

CITY COUNCIL REPORT



Meeting Date: September 17, 2019
 Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
 Objective: NEW BOND ISSUANCE

ACTION

MPC Excise Tax Bond Issuance for Flood Control Improvement and Scottsdale Stadium Improvement Projects. Adopt Resolution No. 11564 approving and authorizing the execution and delivery of an agreement between the City and the City of Scottsdale Municipal Property Corporation (MPC) providing for financing the following public improvements:

Up to \$10.0 million for drainage and flood control improvements,

Up to \$33.5 million for Scottsdale stadium improvements;

approving the issuance of bonds by the MPC in an amount not to exceed \$43.5 million in one or more series, as tax-exempt and/or taxable bonds, to finance those or other public improvements; approving the form of the agreement, trust indenture and a continuing disclosure certificate with respect to the bonds; and authorizing and ratifying the taking of all other actions necessary to the consummation of the transactions contemplated by Resolution No. 11564.

BACKGROUND

The City of Scottsdale Municipal Property Corporation (MPC) is a nonprofit corporation created by the City in 1967 to finance the construction or acquisition of certain capital improvements. The MPC issues its own bonds, which are repaid through excise taxes or other unrestricted revenues. Arizona law precludes the use of property taxes to repay these bonds.

The purpose of this action is to approve and accept the MPC's proposal to finance the following drainage and flood control improvement and Scottsdale stadium improvement projects, including the cost to issue the bonds, through the MPC's issuance of up to \$43.5 million of excise tax revenue bonds.

Flood Control Improvements Project

The City has the need to issue MPC debt in an amount up to \$10.0 million (\$9.9 million for construction and \$0.1 million for cost of issuance) to fund the following drainage and flood control improvements project, including but not limited to:

- Construct a trapezoidal open drainage channel along the powerline corridor, a stormwater detention basin on a 52-acre site north of the Arizona State Route 101, west of Pima Road and south of the Water Campus, known as the Loop 101 Detention Basin, and an outfall from the Loop 101 Detention Basin to Mayo Boulevard to protect Crossroads East and downstream development from the 100-year flood.

Scottsdale Stadium Improvements Project

The City has the need to issue MPC debt in an amount up to \$33.5 million (\$33.1 million for construction and \$0.4 million for cost of issuance) to fund the following Scottsdale stadium improvements project, including but not limited to:

- Design and construct various upgrades in the stadium. Expansion and renovation of clubhouse/training areas, to include flexible multiuse facilities with meeting rooms, kitchen and serving areas, that will support clubhouse utilization for the spring training season and multiuse event center activity throughout the year. Expansion and shade improvements to the right field Charro Lodge area, upgrades to the main entry plaza adjacent to Drinkwater Boulevard and first base concourse and bleachers and enhanced press box/multi-use rooms, ticketing facilities and city offices. Overall site and building infrastructure, code and safety upgrades to support year-round multi-use event center activities.

MPC Approval

Contingent upon Council's approval to proceed with the MPC bond issuance, at a board meeting held on August 21, 2019 the MPC board approved the bond issuance and the draft bond documents, and also delegated the authority to the City Treasurer to act on its behalf to complete the online competitive sale of the bonds.

Competitive Sale

Contingent upon Council's approval to proceed with the MPC bond issuance, the MPC is tentatively scheduled to receive competitive bids for the bonds the week of September 30th, 2019. The City Treasurer, acting on behalf of the MPC, will be authorized to award the sale of the bonds to the bidder offering the best proposal or to reject all proposals if in the best interests of the City and MPC.

ANALYSIS & ASSESSMENT

Policy Implications

The proposed bond issuance is in compliance with the City's adopted Financial Policies, with the exception of Financial Policy 21A, which was previously waived by City Council for this purpose. On March 19, 2019 City Council approved a one-time waiver of Financial Policy 21A, which limits the use of Tourism Development Funds to fund debt service for capital projects to \$600,000 per commitment for the Stadium.

At the time Financial Policy 21A was waived by Council, the Tourism Development Fund's commitment was \$1.2 million. For FY 2019/20, the Tourism Development Fund's commitment is \$1.5 million. (See 'Available Funding' in the Resource Impacts section below for an explanation of the change in the Tourism Development Fund's commitment amount.)

Community Involvement

On August 21, 2019 the MPC board approved the planned MPC bond issuance and draft bond documents.

Staff will notify the Tourism Development Commission (TDC) about the proposal to only use funding from the Tourism Development Fund for the Stadium's annual debt service payment via memo prior to their Work Study Session on September 17, 2019. Additionally, staff will share the proposal with the TDC at their Work Study Session on September 17, 2019.

RESOURCE IMPACTS

Available Funding

The bonds are included in the FY 2019/20 adopted budget.

Debt service for the drainage and flood control improvements project will pledge excise tax revenues but is anticipated to be paid from dedicated funding sources including stormwater revenue.

Debt service for the Scottsdale stadium improvements project will pledge excise tax revenues but is anticipated to be paid from dedicated funding sources including the Tourism Development Fund. Previously it was thought debt service payments for the Scottsdale stadium improvements would be made from the Tourism Development Fund and capital contributions from the Giants and Charros. However, per the Baseball Facilities Agreement authorized by City Council on June 11, 2019, the capital contributions from the Giants and Charros cannot be used for debt service. Therefore, the full debt service payment annually will be funded by the Tourism Development Fund (\$1.5 million in FY 2019/20).

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 11564 approving and authorizing the execution and delivery of an agreement between the City and the MPC providing for financing the following public improvements: up to \$10.0 million for drainage and flood control improvements project and up to \$33.5 million for Scottsdale stadium improvements project; approving the issuance of bonds by the MPC in an amount not to exceed \$43.5 million in one or more series, as tax-exempt and/or taxable bonds, to finance those public improvement projects; approving the form of the agreement, trust indenture and a continuing disclosure certificate with respect to the bonds; and authorizing and ratifying the taking of all other actions necessary to the consummation of the transactions contemplated by Resolution No. 11564.

Proposed Next Steps

Staff met with the City's three credit rating firms in week of August 23rd, 2019 with pending opinions expected in early September 2019. Staff also met with the MPC board on August 21st, 2019 and received their approval of the bond issuance. After receiving the credit ratings agency's opinions, Staff (as delegated by the MPC board) will proceed with the competitive bond sale in late September or early October subject to the terms outlined in the attached resolution to provide sufficient funds to meet the financial requirements described above, including to reimburse funds already expensed, to construct capital projects and to pay the cost of bond issuance. The lowest responsible bidder will be awarded the purchase, and the City Treasurer Division will consummate the bond sale in October 2019.

RESPONSIBLE DEPARTMENT(S)

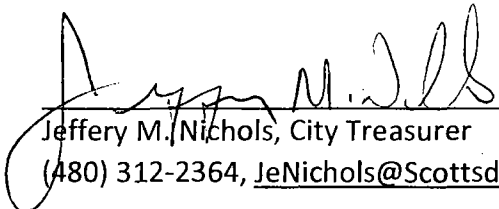
City Treasurer Division

STAFF CONTACT(S)

Gina Kirklin, Enterprise and Finance Director, (480) 312-5006, RKirklin@ScottsdaleAZ.gov

Jeffery M. Nichols, City Treasurer, (480) 312-2364, JeNichols@ScottsdaleAZ.gov

APPROVED BY


Jeffery M. Nichols, City Treasurer
(480) 312-2364, JeNichols@ScottsdaleAZ.gov

9/3/19
Date

ATTACHMENTS

1. Resolution No. 11564
2. Resolution No. MPC 2019-01 (with Exhibit A)
3. Draft Agreement between the MPC and the City (with Exhibits A and B)
4. Draft Continuing Disclosure Certificate
5. Draft Trust Indenture (with Exhibits A, B and C)
6. Draft Preliminary Official Statement

RESOLUTION NO. 11564

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, RELATING TO FINANCE; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BETWEEN THE CITY AND THE CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION PROVIDING FOR THE FINANCING OF CERTAIN PUBLIC IMPROVEMENTS; APPROVING THE ISSUANCE OF BONDS BY THE CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION TO FINANCE THE PUBLIC IMPROVEMENTS; APPROVING THE FORM OF AGREEMENT, TRUST INDENTURE AND CONTINUING DISCLOSURE CERTIFICATE WITH RESPECT TO THE BONDS; AND AUTHORIZING AND RATIFYING ALL OTHER ACTIONS TAKEN AND TO BE TAKEN NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the City of Scottsdale, Arizona (the "City") desires to finance (i) the acquisition and construction of certain capital improvements to the City's drainage and flood control system, (ii) the acquisition and construction of certain capital improvements to, and renovations of, Scottsdale Stadium, and (iii) the acquisition and construction of other improvements with a public purpose (collectively, the "Project"); and

WHEREAS, the City of Scottsdale Municipal Property Corporation, an Arizona nonprofit corporation (the "MPC") was formed to assist the City in financing and refinancing various public improvements without profit to the MPC; and

