0-million steel gallon storage tank to replace
7 Reservoir #2, both under terms and conditions the Commission deems appropriate
8 under A.R.S. §§ 40-301 and 40-302 and to secure the debt as indicated in this
9 Application;
- 10 2. authorize it to engage in any transactions and execute any documents necessary to
11 effectuate the authorizations requested in this Application; and
- 12 3. approve these requests so that the order can be effective on or before September 15,
13 2014.

14 Further, CWCGV requests the Commission grant any such other and further relief as may
15 be appropriate under the circumstances herein

16 RESPECTFULLY SUBMITTED this 12th day of February, 2014.

17 COMMUNITY WATER COMPANY OF GREEN VALLEY

18
19
20 By 

21 Jason D. Gellman
22 ROSHKA DEWULF & PATTEN, PLC.
23 One Arizona Center
24 400 East Van Buren Street, Suite 800
25 Phoenix, Arizona 85004

26 Attorney for Community Water Company of Green Valley
27

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Original and thirteen copies of the foregoing
filed this 12th day of February, 2014, with:

2 Docket Control
ARIZONA CORPORATION COMMISSION
3 1200 West Washington Street
Phoenix, Arizona 85007

4
5 Copy of the foregoing hand-delivered
this 12th day of February 2014 to:

6 Lyn A. Farmer, Esq.
Chief Administrative Law Judge
7 Hearing Division
Arizona Corporation Commission
8 1200 West Washington Street
Phoenix, Arizona 85007

9
10 Janice Alward, Esq.
Chief Counsel, Legal Division
Arizona Corporation Commission
11 1200 West Washington Street
Phoenix, Arizona 85007

12
13 Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
14 1200 West Washington Street
Phoenix, Arizona 85007

15
16 Arturo R. Gabaldon
President
Community Water Company of Green Valley
17 1501 South La Canada
Green Valley, AZ 85614-1600

18
19 By *Rebekah Amundson*

20

21

22

23

24

25

26

27

Exhibit

"1"

EXHIBIT 1: Itemized Description of the Financing Purposes

	<u>Financing</u>	<u>Financing (Rounded)</u>
1 NEW DEBT		
Expected Cost of Reservoir #2 Replacement	<u>\$ 1,200,000.00</u>	\$ 1,200,000.00
2 REFINANCING OF DEBT		
Outstanding at 12/31/2013	\$ 2,236,291.34	
Monthly Principal Payments of \$11,708.34 for 10 Months	<u>(117,083.40)</u>	
Amount Due at End of Term	2,119,207.94	
Additional financing needed if debt approved prior to 11/18 at \$11,708.34 per month September 30= +2 months	<u>23,416.68</u>	
Total Refinancing Requested:	<u>\$ 2,142,624.62</u>	<u>2,200,000.00</u>
Total Financing Approval Requested:		<u>\$ 3,400,000.00</u>

Exhibit

"2"



**Community Water Company of Green Valley, Arizona
Summary of Non-Binding Indicative Terms and Conditions
for the Proposed \$4,000,000 Financing
February 7, 2014 VIA EMAIL (REVISED 02/10/2014)**

This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documents, and is subject to, among other things, completion of due diligence and final credit approval by Bank.

