

**BOARD OF DIRECTORS
CITY OF SCOTTSDALE
MUNICIPAL PROPERTY CORPORATION**

8:00 a.m., Tuesday, April 25, 2023

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

PRESENT: Dennis Robbins, President
Ken Harder, Secretary
Judith Frost, Treasurer (MS Teams)
David Smith, Director (MS Teams)

ABSENT: Vacant, Vice President

STAFF: Gina Kirklin, Finance Director
Sonia Andrews, City Treasurer (MS Teams)
Kim Campbell, Senior Assistant City Attorney (MS Teams)
Debora Ramirez, Accountant II (MS Teams)

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

1. Call to order and roll call

President Robbins called the meeting to order at 8:06 a.m. A formal roll call confirmed Board Members present as noted.

2. Old Business:

- a. Request approval of minutes of the January 17, 2023 Annual Board meeting

Ms. Kirklin requested page 2, number 3 c, second paragraph, last sentence be amended to read "Thereafter revenue growth will return to normal and if there is a recession, revenue is expected to dip before returning to normal".

SECRETARY HARDER MOVED TO APPROVE THE JANUARY 17, 2023, MUNICIPAL PROPERTY CORPORATION ANNUAL BOARD MEETING MINUTES AS AMENDED. TREASURER FROST SECONDED THE MOTION, WHICH CARRIED THREE (3) TO ZERO (0). PRESIDENT ROBBINS, SECRETARY HARDER, TREASURER FROST VOTED IN THE AFFIRMATIVE. DIRECTOR SMITH ABSTAINED. THERE WERE NO DISSENTING VOTES.

3. New Business:

- a. Recognize Fredda Bisman's years of service.

Board Members recognized Fredda Bisman for her 16 years of service. President Robbins read a list of infrastructure improvements accomplished in the City of Scottsdale since 2007 while Ms. Bisman was on the board. As Ms. Bisman was not present, Ms. Kirklin stated her gifts from the City will be forwarded to her, including an engraved clock.

- b. Staff update on the Certificate as to the Expenditure of Land Sale Proceeds.

Ms. Kirklin provided an update on the City's actions and process to ensure tax compliance requirements, related to the sale of vacant land near the Tournament Players Club and WestWorld, are met. The MPC President and City Treasurer are asked to sign and acknowledge the tax compliance requirements. The MPC is not required to adopt this certificate.

The history of the issuance of excise tax revenue refunding bonds was reviewed.

- Excise Tax Revenue Bonds (TPC/WestWorld Land Acquisition), Series 2005-D for \$46.5 million was approved by the Board and issued by the City in December 2005. These funds were used for the acquisition of 80 acres of vacant land near WestWorld.
- In November 2006 the Board approved and the City issued Excise Tax Revenue Refunding Bonds, Series 2006 for \$166 million.
- In March 2015 the Board approved and the City issued Excise Tax Revenue Refunding Bonds, Series 2015 for \$93.6 million.
- In 2021 the Board approved and the City issued Excise Tax Revenue Refunding Bonds, Taxable Series 2021B for \$135.2 million.

Ms. Kirklin explained that on July 13, 2022, a portion of the 80 +/- acres of land acquired near WestWorld sold for \$42.7 million. The net proceeds of \$21.5 million has tax implications and restrictions.

At a December 6, 2022 City Council meeting, a resolution was adopted to spend the land sale proceeds on four projects: The McCormick-Stillman Bunkhouse, the Chaparral Pool renovations, the modernization and expansion of the Police and Fire training facility, and the new Fire Department training facility. Due to private business opportunities and concerns, the McCormick-Stillman Bunkhouse was removed from the project list and those allotted funds were added to the Fire Department training facility. This change was adopted by City Council resolution at a February 14, 2023 meeting.

When project selection was considered, the funding, or sources for the Series 2005-D debt service were considered, which was Bed Tax / Tourism Excise Tax collections. City staff calculated that \$19 million of the \$42.7 million land sale proceeds should be spent on tourism-related projects. Those projects included: replacing aging infrastructure and improving public event space on the Civic Center Plaza, the McCormick-Stillman Bunkhouse, the renovate WestWorld horse barns to increase rentable space project, the Stagebrush Theater renovations and the Chaparral Pool renovations.

The MPC President and City Treasurer must sign and acknowledge that tax compliance

requirements will be met; land sale proceeds will be spent on governmental purposes prior to July 13, 2024, the restricted land sale proceeds will be yield restricted, and that no assets will have private business use.