WHEREAS, at its September 17, 2019, Board of Directors meeting, the MPC, subject to the City's acceptance described herein, authorized the issuance of the MPC's Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) and Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (collectively, the "Bonds"), in an amount not to exceed \$43,468,000, but sufficient to finance the Project, in consideration of the City's agreement to pay to the MPC amounts required to enable the MPC to pay debt service on the bonds when due; and

WHEREAS, a portion of the Project may need to be financed on a taxable basis; and

WHEREAS, it is in the best interests of the City that the MPC finance the Project; and

WHEREAS, in furtherance of the intent and purpose of this Resolution there have been prepared proposed forms of the following documents on file with the City Clerk for this meeting:

(a) An Agreement by and between the City and the MPC (the "Agreement") to be dated as of October 1, 2019, or such later date as mutually agreed upon by the parties thereto, providing for the financing of the Project;

(b) A Trust Indenture by and between the MPC and U.S. Bank National Association, as trustee (the "Trust Indenture"), to be dated as of October 1, 2019, or such later date as mutually agreed upon by the parties thereto, providing for the issuance and payment of the Bonds, with such other designation as may be necessary to distinguish different series of Bonds, in an aggregate principal amount not to exceed \$43,468,000; and

(c) A Continuing Disclosure Certificate to be dated the date of the Bonds by the City (the "Continuing Disclosure Certificate");

(d) A preliminary form of the official statement relating to the Bonds (the "Preliminary Official Statement" and collectively with the Agreement, Trust Indenture and Continuing Disclosure Certificate, the "Bond Documents");

WHEREAS, the sale of the Bonds can be coordinated with the sale of any other MPC bonds that may be authorized.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Arizona, as follows:

1. **MPC's Proposal Accepted.** The MPC has approved a proposal to finance the Project described in this Resolution, and the City approves and accepts the MPC's proposal to finance the Project and, where and if applicable, to transfer to the City all right, title and interest of the MPC in and to the Project pursuant to the Agreement.

2. **Approval and Terms of the Agreement.** The terms and provisions contained in the Agreement, including the financing of the Project by the City in consideration of the payments to be made by the City pursuant thereto, are hereby approved; and the Mayor and the City Clerk of the City are hereby authorized to execute and attest, respectively, the Agreement and deliver the same to the MPC.

3. **Pledge of Excise Taxes.** Pursuant to the Agreement, the City shall pledge its unrestricted excise, transaction, use, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits and State revenue-sharing, now or hereafter validly imposed by the City or contributed to the extent permitted by law, allocated and paid over to the City and not earmarked by the contributor for a contrary or inconsistent purpose (collectively, the "Excise Taxes") to the amounts to come due under the Agreement and the Trust Indenture. The "Excise Taxes" include, without limitation, all fines and forfeitures but do not include the excise tax revenues collected and paid over to the City under the (a) 0.20% transaction privilege (sales) tax approved by the voters of the City on November 7, 1989, the use of which is restricted to funding transportation improvements, (b) 0.20% transaction privilege (sales) and use tax approved by the voters of the City on May 23, 1995, the use of which is restricted to acquiring land for the McDowell Sonoran Preserve, (c) 0.10% transaction privilege (sales) and use tax approved by the voters of the City on May 18, 2004, the use of which is restricted to funding public safety services and capital needs, (d) 0.15% transaction privilege (sales) and use tax approved by the voters of the City on May 18, 2004, the use of which is restricted to acquiring land and interests in land, and constructing improvements thereto, for the McDowell Sonoran Preserve, (e) 5% tax upon transient lodging approved by the voters of the City on March 9, 2010, 50% of which (2.50%) is restricted for destination marketing to promote tourism and 50% of which (2.50%) is divided among tourism-related event support, tourism research, tourism-related capital projects, and other eligible uses as determined by City ordinance and state law, (f) 0.10% transaction privilege (sales) and use tax approved by the voters of the City on November 6, 2018, the use of which is restricted to providing funds for transportation improvement projects, or (g) any other similar tax restricted as to use. A portion of the revenues generated by the City from building permits and development impact fees are restricted and will not be deemed Excise Taxes for purposes of the Agreement or the Trust Indenture. Revenues received by the City from vehicle license taxes charged by the State will not be deemed Excise Taxes for purposes of the Agreement or the Trust Indenture. The City's obligation to make the payments under the Agreement or the Trust Indenture does not constitute an obligation of the City or the State of Arizona, or any of its political subdivisions, for which the City or the State of Arizona, or any of its political subdivisions, is obligated to levy or pledge any form of ad valorem property taxation nor does the obligation to make any payments

under the Agreement or the Trust Indenture constitute an indebtedness of the City or of the State of Arizona or any of its political subdivisions within the meaning of the Constitution of the State of Arizona or otherwise. The pledge of Excise Taxes is on a parity with the existing pledges of Excise Taxes as described in the Trust Indenture (the "Existing Parity Bonds").

4. **Continuation of Excise Taxes; Rate Covenant.** Pursuant to the Agreement, the City will covenant and agree that the Excise Taxes which it presently imposes will be retained and maintained so that the amount of Excise Taxes, all within and for the preceding fiscal year, shall be equal to at least three (3) times the total of principal and interest payable with respect to the Bonds and Existing Parity Bonds and any additional parity obligations issued in accordance with the Trust Indenture, to the extent outstanding in any current fiscal year. The City further covenants and agrees that if such receipts for any such preceding fiscal year are not equal to three (3) times such principal and interest requirements of any current fiscal year, or if at any time it appears that the current receipts will not be sufficient to meet such payment requirements, it will, subject to any limitations imposed by law, use its best efforts to either impose additional Excise Taxes, or to increase the rates of such taxes currently imposed, so that (i) the current fiscal year's receipts will be sufficient to meet all such current requirements and (ii) it can be reasonably calculated that the current fiscal year's receipts will be sufficient to meet the succeeding fiscal year's principal and interest requirements.

5. **Approval of Bonds.** The City Council hereby approves and consents to the issuance and sale by the MPC of the Bonds in a principal amount not to exceed \$43,468,000, bearing interest at rates (whether taxable or tax-exempt) not to exceed seven percent (7.00%) per annum, to fulfill its obligations in accordance with the Agreement. The City Council hereby approves and consents to the issuance and sale by the MPC of the Bonds, in accordance with the terms of this Resolution and the documents approved herein and as the MPC and City Treasurer determine to be in the best interests of the MPC and the City. The City Council hereby approves any necessary action to sell a portion of the Bonds at a taxable rate, if necessary.

6. **Approval of the Bond Documents.** The forms, terms and provisions of the Bond Documents (as they pertain to the City) in substantially the form of such Bond Documents presented at this meeting are hereby approved, with such final provisions, insertions, deletions and changes as shall be approved as described in this Resolution. If the Bonds are sold in one or more than one series, the City is authorized to revise the Bond Documents as necessary to reflect the sale of one or more than one series, including changing the series designation of the Bonds and including changes to reflect a portion of the Bonds to be sold on a taxable basis.

7. **Preliminary Official Statement; Official Statement.** The preparation of a preliminary official statement in a form that is deemed "final", as hereafter described, is hereby authorized and approved, and the distribution of such preliminary official statement is hereby authorized and approved. A form of preliminary official statement has been submitted to and is on file with the City Clerk. The City will assist the MPC in the preparation of the preliminary official statement. Such preliminary official statement shall be in a form that is approved and deemed "final" for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended (the "Rule"), by the Mayor or City Treasurer. The City will assist the MPC in the preparation of a final official statement (the "Official Statement") in substantially the form of the preliminary official statement referred to above to be prepared and distributed with the Bonds upon initial issuance. The Mayor or City Treasurer is each hereby authorized and directed to approve, execute and deliver the Official Statement on behalf of the City and the execution by such officer shall be deemed conclusive evidence of

such approval. The City is authorized to revise the preliminary official statement as necessary to coordinate the sale of the Bonds to finance the Project.

8. **Execution of Documents.** The Mayor, the Vice Mayor, City Clerk and the City Treasurer are each hereby authorized and directed to execute, or attest, as applicable, any and all documents and to take any and all actions that may be necessary or desirable in consummating the transactions contemplated in this Resolution and the Bond Documents (as they pertain to the City). Any document specifically approved in this Resolution shall be in substantially the form presented to the City Council, with such additions, deletions and modifications as shall be approved by those persons approving, executing and delivering the same on behalf of the City.

9. **Resolution Irrepealable.** After any of the Bonds are delivered by the Trustee to the purchaser thereof upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

10. **Ratification of Actions.** All actions of the officers and agents of the City which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Bonds as contemplated by this Resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this Resolution.

11. **Severability.** If any section, paragraph, clause or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution.

12. **Waiver of Inconsistency.** All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, on September 17, 2019.

CITY OF SCOTTSDALE, an Arizona municipal corporation

By _____
W.J. "Jim" Lane, Mayor

ATTEST:

By _____
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

By *William A. Hills III*
Ballard Spahr LLP, Bond Counsel

CERTIFICATION

I, Carolyn Jagger, the duly appointed and acting Clerk of the City of Scottsdale, Arizona, do hereby certify that the above and foregoing Resolution No. 11564 was duly passed by the City Council of the City of Scottsdale, Arizona, at a regular meeting held on September 17, 2019, and the vote was ____ ayes and ____ nays and that the Mayor and ____ City Council Members were present thereat.

