

**BOARD OF DIRECTORS  
MUNICIPAL PROPERTY CORPORATION**

9:00 a.m. or Immediately Following the  
Scottsdale Preserve Authority Meeting  
Tuesday, January 17, 2023

**Scottsdale Water Administration Water Colorado Room  
9379 E. San Salvador Drive  
Scottsdale, AZ 85258**

**PRESENT:** Judith Frost, President  
Dennis Robbins, Vice President  
Ken Harder, Treasurer and Acting Secretary

**ABSENT:** Vacant, Secretary  
Vacant, Director

**STAFF:** Gina Kirklin, Finance Director  
Sonia Andrews, City Treasurer  
Kim Campbell, Senior Assistant City Attorney

**GUESTS:** Bill Davis, Piper Sandler & Co. (MS Teams)  
Zach Sakas, Greenberg Traurig, LLP

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

President Frost called the meeting to order at 8:47 a.m. A formal roll call confirmed Board Members present as noted.

Fredda Bisman resigned from the Board prior to the meeting and was not present. Treasurer Harder volunteered to act as secretary for this meeting.

**2. Old Business:**

- a. Request approval of minutes of the January 6, 2022 Annual Board meeting

TREASURER HARDER MOVED TO APPROVE THE JANUARY 6, 2022 MUNICIPAL PROPERTY CORPORATION ANNUAL BOARD MEETING MINUTES AS PRESENTED. VICE-PRESIDENT ROBBINS SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). PRESIDENT FROST, VICE-PRESIDENT ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

- b. Review refunding opportunities for the MPC bonds

Ms. Kirklin said that there are callable MPC bonds, but there are no refunding opportunities that provide sufficient savings at this time.

**3. New Business:**

- a. Recognize Director Jenkins' years of service

There was no discussion under this item. Board Members recognized Director Jim Jenkins for his 14 years of service prior to the meeting.

- b. Review the Municipal Property Corporation Audited Financial Report, Fiscal Year Ended June 30, 2022 including debt outstanding

Ms. Kirklin noted that the FY 2021/22 audit found that the financial statements presented fairly, in all material respects, the financial condition of the governmental activities. Additionally, the auditor's Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters, disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

No new debt was issued in Fiscal Year 2022. The bonds payable decreased by \$32.8 million due to scheduled principal and interest payments. Fiscal year 2021/22 outstanding bonds totaled \$428.2 million. Of this outstanding amount, 42 percent was General Funds, 53 percent was Water and Sewer, and the remaining 5 percent was Aviation bonds.

- c. Review historical collections of pledged revenues for MPC bonds

Ms. Kirklin said that fiscal year 2021/22 pledged revenues were approximately \$284 million and higher than prior year revenues by approximately \$32 million. Local taxes performed better than prior year by \$29 million, with Retail, Rental, Dining/Entertainment, and Hotel/Motel categories with the largest year over year increases. Permits and Fees and State Revenue sharing income also increased significantly.

Ms. Andrews said that the reason for the year-over-year increase is in part recovery after COVID-19, but also driven by the United States Supreme Court Wayfair decision. Because of the Wayfair decision, remote sellers have to collect and remit the sales tax to local political jurisdictions, resulting in a significant increase in miscellaneous retail and wholesale sales tax revenues received by the City. A slight increase can also be attributed to taxes collected under Prop 207 relating to recreational marijuana. Scottsdale's Prop 207 allocations are designated for public safety and education. Ms. Andrews anticipates that the post -pandemic spending spree and upcoming Super Bowl will cause a short-term increase in tax revenues. Thereafter, revenue growth will return to normal and if there is a recession, revenues are expected to likely dip before returning to normal.

- d. Review coverage ratios for MPC bonds

Ms. Kirklin noted that the current debt service coverage ratio is just over 5.8 times, so the level is currently exceeding the requirement of at least three times the current annual debt service payments. Of the bonds issued, many are supported by water, sewer, stormwater, aviation, and other dedicated funding sources. After subtracting debt service paid from other funding sources, the coverage ratio increases to 23.5 times, which is very strong. Mr. Davis said that Scottsdale is at the top end of the range in coverage ratios nationally.

Treasurer Harder opined that citizens should be better informed on how exceptionally strong and well run the City of Scottsdale is.

- e. Review future MPC financing ideas

Ms. Kirklin said that there are no future MPC financing ideas identified at this time.