Secretary Harder expressed concern about the process due to the Board not having had timely opportunity to be involved regarding the intended use of the proceeds. He noted that Board members offer input and ask relevant questions that are useful to staff. Ms. Kirklin explained the internal process considered the short construction/expenditure of disposition proceeds window, restrictions on possible uses, and involvement of the Bond Counsel, financial advisor, Finance Department, and the capital project management group.

Mr. Sakas stated this was different from the usual process where the City comes to the MPC Board with its goals and the Board helps the City accomplish the requests. Regarding tax compliance, under the indentures and other agreements, the City has primary compliance, as it is the user of the facilities which the MPC finances. Therefore, ensuring the projects are used as intended or reasonably expected to at the time of bond issuance falls on the City. He acknowledged that they could have provided updates and opportunity for discussion in the interim, but the overall process went as it was supposed to.

Secretary Harder asked what would happen if the projects are not completed by the deadline. Ms. Kirklin stated that staff is monitoring the spending based on the allocated budget, including holding semiannual meetings with the capital project management group. Mr. Sakas clarified that the projects identified do not have to be completed, the only restriction is the money must be expended. Ms. Kirklin noted these funds will be spent first, as they are the most restrictive, prior to using general or grant funds.

Director Smith inquired whether the City had the option to use the proceeds for economic defeasance. Mr. Sakas noted the City was not eligible for defeasance under Treasury regulations for tax compliance, which is why they redeployed the disposition proceeds toward good governmental projects.

Director Smith inquired how the determination was made that a portion of the proceeds had to be used for tourism-related projects. Ms. Kirklin explained a portion of the debt service for the Series 2005-D bonds was tourism funding and they wanted to recognize the tourism-funded infrastructure investment contributions in the same proportion. Based on calculations the City determined that a total of \$19 million must be reimbursed or invested in tourism-related assets. Ms. Andrews explained the tourism-related projects do not have to fall in the restricted portion, therefore, the tourism projects can come out of both the \$21.5 million that is restricted and the remaining \$21.2 million that is unrestricted to allow more flexibility in project selection.

Mr. Sakas clarified that no resolution or further Board authorization is necessary, as the bonds are structured with authority for authorized officials of the Board to sign additional documents when necessary to continue the intent and nature of the bonds.

- c. Discuss, 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.
 - John Arnold
 - Fred Socoloff

- Pete Wirski

President Robbins noted all applicants were present and answered questions at the January 17, 2023 meeting.

Secretary Harder asked the candidates to remind the Board why they are interested and want to serve on the MPC board.

Mr. Wirski stated he was impressed with the discussion and passion within the MPC. He is a 14-year resident of Scottsdale with business and investment experience. He loves the city and wants to give back to the community using his talent, attention, and judgment.

Mr. Arnold stated he is a 25-year resident of Scottsdale who is involved in the community and serves as a member of the Scottsdale Charros and Chamber of Commerce. He has an MBA degree, has been an investment advisor for 25 years, is familiar with debt service, municipal bonds, and their tax status. The combination of community involvement and professional skills would serve the Board well.

Mr. Socoloff stated this is the 50th year he has been involved in bonds and wishes to give back to the community. He is a 16-year resident of Scottsdale and served on the Chamber of Commerce and was part of Gabriel's Angels. With his passion and experience he would be a great contributor to the MPC.

The Board briefly discussed the qualified candidates.

PRESIDENT ROBBINS MOVED TO ELECT JOHN ARNOLD AS NEW DIRECTOR ON THE MPC BOARD. DIRECTOR SMITH SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT ROBBINS, SECRETARY HARDER, TREASURER FROST, AND DIRECTOR SMITH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

d. Board Member Rotation Vote

Potential rotation:

Dennis Robbins, President
Ken Harder, Vice President
Judith Frost, Secretary
David Smith, Treasurer
Vacant/New Member, Director (John Arnold)

PRESIDENT ROBBINS MOVED TO APPROVE THE POTENTIAL BOARD MEMBER ROTATION AS FOLLOWS, NAMELY: DENNIS ROBBINS, PRESIDENT; KEN HARDER, VICE PRESIDENT; JUDITH FROST, SECRETARY, AND DAVID SMITH, TREASURER. SECRETARY HARDER SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT ROBBINS, SECRETARY HARDER, TREASURER FROST AND DIRECTOR SMITH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

4. Identification of Future Agenda Items

Updates on use of the land sale proceeds.

5. Public Comment

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

6. Adjournment

VICE-PRESIDENT HARDER MOVED TO ADJOURN THE MEETING. TREASURER SMITH SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT ROBBINS, VICE-PRESIDENT HARDER, SECRETARY FROST AND TREASURER SMITH VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:51 a.m.

Recorded and Transcribed by eScribers, LLC.

Respectfully submitted,

Judith Frost, Secretary

Dennis Robbins, President