DATED: September 17, 2019.

Carolyn Jagger, City Clerk

RESOLUTION NO. MPC 2019-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION AUTHORIZING AND APPROVING THE ISSUANCE AND SALE OF ITS EXCISE TAX REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$43,468,000 FOR THE PURPOSES OF FINANCING CERTAIN PUBLIC IMPROVEMENTS PURSUANT TO AN AGREEMENT; AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF ALL OTHER AGREEMENTS AND INSTRUMENTS REQUIRED FOR THE ISSUANCE AND SALE OF THE BONDS AND FOR THE FINANCING OF PUBLIC IMPROVEMENTS ON BEHALF OF THE CITY.

WHEREAS, the City of Scottsdale Municipal Property Corporation (the "MPC") was created for the express purpose of aiding and assisting the City of Scottsdale, Arizona (the "City"), in financing, or refinancing, municipal facilities and property at no profit to itself or to any other person except the City; and

WHEREAS, City staff has informed the MPC of certain capital improvement projects anticipated to benefit the City, and the MPC expects the City Council to determine that it is to the advantage and benefit of the City and its citizens to (i) acquire and construct certain capital improvements to the City's drainage and flood control system, (ii) acquire and construct certain capital improvements to, and renovations of, Scottsdale Stadium, and (iii) acquire and construct other improvements with a public purpose (collectively, the "Project"); and

WHEREAS, at the City's request, the MPC shall issue its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) and Excise Tax Revenue Bonds, Series 2019B (Stadium Improvements Project) (collectively, the "Bonds"), in an aggregate principal amount not to exceed \$43,468,000 in order to finance the Project and to pay costs of issuance related to the Bonds; and

WHEREAS, the MPC may need to issue a portion of the Bonds on taxable basis to finance a portion of the Project; and

WHEREAS, the MPC is aware of the City's desire to have the MPC finance the acquisition and construction of the Project on behalf of the City, as set forth herein,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION AS FOLLOWS:

1. **Authorization of Bonds.** For the purpose of providing funds for the financing of the Project and to pay costs of issuance of the Bonds, the Board of Directors of the MPC (the "Board") hereby authorizes the MPC to issue and sell its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) and Excise Tax Revenue Bonds, Series 2019B (Stadium Improvements Project), in an original aggregate principal amount not to exceed \$43,468,000 on the terms set forth in the applicable Notice Inviting Proposals for the Purchase of Bonds, (the "Notice Inviting Bids") in substantially the form attached hereto as Exhibit A. The series designation of the Bonds may change if a portion of the Bonds are issued on a taxable basis or if the Bonds are sold in one or more than one series.

2. **Terms.** The Bonds will be dated the date of initial delivery, will be issued as fully registered bonds in book entry form in the denomination of \$5,000 of principal each or any integral multiple of \$5,000 in excess thereof, will bear interest from the date of initial delivery to the maturity of each Bond (or prior redemption) at the rates (whether tax-exempt or taxable) to be established at the date of sale but not to exceed seven percent (7%) per annum, payable semiannually on each January 1 and July 1 during the term of the Bonds, commencing on January 1, 2020 and maturing on July 1 in some or all of the years over a period of not to exceed twenty-five (25 years), commencing on or after July 1, 2020, as set forth in the Notice Inviting Bids.

3. **Public Sale; Notice Inviting Bids.** The Bonds or any series thereof are hereby ordered to be sold by public sale in accordance with the Notice Inviting Bids in substantially the form attached hereto as Exhibit A, which may be revised as necessary to reflect the issuance of the Bonds, including changing the first interest payment date, maturity dates, redemption provisions and series designation of the Bonds. The City Treasurer of the City is hereby authorized for and on behalf of the MPC to complete and disseminate the Notice Inviting Bids so as to be made known to potential bidders for the Bonds. The City Treasurer is authorized to take any action, make any modification of the documents, including the Notice Inviting Bids attached as Exhibit A, enter into any agreements, pay any costs necessary to provide for, or facilitate the issue and sale of the Bonds in such a manner as to issue the Bonds. Electronic bids via PARITY® for the purchase of the Bonds will be received at the Finance & Accounting Department of the City, on the sale date, which will be determined by the City Treasurer of the City, in consultation with Piper Jaffray & Co., as financial advisor to the MPC (the "Financial Advisor"); provided that the sale date may be postponed to a later day if, by 12:00 p.m. M.S.T., on the business day preceding the sale date, the City Treasurer of the City, in consultation with the Financial Advisor, determines that the MPC would obtain a more favorable true interest cost for the Bonds by delaying the receipt of bids until a later date. The City Treasurer's determination will be conclusive for all purposes with respect to the receipt and award of bids. If the receipt of electronic bids is postponed, the City Treasurer on behalf of the MPC shall cause notice of such postponement and of the rescheduled date for the receipt of bids to be given in the same manner as the Notice Inviting Bids.

Electronic bids will be opened immediately after the deadline for submission of bids and the City Treasurer of the City is hereby authorized and empowered for and on behalf of the MPC to award the sale of the Bonds to the bidder whose bid results in the lowest true interest cost to the MPC, taking into account any premium offered to be paid for the Bonds. The City Treasurer may also reduce the principal amount of the Bonds or reject all bids if the City Treasurer determines such action to be in the best interests of the City and MPC. In the event that two or more bidders have bid the same true interest cost, the award will be made by lot. The City Treasurer of the City is also hereby authorized and directed to cause the Bonds to be delivered to the purchaser upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

4. **Approval of Documents.** The proposed forms of (i) the Trust Indenture to be entered into between the MPC and U.S. Bank National Association, as trustee (the "Trust Indenture"), providing for the issuance, sale and payment of and security for the Bonds, (ii) the Agreement to be entered into between the MPC and the City (the "Agreement"), providing for

the sale and transfer to the City of the MPC's interest in the Project, and (iii) the Continuing Disclosure Certificate to be executed and delivered by the City (the "Continuing Disclosure Certificate") to enable the original purchasers of the Bonds to comply with the provisions of the Rule (as defined herein), in substantially the respective forms thereof presented at this meeting and reviewed by the Board, are, in all respects, hereby approved, and each of the President and the Vice President of the MPC is hereby authorized, empowered and directed for and on behalf of the MPC to execute, and the Secretary of the MPC is hereby authorized to attest, and deliver such instruments and agreements to the other parties thereto. The MPC authorizes the officers of the MPC and the City Treasurer on behalf of the MPC to make such changes, amendments and alterations to the Trust Indenture, the Agreement and the Continuing Disclosure Certificate. If necessary, the modification of such documents to include terms regarding a taxable interest rate for a portion of the Bonds is hereby approved.

5. **Execution of Documents.** All documents referred to in paragraph 4 above shall be in substantially the proposed forms now before this meeting, with such additions, deletions and modifications as shall be consistent with this Resolution and approved by those officers executing the same on behalf of the MPC, such execution and delivery to constitute conclusive evidence of their approval and this Board's approval of any departures therein from the respective forms now before this meeting.

6. **Authorized Signatures.** The President and the Vice President of the MPC are each hereby authorized and directed to execute, and the Secretary or any member of the Board of the MPC to attest, by manual, electronic or facsimile signature, the Bonds for and on behalf of the MPC.

7. **Preliminary Official Statement; Official Statement.** The preparation of a preliminary official statement in a form that is deemed "final", as hereafter described, is hereby authorized and approved and the distribution of such preliminary official statement and the Notice Inviting Bids are hereby authorized and approved. The form of preliminary official statement has been submitted to and is on file with the City. Such preliminary official statement shall be in a form that is approved and deemed "final" for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the "Rule"), by the President or any member of the Board. The MPC will cause a final official statement (the "Official Statement") in substantially the form of the preliminary official statement referred to above to be prepared and distributed with the Bonds upon initial issuance. The President or any member of the Board is each hereby authorized and directed to approve, execute and deliver the Official Statement on behalf of the MPC and the execution by such officer shall be deemed conclusive evidence of such approval.

8. **Further Actions.** Without the necessity of any further action by this Board, any officer or officers of the MPC and the City Treasurer are each hereby authorized, empowered and directed to sign and execute on behalf of the MPC any contract, instrument, agreement or other document, and to take any action or actions, as may be necessary or desirable to carry out and consummate the transactions contemplated in this Resolution, the Agreement, Trust Indenture, Continuing Disclosure Certificate and the Official Statement.

9. **Resolution Irrepealable.** After any of the Bonds are delivered by the Trustee to the purchaser thereof upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

10. **Ratification of Actions.** All actions of the officers and agents of the MPC and the City which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Bonds as contemplated by this Resolution whether heretofore or hereafter taken are each hereby ratified, confirmed and approved. The proper officers and agents of the MPC and the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the MPC as may be necessary to carry out the terms and intent of this Resolution.

11. **Severability.** If any section, paragraph, clause or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution.

12. **Waiver of Inconsistency.** All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof.

PASSED, ADOPTED AND APPROVED by the Board of the City of Scottsdale Municipal Property Corporation on August 21, 2019.

CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION, an Arizona
nonprofit corporation

By: _____
Fredda Bisman, President

ATTEST:

Kenneth Harder, Secretary

CERTIFICATION

I, Kenneth Harder, the duly appointed and acting Secretary of the City of Scottsdale Municipal Property Corporation, do hereby certify that the above and foregoing Resolution No. MPC 2019-01 was duly passed by the Board of Directors of the City of Scottsdale Municipal Property Corporation at a regular meeting held on August 21, 2019, and the vote was ____ ayes and ____ nays and that the President and ____ Directors were present thereat.

DATED: August 21, 2019.

Secretary

EXHIBIT A

**NOTICE INVITING PROPOSALS
FOR THE PURCHASE OF EXCISE TAX REVENUE BONDS,
SERIES 2019A AND 2019B**

\$10,368,000*
CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
SERIES 2019A (FLOOD CONTROL IMPROVEMENTS PROJECT)
AND
\$33,100,000*
CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
SERIES 2019B (STADIUM IMPROVEMENTS PROJECT)]

NOTICE IS HEREBY GIVEN that the City of Scottsdale Municipal Property Corporation (the “MPC”) will receive unconditional proposals via PARITY® up to and including the hour of 9:00* A.M., Mountain Standard Time (“M.S.T.”) on [_____], 2019*, unless the MPC acting through an authorized representative postpones receipt of proposals to a later date. A determination to postpone the sale date will be made and announced by 12:00 P.M., M.S.T. on the business day preceding the scheduled sale date. The MPC, or the authorized representative, will give notice of the postponement by PARITY® at www.iDeal.com. Proposals must be submitted only through the facilities of PARITY®, and must be for the purchase of all, but not less than all, of \$10,368,000* in aggregate principal amount of the MPC’s Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) and \$33,100,000* Excise Tax Revenue Bonds, Series 2019B (Stadium Improvements Project) (collectively, the “*Series 2019 MPC Bonds*”). If an acceptable proposal is received, the MPC acting through an authorized representative will award the contract for the purchase of the Series 2019 MPC Bonds.

The City Treasurer of the City of Scottsdale, Arizona (the “City”), acting on behalf of the MPC, will decide on the sale date whether to confirm the award of the Series 2019 MPC Bonds to the bidder offering the best proposal or to reject all proposals.

ADJUSTMENT OF BONDS AFTER OPENING OF BIDS: The aggregate principal amount of the Series 2019 MPC Bonds are preliminary and subject to change by an amount not to exceed [\$3,000,000*]. The MPC reserves the right to reduce the principal amount of Bonds for which proposals are being solicited. The bid price paid by the winning bidder will be adjusted to reflect any change in the aggregate principal amount of the Series 2019 MPC Bonds. Such adjusted bid will reflect changes in the dollar amount of the underwriting discount and original issue discount/premium, but will not change the underwriting discount percentage based on the bid price in the winning bid and the initial reoffering prices. The interest rates specified by the winning bidder for each maturity at the initial reoffering price will not change. The winning bidder may not withdraw its bid as a result of any changes made within these limits. A representative of the MPC will notify the winning bidder of the final principal maturity amounts and the resulting adjusted purchase price no later than 12:00 P.M., M.S.T. on the date of award of the Series 2019 MPC Bonds.

The Series 2019 MPC Bonds will be dated the date of initial delivery (expected to be October 1, 2019*), will bear interest from the date of the Series 2019 MPC Bonds to the maturity or earlier redemption thereof at a rate or rates not to exceed seven percent (7%) per annum, payable on January 1, 2020, and

* Preliminary, subject to change.

semiannually thereafter on January 1 and July 1 of each year during the term of each of the Series 2019 MPC Bonds. The Series 2019 MPC Bonds will mature on July 1 in the years and in the amounts as follows:*

[INSERT TABLE]

Bidders may specify that the principal amount of Bonds scheduled to mature on and after July 1, 20__ be combined into term bonds maturing on or after July 1, 20__ and be subject to mandatory redemption in accordance with the schedule above. Serial maturities converted to a term bond, as specified, must bear the same rate of interest.

TIME FOR RECEIPT OF PROPOSALS: Proposals for the Series 2019 MPC Bonds will be received up to and including the hour of 9:00 A.M*, M.S.T. on [____], 2019*, unless the sale is postponed. The time maintained by PARITY® shall constitute the official time.

ELECTRONIC BIDDING PROCEDURES: All proposals must be submitted through the facilities of PARITY® as set forth above. All proposals must be on the Official Bid Form, which resides on the PARITY® system, without alteration or interlineation. Subscription to the Thomson Financial Municipal Group's BIDCOMP Competitive Bidding System is required in order to submit a proposal. The MPC will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The MPC is using PARITY® as a communications media, and not as the MPC's agent, to conduct electronic bidding for the Series 2019 MPC Bonds.

All proposals made through the facilities of PARITY® will be deemed irrevocable offers to purchase the Series 2019 MPC Bonds on and subject to the terms set forth in this Notice and shall be binding upon the entity making the proposal as if made by a signed, sealed proposal delivered as stated above. The MPC and Piper Jaffray & Co., the financial advisor to the City (the "Financial Advisor") will not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY®, the use of such facilities being at the sale risk of the prospective bidder.

If any provisions of this Notice Inviting Proposals for the Purchase of Excise Tax Revenue Bonds, Series 2019 conflict with information provided by PARITY®, as the provider of electronic bidding services, this Notice Inviting Proposals for the Purchase of Excise Tax Revenue Bonds, Series 2019 controls. Further information about PARITY®, including any fee charged, may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone number (212) 849-5021.

Bidders are requested to state in their proposals the true interest cost to the MPC, as described under "AWARD AND DELIVERY" herein. All proposals shall be deemed to incorporate the provisions of this Notice Inviting Proposals for the Purchase of Bonds.

AWARD AND DELIVERY: Unless all proposals are rejected, the Series 2019 MPC Bonds will be awarded to the bidder whose proposal results in the lowest true interest cost to the MPC. The true interest cost will be computed by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Series 2019 MPC Bonds and the price bid, including any premium or discount. In the event that two or more bidders bid the same true interest cost, the award will be made by lot. Delivery of the Series 2019 MPC Bonds will be made to the purchaser upon payment in immediately available funds at the offices of Ballard Spahr LLP, Phoenix, Arizona, Bond Counsel to the MPC ("*Bond Counsel*"), or, at the purchaser's request and expense, at any other place mutually agreeable to the MPC and the purchaser.

* Preliminary, subject to change.

INTEREST RATES: Proposals for the purchase of the Series 2019 MPC Bonds must state the rate or rates of interest to be paid and no proposal at a price less than the par value of the Series 2019 MPC Bonds, together with all accrued interest thereon at the date of delivery of the Series 2019 MPC Bonds, will be considered. All Bonds of the same maturity must bear the same rate of interest. The highest rate proposal shall not exceed the lowest rate by more than 2% per annum. Proposals must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Any interest rate proposal which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Bond.

OPTIONAL REDEMPTION: The Series 2019 MPC Bonds maturing on or before July 1, 2029* are not subject to redemption prior to maturity. The Series 2019 MPC Bonds maturing on or after July 1, 2030* are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, 2029*, in whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

INFORMATION TO BE PROVIDED BY WINNING BIDDER: The winning bidder will be required to furnish to the MPC, at or before the closing, a certificate in a form acceptable to Ballard Spahr LLP ("*Bond Counsel*"), Phoenix, Arizona, stating that it did offer all of the Series 2019 MPC Bonds to the public in a bona fide public offering and it reasonably expected that a substantial amount of the Series 2019 MPC Bonds of that maturity (i.e. at least ten percent (10%) of each maturity of the Series 2019 MPC Bonds) would be sold by it, as of the sale date, at the initial offering prices set forth in the certificate, together with such additional representations as Bond Counsel may require to verify that it is reasonable to rely on the winning bidder's certification about the reasonably expected initial public offering price, including that the issue price of the Series 2019 MPC Bonds set forth in the certificate did not exceed their fair market value as of the sale date. The "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters and wholesalers. The initial offering prices to be certified shall be furnished to the MPC within 24 hours after the award of the Series 2019 MPC Bonds.

FORM OF BID; GOOD FAITH DEPOSIT: The prescribed form of bid for the Series 2019 MPC Bonds will be available on the PARITY system and all bids must be submitted on that form. Within twenty-four hours of the bid award, the winning bidder shall provide a good faith deposit to the City in the amount of [\$3,000,000*] (the "*Deposit*"), in the form of any of the following: (i) a certified or cashier's check payable to the City, or of (ii) a wire transfer to the City, delivered to the City within 24 hours of notification of award. Neither the City nor the Financial Advisor has any liability for delays in the transmission of the Deposit.

The Deposit made by **certified or cashier's check** should be made payable to the City and delivered to City of Scottsdale, Arizona, Attn: City Treasurer, 7447 E. Indian School Road, Scottsdale, Arizona 85251.

The Deposit sent via **wire** transfer should be sent to the City according to instructions provided at the time of award.

* Preliminary, subject to change.