- f. Update regarding sale of 94<sup>th</sup> Street and Bell Road land, originally purchased with MPC bonds, and use of proceeds.

Ms. Kirklin reviewed the history behind the original purchase of land using MPC bonds. In 2005 the City financed nearly 80 acres located near 94<sup>th</sup> and Bell using MPC bonds, for the purpose of overflow parking during WestWorld and TPC events. Several maturities financing that land acquisition are still outstanding.

In July 2022, nearly half of the land was sold, and because of the outstanding bonds, a portion of the disposition proceeds will be spent on governmental projects in accordance with federal tax law.

The City Treasurer's office and the City Manager identified several governmental projects for use of the proceeds. The proposal was approved by City Council on December 6, 2022; provided, however, a revised proposal adjusting the projects will be presented to Council for action in February.

Treasurer Harder asked for an explanation of why the MPC board was not offered an opportunity to review the projects identified prior to City Council action. Ms. Kirklin explained that significant efforts have been made to identify projects quickly in order to comply with federal tax law.

The Board expressed interest in reviewing the projects and documentation related to the land sale and expenditure of the sale proceeds.

- g. Discuss adopting Resolution No. MPC 2023-01 adopting updated MPC's issuance and post-issuance compliance procedures related to tax-exempt bonds

Ms. Kirklin gave a recap, noting that federal tax law encourages issuers, such as the MPC, to develop written policies related to issuance and post-issuance tax compliance for tax advantage obligations.

The MPC must comply with certain conditions, restrictions and requirements in order to establish and maintain the tax-advantaged status of the obligations in accordance with federal tax law. Failure to comply with these conditions could cause the MPC to be liable to investors, subject to IRS or SEC actions, or lose the tax-advantaged status of its obligations.

Due to changes in tax law, the MPC should adopt updated written compliance procedures. The proposed updated MPC Issuance and Post-Issuance Compliance Procedures Related to Tax-Exempt Bonds were prepared by internal and external counsel. The five key planning and management areas are as follows:

- Investment of bond proceeds until expended
- Use of the proceeds
- Use of the financed facilities
- Arbitrage rebate
- Record retention

TREASURER HARDER MOVED TO ADOPT RESOLUTION NO. MPC 2023-01, UPDATED MPC'S ISSUANCE AND POST-ISSUANCE COMPLIANCE PROCEDURES RELATED TO TAX-EXEMPT BONDS. VICE-PRESIDENT ROBBINS SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). PRESIDENT FROST, VICE-PRESIDENT ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

- h. Discussion, possible interview(s), and possible vote(s) to nominate and/or elect a Director, subject to the approval of the Mayor and City Council of the City of Scottsdale, to fill one Board vacancy

The following applicants introduced themselves, discussed their background, and outlined areas in which they would be an asset to the Board:

- John Arnold
- Fred Socoloff
- David Smith
- Pete Wirski

Following introductions, applicants exited the room and discussion ensued regarding applicants' qualifications.

TREASURER HARDER MOVED TO NOMINATE AND ELECT DAVID SMITH TO THE BOARD. VICE-PRESIDENT ROBBINS SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). PRESIDENT FROST, VICE-PRESIDENT ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

- i. Board Member Rotation vote

Potential rotation:

Dennis Robbins, President  
Fredda Bisman, Vice President  
Ken Harder, Secretary  
Judy Frost, Treasurer  
Vacant/New Member, Director

VICE-PRESIDENT ROBBINS MOVED TO APPROVE THE POTENTIAL BOARD MEMBER ROTATION AS FOLLOWS, NAMELY: DENNIS ROBBINS, PRESIDENT; KEN HARDER, SECRETARY; JUDITH FROST, TREASURER, LEAVING THE POSITIONS OF VICE-PRESIDENT AND DIRECTOR OPEN. TREASURER HARDER SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). PRESIDENT FROST, VICE-PRESIDENT ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

**4. Identification of Future Agenda Items**

Discussion of future meeting to appoint new Board member to fill the vacancy.

**5. Public Comment**

There were no members of the public who wished to speak.

**6. Adjournment**

PRESIDENT ROBBINS MOVED TO ADJOURN THE MEETING. SECRETARY HARDER SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). PRESIDENT ROBBINS, SECRETARY HARDER AND TREASURER FROST VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 9:30 a.m.

Recorded and Transcribed by eScribers, LLC.

Respectfully submitted,

---

Ken Harder, Secretary

---

Dennis Robbins, President