Borrower:	Community Water Company of Green Valley, Arizona (the "Borrower").
Lender:	Compass Bank and Compass Mortgage Corporation (the "Lender" or the "Bank"). Andrew Martin, Relationship Manager Tucson Commercial Banking 5285 E. Williams Circle, Ste. 3500 Tucson, AZ 85711 Ph: (520) 514-4020 Andrew.martin@bbvacompass.com
Obligation Type:	Borrower shall have the option of a taxable loan or a tax exempt facility. **Further investigation into the Borrower's ability to legally issue tax exempt financing is required.**
Obligation Amount:	Up to \$4,000,000 (the "Obligation" or "Financing").
Purpose:	Proceeds from the Obligation shall be utilized to refinance existing indebtedness, for the construction of a new 2 million gallon fresh water reservoir and for the expansion of the Borrower's warehouse.
Maturity:	15 years from closing.
Repayment:	The Obligation will amortize over 15 or 20 years at the Borrower's option. Monthly payments of principal plus interest will be required with all principal and interest due at maturity.
Interest Rate:	Borrower shall have the option of: <ul style="list-style-type: none"> a) Tax Exempt Swap Rate of 3.78% on a 15 year amortization or 3.97% on a 20 year amortization. This rate is indicative and subject to change daily depending on market conditions. <p align="center">OR</p> <ul style="list-style-type: none"> b) Taxable Swap Rate of 5.40% on a 15 year amortization or 5.80% on a 20 year amortization. This rate is indicative and subject to change daily depending on market conditions. **Please note the Lender is examining the Borrower's ability to legally issue tax exempt debt on all or a portion of the proposed loan facility.**
Upfront Origination	



- Fee:** None.
- Targeted Closing:** September 30, 2014
- Prepayment:** The Obligation may be prepaid at any time but may be subject to any Swap termination fees.
- Security:** 1st position Pledge on the Borrower's Net Revenues and a blanket lien on the Borrower's business assets. Borrower shall also be subject to a negative pledge in favor of Lender. Additionally, Borrower may be required to maintain a deposit collateral account supporting the equivalent of one year's principal and interest debt service during the entire term of the Obligation.

If the Borrower opts to utilize the Water Infrastructure Finance Authority of Arizona (WIFA) to fund the construction of the new reservoir, the Bank will have, in Parity, a 1st position Pledge on the Borrower's Net Revenues, and a blanket lien of the Borrower's business assets.

- Covenants:**
- Parity Debt Test of 1.20:1.00
 - Debt Service Coverage Ratio of not less than 1.20:1.00

Representations/Warranties/Covenants: The documents will contain those representations and warranties and covenants customarily found in transactions of this nature, and others appropriate to the transaction, including but not limited to:

- Standard representations including but not limited to: no adverse litigation and Company has not defaulted on past obligations.
- Default rate of 5.00% over the Obligation's proposed rate. Default rate to apply if payment is not made within 10 days of due date in addition to other events of default.
- No material adverse change in financial condition since fiscal year ended 6/30/13.
- Notices of (i) any default on any obligation, (ii) material litigation, (iii) material governmental proceedings and (iv) material adverse effect.
- Designation as bank-qualified is the obligation is issued as a tax exempt facility.
- Additional representations and warranties, and other affirmative and negative covenants that Bank considers customary and reasonably appropriate for the Credit Facility.

This Obligation is being purchased by BBVA Compass under the following conditions: (i) not being registered or otherwise qualified for sale under the "Blue Sky" laws; (ii) the Lender will hold as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Obligation; (iv) no official Statement or similar offering document has been prepared in connection with the private placement of this Obligation; (v) the Obligation will not close through the DTC or any similar repository and will not be in book entry form. Obligation must be able to be classified as a loan or held-to-maturity security in order to be acceptable to the Lender.

**Note, all of the foregoing are subject to Lender's receipt and satisfactory review.*

- Financial Reporting:**
- Annual audited financial statements due within 210 days of fiscal year end.
 - Annual approved operating budget due within 30 days of fiscal year end.
 - Annual Certification of Borrower due within 210 days of FYE that District has met the 1.20x Debt Service Coverage.
 - Borrower shall furnish at Lender's request such additional information that Lender may



from time to time reasonably request.

**Tax Exempt Status /
Yield Adjustment
Event:**

The quoted tax exempt interest rate will be subject to gross-up upon an event of taxability.

Closing Costs:

Borrower will pay all reasonable, out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the preparation of documentation, regardless of whether or not the Obligation is closed, including but not limited to, financial advisory fees if applicable, bond counsel, Lender's counsel and CDIAAC fees.