Contemporaneously with such wire transfer, the bidder shall send an e-mail to the City (e-mail addresses: [jenichols@scottsdaleaz.gov] and [rkirklin@scottsdaleaz.gov]), and to the Financial Advisor (e-mail addresses: william.c.davis@pjc.com and emily.m.berry@pjc.com), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) federal reference number, if available.

The Deposit received from the winning bidder, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue the winning bidder. In the event the winning bidder fails to comply with the accepted bid, said amount will be retained by the City.

PURPOSE: The Series 2019 MPC Bonds are being issued to provide funds for the purposes of financing the (i) acquisition and construction of certain capital improvements to the City's drainage and flood control system, (ii) acquisition and construction of certain capital improvements to, and renovations to, Scottsdale Stadium, (iii) acquisition and construction of other capital improvements with a public purpose and (iv) paying costs relating to the issuance of the Series 2019 MPC Bonds (collectively, the "*Project*"). All right, title and interest of the MPC in and to the Project will be transferred by the MPC to the City pursuant to an agreement between the MPC and the City (the "*Agreement*") providing for the City's payment to the MPC of amounts necessary to enable the MPC to make timely payment of debt service on the Series 2019 MPC Bonds. The City's obligations pursuant to the Agreement will be secured by a pledge of and a lien on the City's Excise Taxes (as defined in the Agreement).

BOOK-ENTRY-ONLY SYSTEM: The Series 2019 MPC Bonds will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as the securities depository of the Series 2019 MPC Bonds for a book-entry-only system (the "*Book-Entry-Only System*"). Under the Book-Entry-Only System, beneficial ownership interests in the Series 2019 MPC Bonds will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Series 2019 MPC Bonds may be purchased in denominations of \$5,000 of principal amount or integral multiples thereof.

Transfers of beneficial ownership interest in the Series 2019 MPC Bonds will be accomplished by book entries made by DTC and the DTC Participants or Indirect DTC Participants who act on behalf of the Beneficial Owners. For every transfer and exchange of a beneficial interest in the Series 2019 MPC Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Series 2019 MPC Bonds at any time by giving notice to the Trustee and the MPC and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Series 2019 MPC Bonds will be executed and delivered. In addition, the MPC may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Series 2019 MPC Bonds will be registered in the names of the Beneficial Owners and executed and delivered. Upon registration of Bonds in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Series 2019 MPC Bonds (the "Owners of the Series 2019 MPC Bonds") for all purposes, including the receipt of principal and interest payments and notices with respect to the Series 2019 MPC Bonds.

For a more detailed description of the Book-Entry-Only System, see the information in the Official Statement relating to the Series 2019 MPC Bonds entitled "Book-Entry-Only System".

Resolution No. MPC 2019-01

NOTICE OF REDEMPTION: Please see the Notice of Redemption section in the Preliminary Official Statement.

REGISTRATION AND TRANSFER: U.S. Bank National Association will serve as bond registrar and paying agent with respect to the Series 2019 MPC Bonds (the “Trustee”). If the Book-Entry-Only System is discontinued, the Trustee will administer registration and transfer of the Series 2019 MPC Bonds and the Series 2019 MPC Bonds will be transferable only upon the bond register to be maintained by the successor Trustee upon surrender to the Trustee. The Trustee may be changed without notice to any owner or beneficial owner of the Series 2019 MPC Bonds.

PAYMENT OF BONDS: So long as the Series 2019 MPC Bonds are held under the Book-Entry-Only System, all payments of principal, interest and premium, if any, shall be paid to DTC. If the Book-Entry-Only System is discontinued, interest on the Series 2019 MPC Bonds shall be payable by check (unless the Owner of the Series 2019 MPC Bonds is eligible for payment by wire transfer) mailed on or prior to the interest payment date to the Owners of the Series 2019 MPC Bonds at the addresses of such owners as they appear on the books of the Trustee on the record date (as described hereafter). Principal of, and premium, if any, on the Series 2019 MPC Bonds shall be paid when due upon surrender of such Bonds at the designated corporate trust office of the Trustee (unless the Owner of the Series 2019 MPC Bonds is eligible for payment by wire transfer). If the Book-Entry-Only System is discontinued, upon prior written request made at least twenty (20) days prior to an interest payment date, by an Owner of at least \$1,000,000 in principal amount of Bonds outstanding or any Bonds held by a securities repository all payments of interest and premium, if any, and if adequate provision for surrender is made principal and premium, if any, shall be paid by wire transfer.

Notwithstanding any other provision of the Resolution, payment of principal and interest on any Bond that is held by a securities depository may be paid by the registrar by wire transfer in “same day funds.”

RECORD DATE: So long as the Series 2019 MPC Bonds are held under the Book-Entry-Only-System, payments of principal and interest shall be paid to DTC. If the Book-Entry-Only-System is discontinued, the record date for determination of ownership for payment of interest shall be the fifteenth calendar day prior to an interest payment date, unless such date is a Saturday, Sunday or legal holiday of the Trustee, in which event the record date shall be the previous business day. The Trustee shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Bond between the record date and the next interest payment date.

SECURITY: Principal of and interest on the Series 2019 MPC Bonds are payable from the revenues received by the MPC from the City pursuant to the Agreement. The City’s obligations pursuant to the Agreement are secured by a pledge of and a lien on the City’s Excise Taxes.

RIGHT OF REJECTION: The MPC reserves the right, in its discretion, to reject any and all proposals received and to waive any irregularity or informality in the proposals, except that the time for receiving proposals is of the essence.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be placed on the Series 2019 MPC Bonds, but neither failure to print such numbers on any Bond nor any error with respect there shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2019 MPC Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be a part of any Bond or of the contract evidenced thereby. All expenses of printing CUSIP numbers on the Series 2019 MPC Bonds will be paid by the MPC, but the CUSIP Service Bureau charge for the assignment of CUSIP numbers will be paid by the purchaser of the Series 2019 MPC Bonds.

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COST OF BOND FORMS: The MPC shall bear the cost of printing of the Series 2019 MPC Bonds and will furnish fully executed Bonds registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

CANCELLATION: Purchasers are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Series 2019 MPC Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Series 2019 MPC Bonds on behalf of the MPC becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Series 2019 MPC Bonds, the MPC may cancel the contract without penalty or further obligation by the MPC. In addition to such cancellation, the MPC may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Series 2019 MPC Bonds on behalf of the MPC.

LEGAL OPINION: The Series 2019 MPC Bonds are sold with the understanding that the MPC will furnish the winning bidder with the approving opinion of Bond Counsel. An undated copy of such opinion can be found in the Preliminary Official Statement. Said attorneys have been retained by the MPC as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Series 2019 MPC Bonds under Arizona law and on the exemption of the interest income on certain of the Series 2019 MPC Bonds from federal and State of Arizona income taxes (the "Tax-Exempt Series 2019 MPC Bonds") (see "Tax-Exempt Status" below). Fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Series 2019 MPC Bonds, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Series 2019 MPC Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the Series 2019 MPC Bonds, the bidder agrees to the representation of the MPC by Bond Counsel.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the MPC interest income on the Tax-Exempt Series 2019 MPC Bonds is excluded from gross income for purposes of calculating federal income taxes and is exempt from Arizona income taxes.

Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Tax-Exempt Series 2019 MPC Bonds to the purchaser, the purchaser will not be obligated to pick up and pay for the Tax-Exempt Series 2019 MPC Bonds, and the winning bidder's Deposit will be returned.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The Series 2019 MPC Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL, DELIVERY OF FINAL OFFICIAL STATEMENT: The MPC deems the Preliminary Official Statement provided in connection with the sale of the Series 2019 MPC Bonds to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's proposal, ratings, other terms depending on such matters and the identity of the winning bidder.

Within twenty-four hours (24) after the award of the Series 2019 MPC Bonds, the purchaser must provide the MPC with all necessary offering price information, selling compensation information, all

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other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Series 2019 MPC Bonds, the MPC will provide the winning bidder with an electronic version of the final Official Statement. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the MPC deems necessary.

The MPC will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final Official Statement, including any supplement, relating to the MPC and the Series 2019 MPC Bonds is true and correct in all material respects and that such final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: In connection with the issuance of the Series 2019 MPC Bonds, the City will deliver a continuing disclosure agreement for purposes of the Rule as hereinafter described and as described in the Official Statement. For purposes of the Rule, the City is the only “obligated person” with respect to the Series 2019 MPC Bonds and will agree, as described in the Official Statement, to provide or cause to be provided (i) certain annual financial information and operating data (the “*Annual Information*”) for the preceding fiscal year, (ii) the City’s audited financial statements, (iii) timely notice, not in excess of ten (10) business days after the occurrence of certain enumerated events with respect to the Series 2019 MPC Bonds, and (iv) timely notice of any failure by the City to provide its Annual Information within the time specified in that agreement. See the more complete description of the agreement in the Official Statement.

The City is current with its Continuing Disclosure Undertaking requirements.

NO LITIGATION AND NON-ARBITRAGE: The MPC and the City will deliver a certificate to the effect, except as otherwise described in the POS or the final POS, that no litigation is pending affecting the issuance and sale of the Series 2019 MPC Bonds. The MPC and the City will also deliver an arbitrage certificate covering its reasonable expectations concerning the Series 2019 MPC Bonds.

