

**APPROVED JANUARY 17, 2023**

**BOARD OF DIRECTORS  
CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION  
7408 E Osborn Road, Scottsdale AZ 85251**

**IN-PERSON AND VIRTUAL MEETING  
Thursday, January 6, 2022 8:15 A.M.**

**PRESENT:** Kenneth Harder, President  
Judith Frost, Vice President  
Dennis Robbins, Secretary  
Fredda Bisman, Treasurer  
James Jenkins, Director

**STAFF:** Sonia Andrews, City Treasurer  
Gina Kirklin, Enterprise Finance Director  
Kim Campbell, City Attorney's Office  
Ryan Fielder, Finance Manager

**GUESTS:** Bill Davis, Piper Sandler & Co.  
Zach Sakas, Sherman & Howard L.L.C.

**1. Call to order and roll call**

President Harder called the meeting to order at 8:34 a.m. A formal roll call confirmed Board Members present as noted.

**2. Old Business:**

- a. Request approval of minutes of the January 26, 2021 Annual Board meeting

TREASURER BISMAN MOVED TO APPROVE THE ANNUAL BOARD MEETING MINUTES OF JANUARY 26, 2021 AS PRESENTED. SECRETARY ROBBINS SECONDED THE MOTION, WHICH CARRIED FIVE (5) TO ZERO (0). PRESIDENT HARDER, VICE PRESIDENT FROST, SECRETARY ROBBINS, TREASURER BISMAN AND DIRECTOR JENKINS VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSIDENTING VOTES.

- b. Review refunding opportunities for MPC bonds

Gina Kirklin, Enterprise Finance Director, stated that there were no refunding opportunities at this time. MPC Excise Tax Revenue Refunding Bonds, Series 2021A and Taxable Series 2021B were completed in February of 2021. In response to a question from President Harder, Ms. Kirklin stated that the refundings achieved savings in excess of \$11.5 million over 25 years.

**3. New Business:**

- a. Review the Municipal Property Corporation Audited Financial Statements including debt outstanding

Ms. Kirklin stated that that the fiscal year 2020/21 audit found that the financial statements presented fairly, in all material respects, the financial position of the governmental activities. The auditor's Report on Internal Control Over Financial Reporting, and on Compliance and Other Matters disclosed no instances of noncompliance on other matters that are required to be reported under Governmental Accounting Standards. In fiscal year 2020/21, the MPC issued Excise Tax Revenue Refunding Bonds, Series 2021A for \$7.9 million, and Taxable Series 2021B for \$135 million. In fiscal year 2020/21, the total bonds payable decreased by \$12.5 million, due to several transactions. Fiscal year 2020/21 outstanding bonds payable totaled \$461 million. Of this outstanding amount 42 percent was General Fund, 53 percent was water/sewer and the remaining 4 percent was Airport bonds payable.

In response to a question, Ms. Kirklin stated that Heinfeld, Meech & Co., P.C. has been the auditor since fiscal year 2014/15. The contract term is very typical for city services where the term is one year with four annual extensions available. The city auditor's office, who is the contract administrator, issued an RFP in January 2020 and again selected Heinfeld for a one-year term with four annual extensions available.

b. Review pledged revenues

Ms. Kirklin stated that fiscal year 2020/21 pledged excise tax collections were \$20.8 million, or 9 percent higher than the prior year. The largest increases were seen in privilege tax and state shared sales taxes. These increases are likely attributed to increases in home construction and home-related purchases, such as appliances, and overall increase in at-home spending. The increases are offset by a decrease in State Revenue Sharing (Income taxes) due to a decrease in population as determined by the latest census. Prior year's State Revenue Sharing (Income taxes) were based on estimated increases in population. While Scottsdale did grow in total population, other cities and towns grew more, decreasing Scottsdale's overall allocation of these revenues.

c. Review coverage ratios

Ms. Kirklin stated that the fiscal year 2020/21 debt service coverage ratio was 4.99 times. When enterprise, stormwater and transient occupancy is backed out, the coverage ratio increases to 18.11 times. President Harder noted the increase over 2020, which stood at 4.15 times.

In response to a question from President Harder, Bill Davis, Piper Sandler, agreed that this is a strong coverage ratio. In response to a question from Secretary Robbins, Mr. Davis confirmed that the figure is computed annually.

d. Review the prior quarter capital improvement progress reports related to MPC bonds

Ms. Kirklin stated that there is an outstanding amount from the MPC Excise Tax Revenue Bonds, (Flood Control Improvements Project) Series 2019A of approximately \$2 million. The initial flood control project has been completed and they are working on final invoicing. However, Phase 2 will utilize the \$2 million within the three-year spend limitation.

Secretary Robbins noted that there is a secondary source of funding. Ms. Kirklin concurred, stating that this comes from General Fund funding.

e. Review future MPC financing ideas

Ms. Kirklin stated that the City Manager and City Treasurer are updating and preparing the next five-year financial plan, starting with fiscal year 2022/23. As planning progresses, staff will evaluate the best long-term financing options, however no additional MPC financing requirements have been identified at this time.

- f. Discussion and possible direction to City staff to work with bond counsel, Sherman & Howard, to update the MPC's issuance and post-issuance compliance procedures related to tax-exempt bonds, with such procedures to be reviewed and approved at a future meeting

Ms. Kirklin stated that one of the first priorities of the new City Treasurer was to update the City's adopted financial policies. This effort also included a look at policies and procedures related to tax-exempt debt. The tax-exempt debt policies in place at this time were adopted in 2013 and it is time for an update. The plan is to take all financial policies, including tax-exempt debt policies and procedures to City Council in February of 2022. They will then be presented to the MPC Board for consideration at its next annual meeting.

g. Board member rotation vote

Potential rotation:

Judith Frost, President  
Dennis Robbins, Vice President  
Fredda Bisman, Secretary  
Ken Harder, Treasurer  
James Jenkins, Director

Director Jenkins suggested adjusting the rotation, assigning himself the Director role rather than the proposed Treasurer role as identified in the agenda.

SECRETARY ROBBINS MOVED TO APPROVE THE POTENTIAL BOARD MEMBER ROTATION. DIRECTOR JENKINS SECONDED THE MOTION, WHICH CARRIED FIVE (5) TO ZERO (0). PRESIDENT HARDER, VICE PRESIDENT FROST, SECRETARY ROBBINS, TREASURER BISMAN AND DIRECTOR JENKINS VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

#### **4. Identification of Future Agenda Items**

President Harder identified the policy updates.

#### **5. Public Comment**

There were no public comments.

#### **5. Adjournment**

PRESIDENT FROST MOVED TO ADJOURN THE MEETING. DIRECTOR JENKINS SECONDED THE MOTION, WHICH CARRIED FIVE (5) TO ZERO (0). PRESIDENT FROST,

VICE PRESIDENT ROBBINS, SECRETARY BISMAN, TREASURER HARDER AND DIRECTOR JENKINS VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

Respectfully submitted,  
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Fredda Bisman, Secretary

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Judith Frost, President