**Credit Approval
Requirements:**

This Indicative term sheet is being provided prior to final credit approval of the Bank. The following information is needed to complete underwriting and for formal approval:

- Letter from a duly authorized officer of the Borrower certifying no material adverse change since fiscal year ended 6/30/13.
- Any other information which Lender may attach significance to in determining the credit-worthiness of the Borrower, such as additional information disclosures.

Conditions Precedent:

Prior to the consummation of the Credit Facility, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.

- Formal credit approval from the Bank.
- Approval by the Arizona Corporation Commission permitting the Borrower to issue debt in the amount of the Obligation.
- Opinion addressed to the Bank, from counsel to Borrower reasonably acceptable to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of Borrower, the due authorization, execution and delivery of the Obligation documents, the enforceability of the private placement documents, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.
- Tax Opinion addressed to the Bank from counsel reasonably acceptable to the Bank that interest payable with respect to the debt service payments is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Service Code and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.
- Properly executed documents in form and substance satisfactory to Bank and/or Bank's counsel evidencing or supporting the Obligation. In terms of service level commitment, Lender's counsel will respond with initial comments within 7 business days of receiving draft legal documents from bond counsel, and within 5 business days of receiving any subsequent iteration of the legal documents.
- Additional conditions precedent that Bank considers customary and reasonably appropriate for the Credit Facility, including further information disclosures.

Ancillary Business:

The structure, pricing, and terms contained herein are conditioned upon the Borrower's establishment of their primary operating accounts with Lender.



Governing Law: This transaction shall be governed by and construed in accordance with the laws of the State of Arizona.

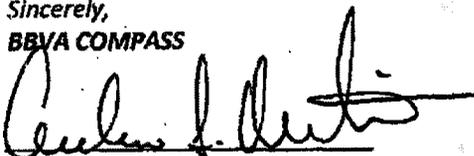
Expiration: This term sheet shall expire by 4:00pm on February 14, 2014 unless previously accepted.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

*The terms and provisions of this correspondence are **confidential** and may not be disclosed by Borrower to any other person or entity. However, the foregoing restrictions on disclosure shall not apply to disclosure(s): (i) to Borrower's legal counsel or financial advisor for purposes of advising Borrower with respect hereto and provided, however, that such counsel and financial advisor agree to preserve the confidentiality of this correspondence; or (ii) in response to any properly issued subpoena from any court or other governmental authority with jurisdiction over Borrower, provided that Lender has been furnished reasonable advance notice of the intended disclosure and the opportunity to prevent or limit the scope of any such disclosure.*

This term sheet is intended for the sole and exclusive benefit of Borrower and Lender and may not be relied upon by third parties.

Sincerely,
BBVA COMPASS



Andrew J. Martin, Relationship Manager

Agreed and Accepted:



By:
Its:

Date: _____

Exhibit

"3"

EXHIBIT 3

PRO FORMA CAPITAL STRUCTURE

Using Most Recent internal Financial Statements
Draft unconsolidated schedule, at December 31, 2013