ADDITIONAL INFORMATION: Copies of this Notice and the Preliminary Official Statement relating to the Series 2019 MPC Bonds will be furnished to any bidder upon request made to the City Clerk at 3939 North Drinkwater Boulevard, Scottsdale, Arizona 85251, telephone number (480) 312-2412 or Piper Jaffray & Co., 2525 E. Camelback Rd., Suite 925, Phoenix, Arizona 85016, telephone number (602) 808-5428, Financial Advisor to the City.

CITY OF SCOTTSDALE MUNICIPAL PROPERTY
CORPORATION, an Arizona nonprofit corporation

By: _____
Jeffery M. Nichols, City Treasurer,
on behalf of the MPC

Resolution No. MPC 2019-01

AGREEMENT

between

CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION

and

CITY OF SCOTTSDALE, ARIZONA

Dated as of October 1, 2019

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AGREEMENT

THIS AGREEMENT, made and entered into as of October 1, 2019, by and between the **CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION**, an Arizona nonprofit corporation (the "MPC") and the **CITY OF SCOTTSDALE, ARIZONA**, an Arizona municipal corporation and political subdivision (the "City"),

WITNESSETH:

WHEREAS, the City desires to (i) acquire and construct certain capital improvements to the City's drainage and flood control system (the "Flood Control Project"), (ii) acquire and construct certain capital improvements to, and renovation of, Scottsdale Stadium (the "Stadium Project"), and (iii) acquire and construct other capital improvements with a public purpose (collectively with the Flood Control Project and the Stadium Project, the "Project"); and

WHEREAS, the MPC was formed for the express purpose of aiding and assisting the City in financing or refinancing municipal facilities and property at no profit to itself or to any other person except the City, and the MPC is willing to assist the City in accomplishing the objectives stated below in the manner hereinafter set forth; and

WHEREAS, the MPC has agreed to issue and sell (i) \$[] in aggregate principal amount of its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) (the "Series 2019A MPC Bonds"), and (ii) \$[] in aggregate principal amount of its Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (the "Taxable Series 2019B MPC Bonds", and, collectively with the Series 2019A MPC Bonds, the "Bonds"), pursuant to a Trust Indenture, dated as of October 1, 2019 (the "Indenture"), by and among the MPC, U.S. Bank National Association, as trustee (the "Trustee"), and the City (as to certain provisions), to finance the Project and the costs of issuance of the Bonds; and

WHEREAS, the City has agreed to acquire the Project from the MPC pursuant to the terms of this Agreement; and

WHEREAS, in consideration of the MPC's acquisition and construction of the Project and the transfer by the MPC of any interest it may have in the Project to the City pursuant to this Agreement, the City has agreed to pay to the MPC from time to time such amounts at such times as may be required to pay debt service on the Bonds, and has agreed to pledge its Excise Taxes (as hereinafter defined) as security and the sole source of payment of such obligation,

WHEREAS, all terms not otherwise defined herein shall have the meanings set forth in the Indenture,

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements hereinafter contained, it is hereby agreed as follows:

ARTICLE I
ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 1.1 Construction of the Project. The MPC hereby agrees to provide the City sufficient moneys to acquire and construct the Project, as more fully described on Exhibit A attached hereto.

Section 1.2 Means of Financing. As a means of financing the Project and costs of issuance related to the Bonds, the MPC will issue and sell the Bonds, to be issued pursuant to the Indenture, and will apply the proceeds thereof to acquire and construct the Project.

Section 1.3 Transfer to the City. The parties acknowledge and agree that, with respect to the Project, subject to the terms and conditions hereof, the MPC will sell, assign, transfer and convey all of its right, title and interest in and to the Project to the City.

Section 1.4 Term. This Agreement will terminate concurrently with the City's payment or prepayment of all amounts due pursuant to Sections 2.2, 2.4 and 2.5 hereof; provided, however, that such termination shall not relieve any party of any obligation or duty arising, or liability for any amount due and payable, pursuant to the terms hereof prior to such termination. Any and all of the MPC's right, title and interest in and to the Project will transfer to the City upon the termination of this Agreement in accordance with this Section 1.4.

Section 1.5 Title to and Encumbrance of Interests. For the purposes hereof, the Project shall be deemed to be affixed to real property. During the term of this Agreement, the MPC shall not cause or permit any lien, claim, charge or encumbrance of any nature or description whatsoever to attach to or encumber its interest in the Project or any part thereof, without the City's prior written consent in its sole discretion; provided, however, that the City acknowledges and consents to the MPC's pledge and assignment to the Trustee of its right, title and interest in and to the City's payments pursuant to this Agreement as security for the Bonds issued pursuant to the Indenture, provided that such pledge and assignment shall in no event be construed or deemed to convey to the Trustee any fee title, leasehold or beneficial interest or other rights in the Project.

Section 1.6 Surrender. Upon the expiration or termination of this Agreement, the MPC shall, if required by the City, immediately transfer any interest it may have in the title and surrender peaceable possession of any and all of the MPC's interest in the Project to the City free and clear of all liens and encumbrances except (i) conditions, reservations, exceptions, rights-of-way and easements of record on the date hereof or (ii) liens or encumbrances attaching to the Project as a result of action or inaction on the part of the City.

Section 1.7 Environmental Matters. To the extent permitted by law, the City hereby agrees to indemnify and hold the MPC and the Trustee, their respective successors and assigns, harmless for, from and against any and all liabilities, obligations, losses, damages, fines, penalties, claims, actions, suits, costs and expenses, including reasonable attorneys' fees and expenses, imposed on, incurred by or levied against the MPC or the Trustee, or the successors and assigns of the MPC or the Trustee, as the case may be, in any way relating to or arising from the City's, or its predecessors' in interest, use, generation, transportation, maintenance, discharge, release, removal, storage or disposal of any Regulated Substances (as defined herein) in, on, under or from

the Project, including without limitation, those arising from any violations of applicable federal, state or local environmental laws, rules, regulations or ordinances, or from damages to any property or death or injury to any person.

For the purposes hereof, the term “Regulated Substances” refers to any pollutants, contaminants, residues, wastes or other substances subject to or defined as regulated or hazardous substances in applicable federal, state or local environmental laws, rules, regulations or ordinances.

This Section 1.7 shall survive the resignation or removal of the Trustee pursuant to the Indenture, and the discharge or termination of this Agreement and/or the Indenture.

ARTICLE II

ACQUISITION BY THE CITY; INSTALLMENT PAYMENTS

Section 2.1 Acquisition of the Project. To the extent the MPC has any interest in the Project, the MPC hereby transfers the right to use the Project to the City during the term of this Agreement.

Section 2.2 Installment Payments. The aggregate amount of installment payments owed pursuant to this Agreement shall be payable by the City to the MPC in installments of such amounts at such times as necessary to permit the MPC to make timely payment of the debt service on the Bonds, and the periodic fees and expenses of the Trustee, Bond Registrar and Paying Agent. The installment payment schedules are attached hereto as Exhibit B and incorporated herein by reference. It is understood and agreed by the parties hereto that the City’s installment payments in accordance with this Section 2.2 shall be paid directly to the Trustee, for and on behalf of the MPC, at least one business day in advance of the date on which the related payment is to be made to the owners of Bonds. It is further declared to be the intention of the parties that the City’s obligation to make installment payments shall be coextensive with the MPC’s obligation to pay debt service on the Bonds and the Trustee, Bond Registrar and Paying Agent obligations pursuant to the Indenture, and that, when the Bonds, the Trustee’s, Bond Registrar’s and Paying Agent’s fees and expenses, and all other amounts due pursuant to Sections 2.4 and 2.5 hereof have been fully paid or provided for, the City shall have no further obligation to make installment payments pursuant to this Agreement.

Section 2.3 Assignment of Installment Payments. All installment payments and all other payments to be made by the City pursuant to this Agreement, except as otherwise provided herein, shall be paid to the Trustee, or to such other agent as the MPC may from time to time designate. The MPC shall cause the Trustee to apply the payments made by the City in the manner and for the purposes expressed in the Indenture.

Section 2.4 Additional Installment Payments. If the installment payments set forth in Section 2.2 are insufficient to meet the MPC’s requirements pursuant to the Indenture, then, upon notice from either the MPC or the Trustee, the City shall pay pursuant hereto such other amounts as may be required from time to time to cure any such deficiency.

Section 2.5 Other Costs and Expenses. The City shall pay (i) all fees, expenses (including closing fees and expenses) and indemnities of the Trustee, Bond Registrar and Paying Agent pursuant to the Indenture to the extent, if any, that such fees, expenses and indemnities are

not met by the scheduled installment payments, (ii) the reasonable expenses of the MPC approved by the City and not otherwise required to be paid by the City pursuant to the terms hereof, (iii) losses on investments made by the Trustee at the direction of the City pursuant to the terms of the Indenture, but only to the extent necessary to meet the Bond requirements and to pay the Trustee's, Bond Registrar's and Paying Agent's fees and expenses in accordance with the Indenture, (iv) fees for maintaining the MPC's corporate existence, and (v) all other expenses of the MPC incurred at the written request of the City or the Trustee in accordance with the provisions of this Agreement. The City shall pay the amounts specified in (i) directly to the Trustee, Bond Registrar or Paying Agent as they become due and within twenty (20) days after the receipt by the City of invoice therefor, in (ii) either to the MPC or its creditors, upon evidence that the expenses or fees have been incurred by it, and within twenty (20) days after receipt by the City of an invoice therefor, in (iii) to the Trustee, and in (iv) and (v) to the MPC, upon evidence that such expenses have been incurred.

Section 2.6 Excess Money in Bond Fund. Unless otherwise requested by the City pursuant to Section 15.3 hereof, any money in the Bond Fund created pursuant to the Indenture, which on July 1 of each year exceeds the amount necessary for the current debt service on the Bonds then outstanding (including administrative costs and expenses) shall, no less frequently than annually, so long as the City is not in default hereunder, constitute a credit to the City on the next succeeding installment payment or payments due or coming due pursuant hereto.

Section 2.7 Sources for Installment Payments. The City shall remit to the Trustee from Excise Taxes all amounts due under this Agreement in the amounts and at the times and for the purposes as required herein. The City's obligation to make payments of any amounts due under this Agreement, including amounts due after default or termination hereof, is limited to payment from Excise Taxes and shall in no circumstances constitute a general obligation of, or a pledge of the full faith and credit of, the City, the State of Arizona, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes.

ARTICLE III TAXES, UTILITIES AND OTHER CHARGES

Section 3.1 Net Return to the MPC. The City agrees that the aggregate amount payable by the City for the acquisition of the Project shall be an absolute net return to the MPC, free from any expenses and charges with respect to the Project or the income therefrom, except that any expenses described in clause (ii) of Section 2.5 hereof must first be approved by the City.

Section 3.2 Payment of Governmental Charges by the City. The City shall pay or cause to be paid, punctually, when due and payable, all real property and personal property taxes, income taxes, gross receipt taxes, business and occupation taxes, occupational license taxes, water charges, sewer charges, assessments (including but not limited to, assessments for public improvements or benefits), and all governmental taxes and charges of every kind and nature which at any time prior to the termination of this Agreement shall be or become due and payable by the MPC or the City, and which shall be levied, assessed or imposed:

(a) Upon or with respect to the MPC, or which shall be or become liens upon the Project, or any interest of the MPC or the City therein or pursuant to this Agreement; or

(b) Upon this transaction or any document to which the City is a party creating or transferring an interest or an estate in or to the Project.

The City shall furnish to the MPC promptly, upon request, proof of the payment of any such tax, assessment or other governmental charge which is payable by the City pursuant to this Section 3.2. It shall not be a breach of this Section 3.2 if the City fails to pay any such tax, charge or assessment during any period or periods in which the City, or the MPC, in good faith, shall be contesting the amount or validity of such tax, charge or assessment. The MPC will, if requested by the City, contest the amount or validity of any such tax, charge or assessment, and the City will pay the MPC's costs and expenses in connection therewith.

Section 3.3 Payment of Utility Charges by the City. The City shall pay or cause to be paid all charges for gas, water, sewer, electricity, light, heat, power, telephone or other utility service furnished to or used in connection with the Project from the time the City takes possession of such property until the completion of payment of the aggregate amount payable pursuant to the provisions of this Agreement. The MPC shall not be required to furnish to the City or any other occupant any gas, water, sewer, electricity, light, heat, power, telephone or other utility service of any kind, nor shall the MPC be required to pay for such charges or services.

ARTICLE IV SOURCES OF INSTALLMENT PAYMENTS, PLEDGE, EXCISE TAXES

Section 4.1 Limited Sources for Installment Payments. It is understood and agreed by and between the MPC and the City that all payments made in accordance herewith shall be made only from Excise Taxes, as defined in Section 4.8, subject to the provisions of Section 4.2.

Section 4.2 Use of Other Funds at Option of the City. The City may, at the City's sole option, make such payments from its other funds as may be permitted by law and as the City shall determine from time to time, but the MPC acknowledges that it has no claim hereunder to such other funds. Notwithstanding any other provision hereof, no part of the installment payments payable pursuant hereto shall be payable out of any ad valorem taxes imposed by the City or from bonds or other obligations, the payment of which is secured by a pledge of the City's general taxing authority, unless (i) the same shall have been duly budgeted by the City according to law, (ii) such payment or payments shall be within the budget limitations set forth in the statutes of the State of Arizona (the "State"), and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 4.3 Pledge of Excise Taxes. The City does hereby pledge for the payment of the amounts payable pursuant to this Agreement its Excise Taxes, as defined in Section 4.8. The City intends that this pledge shall be a first lien pledge upon such amounts of said Excise Taxes, as will be sufficient to make the installment payments pursuant hereto. The City agrees and covenants to make said installment payments from such Excise Taxes, except to the extent that it chooses to make the installment payments from other sources as permitted by Section 4.2 hereof. Said pledge of, and said lien on, the Excise Taxes is hereby irrevocably made and created for the prompt and punctual payment of the installment payments according to the terms hereof, and to create and maintain the funds as hereinafter specified in this Agreement or as may be specified in the Indenture. All of the installment payments are coequal as to the pledge of and lien on the Excise

Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Taxes or security therefor. The rights of the Owners of the Bonds to payment from Excise Taxes are on a parity with the rights to payment from such Excise Taxes of the holders of:

(i) \$165,960,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2006 (the “2006 Refunding Bonds”);

(ii) \$75,000,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds (Water and Sewer Improvements Project), Series 2010 (the “2010 Bonds”);

(iii) \$65,000,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue and Refunding Bonds, Series 2013 (the “2013 Bonds”);

(iv) \$22,735,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2014 (the “2014 Refunding Bonds”);

(v) \$30,685,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Tax-Exempt Series 2015A (the “2015A Tax-Exempt Bonds”);

(vi) \$14,615,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Taxable Series 2015A (the “2015A Taxable Bonds”);

(vii) \$93,570,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2015 (the “2015 Refunding Bonds”);

(viii) \$79,970,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2017 (the “2017 Refunding Bonds”); and

(ix) \$62,585,000 original amount of City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Series 2017A (Water Improvements Project) (Non-AMT) and Series 2017B (Aviation Improvements Project) (AMT) (the “2017A and 2017B Bonds”);

and any other obligations hereafter issued on a parity therewith pursuant to the Indenture and this Agreement.

Section 4.4 City to Maintain Excise Taxes Coverage of Three Times Debt Service.

The City covenants and agrees that the Excise Taxes which it presently imposes will be retained and maintained so that the amount of Excise Taxes, all within and for the preceding Fiscal Year,

shall be equal to at least three (3) times the total of principal and interest payable with respect to the Bonds and the MPC's Existing Parity Bonds and any additional parity obligations issued in accordance with this Agreement, to the extent outstanding in any such current Fiscal Year. The City further covenants and agrees that if such receipts for any such preceding Fiscal Year shall not equal at least three (3) times such principal and interest requirements of any current Fiscal Year, or if at any time it appears that the current receipts will not be sufficient to meet such payment requirements, it will, subject to any limitations imposed by law, use its best efforts to either impose additional Excise Taxes, or to increase the rates of such taxes currently imposed, so that (i) the current Fiscal Year's receipts will be sufficient to meet all such current requirements and (ii) it can be reasonably calculated that the current Fiscal Year's receipts will be sufficient to meet the succeeding Fiscal Year's principal and interest requirements.

Section 4.5 Surplus and Deficiency of Excise Taxes. Subject to the right with respect to the Excise Taxes of the owners of the 2006 Refunding Bonds, 2010 Bonds, 2013 Bonds, 2014 Refunding Bonds, 2015A Tax-Exempt Bonds, 2015A Taxable Bonds, 2015 Refunding Bonds, 2017 Refunding Bonds and 2017A and 2017B Bonds (collectively, the "Existing Parity Bonds") and any other obligations issued on a parity herewith pursuant to the Indenture and this Agreement with respect to the Excise Taxes, all Excise Taxes in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under this Agreement, the Indenture shall constitute surplus revenues and may be used by the City for any lawful purpose for the benefit of the City, including the payment of junior lien obligations to which such Excise Taxes may from time to time be pledged. If at any time the moneys in the funds and accounts held for payment of amounts due under this Agreement or the Indenture are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of this Agreement and, with respect to payment from Excise Taxes, pro rata, as applicable, with amounts due with respect to obligations on a parity herewith with respect to the Excise Taxes, and the transfer of any such sum or sums to said fund or accounts as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

The City shall impose all necessary Excise Taxes, shall collect and receive the proceeds of sufficient Excise Taxes, and pay such proceeds to the Trustee in such amounts and at such times as will be fully sufficient, in conjunction with any other legally available moneys (but not proceeds of ad valorem taxes, except in compliance with Section 4.2) which the City may from time to time lawfully choose to pay to the Trustee, to assure the punctual performance of all duties requiring the payment or expenditure of money by the City under the terms of this Agreement. Such payments shall be made on the dates specified herein during the term of this Agreement and shall be sufficient to meet all requirements for the Bonds.