BALANCE SHEET (Non GAAP)	Unaudited Before Refinancing	Unaudited After Refinancing	IMPACT
CURRENT AND ACCRUED ASSETS			
Cash and Cash Equivalents	1,106,801.49	1,106,801.49	
Temporary Cash Investments	971,317.20	971,317.20	
Customer Accounts Receivable	297,437.90	297,437.90	
Plant Material and Supplies	40,905.37	40,905.37	
Prepayments	33,321.28	33,321.28	
	<u>2,449,783.24</u>	<u>2,449,783.24</u>	<u>-</u>
UTILITY PLANT			
Utility Plant in Service	40,704,182.50	41,904,182.50	1,200,000.00
Construction Work in Progress	14,962.81	14,962.81	
Accumulated Depreciation - Utility Plant	(14,723,076.19)	(14,723,076.19)	
	<u>25,996,069.12</u>	<u>27,196,069.12</u>	<u>1,200,000.00</u>
DEFERRED ASSETS			
Non-Utility Property	1,934,411.57	1,934,411.57	
Investment in Subsidiaries	468,050.55	468,050.55	
	<u>2,402,462.12</u>	<u>2,402,462.12</u>	<u>-</u>
TOTAL ASSETS	<u><u>30,848,314.48</u></u>	<u><u>32,048,314.48</u></u>	<u><u>1,200,000.00</u></u>
LIABILITIES			
CURRENT LIABILITIES (Except Current Maturities of long-term debt)			
Accounts Payable	113,455.49	113,455.49	
Accrued Taxes	98,827.28	98,827.28	
Accrued Interest	3,960.01	3,960.01	
Miscellaneous Current and Accrued Liabilities	161,135.87	161,135.87	
	<u>377,378.65</u>	<u>377,378.65</u>	<u>-</u>
LONG TERM DEBT			
Long Term Debt (current)	2,236,291.34	165,960.40	(2,070,330.94)
Long Term Debt (noncurrent)	-	3,270,330.94	3,270,330.94
	<u>2,236,291.34</u>	<u>3,436,291.34</u>	<u>1,200,000.00</u>
DEFERRED LIABILITIES			
Advances in Aid of Construction	7,478,438.42	7,478,438.42	
Maintenance Reserves	145,177.05	145,177.05	
Contributions in Aid of Construction (Net)	11,875,342.65	11,875,342.65	
	<u>19,498,958.12</u>	<u>19,498,958.12</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>22,112,628.11</u></u>	<u><u>23,312,628.11</u></u>	<u><u>1,200,000.00</u></u>
PAID IN CAPITAL IN EXCESS OF PAR VALUE			
Paid in Capital in Excess of Par Value	48,010.29	48,010.29	
Retained Earnings & Unrealized Loss in Investments	8,687,676.08	8,687,676.08	
	<u>8,735,686.37</u>	<u>8,735,686.37</u>	<u>-</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>30,848,314.48</u></u>	<u><u>32,048,314.48</u></u>	<u><u>1,200,000.00</u></u>

Exhibit

"4"



CERTIFIED BOARD RESOLUTION

COMMUNITY WATER COMPANY OF GREEN VALLEY

I, as Secretary of Community Water Company of Green Valley, a corporation organized and existing under the laws of the State of Arizona, hereby certify that a meeting of the Board of Directors of said corporation was duly called and held on the 17th day of December, 2013; that at said meeting a quorum was present and voting throughout, and that the following resolution on motion duly made and seconded was unanimously adopted and is now in full force and effect:

This resolution is to refinance an outstanding long-term debt of \$2,236,000.

Preamble:

Whereas, the management of Community Water Company of Green Valley has an Arizona Company Commission (ACC) requirement to refinance its outstanding long-term debt; and

Whereas, the Company's outstanding debt at December 31, 2013 is approximately \$2,236,000; and

Whereas, the Company's outstanding debt is due and payable at the end of November, 2014; and

Whereas, the Company management is exploring options for the refinancing of the outstanding debt on acceptable terms and conditions;

Whereas, the Company management intends to replace some capital facilities in 2014; and

Whereas, the Company management recommends the addition of debt to finance the replacement of some plant facilities; and

Whereas, the Company management recommends this resolution be approved;

Now, therefore, be it resolved by the Company Board of Directors assembled:

That officers of the Company are authorized to file application with either a commercial bank or lender, or the Water Infrastructure Finance Authority of Arizona (WIFA), for a loan(s) at terms favorable to the Company for the purpose of funding construction and long-term financing of various plant projects, and the refinancing of the outstanding \$2,236,000 long term debt; and

Further Resolved, that the officers of the Company are authorized to file an application with the ACC for authority to issue Promissory Note(s) and evidence of indebtedness upon the terms and conditions herein below mentioned, and the filing of any and all amendments and supplements to said application; and

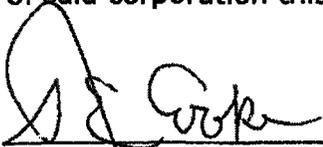
Further Resolved, that the Company shall issue Promissory Note(s) and such evidence of the long-term indebtedness under terms and conditions advantageous to the Company for the purpose of funding certain plant and equipment additions and the refinancing, as herein above described, upon receiving the requisite authority from the ACC, and subject to other legal requirements; and

Further Resolved, that the proper officers of the Company be, and each of them hereby is, authorized to deliver Promissory Note(s) and other evidence of indebtedness upon receipt by the Company of the full purchase price or loan proceeds therefore, all in the manner and in the terms and conditions provided in the foregoing resolutions; and

Further Resolved, that the proper officers of the Company be and each of them hereby is, authorized, in the name and on behalf of the Company, to conduct any and all negotiations, to make any and all arrangements, do and perform any and all acts and things and to execute and deliver any and all officer's certificates and other documents and instruments as they deem necessary or appropriate in order to consummate the issuance and otherwise to effectuate the purposes of each and all of the foregoing resolutions.

The undersigned further certifies that the foregoing resolution has not been rescinded or changed, but is now in full force and effect, and that there is no provision in the Articles of Incorporation or Bylaws of the said Corporation limiting the power of the Board of Directors to pass the foregoing resolution and that the same are in conformity with the provisions of said Articles of Incorporation and Bylaws.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the corporate seal of said corporation this 24th day of January, 2014.



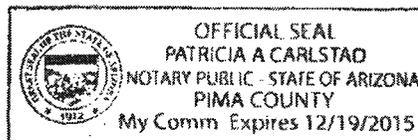
Thomas E. Cooke
Secretary, Board of Directors

Subscribed and sworn before me this 24th day of January, 2014

Notary Public:



My commission expires: 12/19/2015



Exhibit

"5"

PUBLIC NOTICE OF COMMUNITY WATER COMPANY OF GREEN VALLEY
APPLICATION TO (1) REFINANCE UP TO \$2.2 MILLION IN EXISTING
LONG-TERM DEBT; AND (2) TO ISSUE AN ADDITIONAL \$1.2 MILLION IN
LONG-TERM DEBT (A TOTAL OF UP TO \$3.4 MILLION)
DOCKET NO W-02304A-14-XXXX

Community Water Company of Green Valley ("CWCGV") on February 12, 2014 filed an application with the Arizona Corporation Commission to (1) refinance up to \$2.2 million in existing long-term debt; and (2) up to \$1.2 million in additional long-term debt for a new aboveground 2.0 million steel storage tank to replace its aging Reservoir #2. The proposed financing would be with Compass Bank and Compass Mortgage Corporation. Copies of the Application are available at the Commission's offices at 1200 West Washington, Phoenix, Arizona, 85007 for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function. A copy of the application is also available at CWCGV's offices at 1501 South La Canada, Green Valley, Arizona.

Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission and send a copy of the motion to CWCGV or its counsel and to all parties of record. Contact information for CWCGV and the other parties may be found on the Commission's e-Docket website, referencing Docket No. W-02304A-14-XXXX. Your motion to intervene must, at a minimum, contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom service of documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer-member of CWCGV); and
3. A statement certifying that you have mailed a copy of the motion to intervene to CWCGV or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, All parties must comply with Arizona Supreme Court Rules 31 and 38 and A.R.S. § 40-243 with respect to the practice of law. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to a request a hearing. If a hearing is ordered, an intervenor is permitted to present sworn evidence at hearing and cross-examine other witnesses. Failure to intervene, however, will not preclude any interested person or entity from providing public comment on the application.

Written public comments may also be submitted by mailing a letter referencing Docket No. W-02304A-14-XXXX to the Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to <http://www.azcc.gov/Divisions/Utilities/forms/PublicCommentForm1.pdf>. If you require assistance, you may contact the Consumer Services Section at (602) 542-4251, or toll free at 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, E-mail Sbernal@azcc.gov, voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.