Section 4.6 Enforcement by Trustee. In the event of any default by the City hereunder, the remedies of the MPC with respect to the enforcement of the lien and pledge set forth in this Article IV and with respect to the covenants and agreements contained in Section 4.4 above shall be as provided in Articles X and XII of this Agreement. The Trustee, on behalf of the holders of the Bonds, may enforce this lien and pledge and the aforesaid covenants and agreements in place of the MPC in accordance with the terms and conditions of the Indenture.

Section 4.7 Additional Parity Bonds. The City, for itself, its successors and assigns, covenants and agrees with the holders of the Bonds that, so long as any Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, it will not further encumber the Excise Taxes pledged hereunder on a basis equal to the pledge hereunder unless the Excise Taxes collected in the preceding Fiscal Year shall have amounted to at least three (3) times the combined interest and principal requirement for the succeeding twelve (12) month period for all Bonds and Existing Parity Bonds then outstanding together with any parity bonds or parity obligations then proposed to be issued and secured by a pledge of the Excise Taxes. Subject to the foregoing, and to other terms and conditions set forth herein and in the Indenture, the City shall have the right to incur future obligations payable from and secured by the Excise Taxes on a parity with the installment payments due pursuant to this Agreement.

Section 4.8 Definition of Excise Taxes. “Excise Taxes” means the unrestricted excise, transaction, use, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits and State revenue-sharing, now or hereafter validly imposed by the City or contributed to the extent permitted by law, allocated and paid over to the City and not earmarked by the contributor for a contrary or inconsistent purpose (collectively, the “Excise Taxes”) to the amounts to come due under the Agreement and the Indenture. The “Excise Taxes” include, without limitation, all fines and forfeitures but do not include the excise tax revenues collected and paid over to the City under the (a) 0.20% transaction privilege (sales) tax approved by the voters of the City on November 7, 1989, the use of which is restricted to funding transportation improvements, (b) 0.20% transaction privilege (sales) and use tax approved by the voters of the City on May 23, 1995, the use of which is restricted to acquiring land for the McDowell Sonoran Preserve, (c) 0.10% transaction privilege (sales) and use tax approved by the voters of the City on May 18, 2004, the use of which is restricted to funding public safety services and capital needs, (d) 0.15% transaction privilege (sales) and use tax approved by the voters of the City on May 18, 2004, the use of which is restricted to acquiring land and interests in land, and constructing improvements thereto, for the McDowell Sonoran Preserve, (e) 5% tax upon transient lodging approved by the voters of the City on March 9, 2010, 50% of which (2.50%) is restricted for destination marketing to promote tourism, and 50% of which (2.50%) is divided among tourism-related event support, tourism research, tourism-related capital projects, and other eligible uses as determined by City ordinance and state law; (f) 0.10% transaction privilege (sales) and use tax approved by the voters of the City on November 6, 2018, the use of which is restricted to providing funds for transportation improvement projects, or (g) any other similar tax restricted as to its use. A portion of the revenues generated by the City from building permits and development impact fees are restricted and will not be deemed Excise Taxes for purposes of this Agreement or the Indenture. Revenues received by the City from vehicle license taxes charged by the State will not be deemed Excise Taxes for purposes of this Agreement or the Indenture.

ARTICLE V MAINTENANCE AND ALTERATIONS

Section 5.1 City to Maintain the Project. During the term of this Agreement and until all payments due hereunder are completed, all maintenance of and repairs to the Project shall be the responsibility of the City, and the City covenants and agrees that it will maintain the Project or cause the same to be maintained in as good of a condition as when the City takes possession, ordinary wear and tear excepted.

Section 5.2 Alterations by the City. The City shall have the right during the term of this Agreement to make any alterations or to attach fixtures to the Project if the same are deemed by the City to be necessary or beneficial for its use; provided, however, that any such alterations shall maintain the integrity of the Project and shall not decrease the value thereof.

ARTICLE VI INSURANCE

Section 6.1 General Liability Insurance. The City will purchase and maintain at all times a commercial general liability insurance policy or cause a self-insurance program to be established and maintained, with coverage and limits appropriate for the nature and use of the Project and the activities conducted in connection with the Project, which shall include coverage for bodily injury and property damage, occurring on, in, around or by use of the Project. The City's commercial general liability policy or self-insurance program, as the case may be, shall afford protection to the MPC, its directors, officers, agents and employees by naming the MPC as an additional insured. The City shall furnish evidence of such insurance to the Trustee on or prior to the issuance of the Bonds and promptly upon the revision, modification or renewal of any such insurance.

Section 6.2 Additional Insurance. The City's obligations pursuant to this Article shall not affect its right to carry additional insurance solely for its own account. Any insurance required by this Article VI may be carried in conjunction with any other insurance carried by the City, and may be provided by self-insurance by the City. Any claims arising pursuant to the policies of insurance described by this Article shall be adjusted by and at the cost of the City, provided that the proceeds from such insurance shall be applied pursuant to the terms of this Agreement.

ARTICLE VII OFFICIAL STATEMENT DISCLOSURES; INDEMNIFICATION

Section 7.1 City's Representations in the Official Statement. The City hereby recognizes that, in the sale of the Bonds, the MPC has issued an official statement describing the Bonds and the security for the payment thereof and containing certain information about the City which has been furnished to the MPC by the City. Recognizing that the MPC and its officers, directors, agents and employees have no practicable independent means of verifying such information, the City hereby represents and warrants to the MPC that all material information contained in the official statement with respect to Bonds insofar as it relates to the City and the sources of funds or as it otherwise describes the security of this Agreement and the rights of the bondholders with respect thereto, is accurate, contains no material misrepresentation of fact and does not omit any statement of fact which, in the light of the circumstances pursuant to which said official statement is issued, would be misleading.

Section 7.2 Indemnity as to Use of the Project. The City covenants and agrees, at its expense, and to the extent permitted by law, to pay and to indemnify and save the MPC harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the occupation, use, or possession of the Project, including any liability for any violation of conditions, restrictions, laws, ordinances or regulations affecting the Project or the occupancy or use thereof.

Section 7.3 General Indemnification. The MPC, its directors, officers, agents and employees shall not be liable to the City or to any other person whomsoever or entity whatsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever related to the Project or any part thereof, unless caused by the willful misconduct of the MPC, its directors, officers, agents, or employees. To the extent permitted by law, the City shall indemnify and hold the MPC, its directors, officers, agents and employees harmless from and defend them, collectively and individually, against any and all claims, losses or judgments for death of, or injury to, any person, or for damage to any property whatsoever incurred in or on the adjoining streets, sidewalks and passageways, unless caused by the willful misconduct of the MPC, its directors, officers, agents or employees. In the event any action or proceeding is brought against the MPC or any of the persons referred to in this Section by reason of any such claim, the City, upon notice from the MPC, shall resist or defend such action or proceeding.

Section 7.4 Enforcement Expenses. The City agrees to pay and indemnify the MPC and Trustee for, from and against all lawful and reasonable costs and charges, including reasonable counsel fees, in enforcing any covenant or agreement of the City contained in this Agreement.

Section 7.5 Further Indemnification. In clarification and extension of the provisions of the other sections of this Article VII, and not in substitution therefor, the City agrees to and does hereby indemnify and hold the MPC and the Trustee, their directors, officers, agents and employees harmless for, from and against any and all claims, expenses, liens, judgments, liability or loss whatever, including reasonable legal fees and expenses relating to or in any way arising out of (i) this Agreement, the Indenture, security agreements, financing statements, supplements, amendments or additions thereto or the enforcement of any of the terms thereof; (ii) the Bonds; (iii) any official statement, either preliminary or final, pertaining to the Bonds; (iv) the issuance and sale of the Bonds or the transactions contemplated in any of the aforementioned acts, agreements or documents; and (v) malfeasance or nonfeasance in office of any officer, director, agent or employee of the MPC or the Trustee not otherwise included within any of the foregoing; provided, however, that such indemnity shall not extend to any actions of the MPC or the Trustee deliberately taken by it over the objections of the City. The MPC or the Trustee, as applicable, shall give notice to the City of any event or condition which requires indemnification by the City hereunder, or any allegation of such event or condition, promptly upon obtaining knowledge thereof, and, to the extent that the City makes or provides for payment to the satisfaction of the MPC or the Trustee pursuant to the indemnity provisions hereof, the City shall be subrogated to the rights of the MPC or the Trustee with respect to such event or condition and shall have the right to determine the settlement of claims thereon, it being agreed that, except to the foregoing extent, the MPC or the Trustee shall have the right to determine such settlement. The City shall pay all amounts due hereunder promptly upon notice thereof from the MPC or the Trustee. In case any action, suit or proceeding is brought against the MPC or the Trustee by reason of any act or condition which requires indemnification by the City hereunder, the MPC or the Trustee shall notify the City promptly of such action, suit or proceeding, and the City may (and will upon the request of the MPC or the Trustee), at the City's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended, by counsel for the insurer of the liability or by counsel designated by the City and approved by the MPC or the Trustee. If the MPC or the Trustee desires to participate in the defense of such action, suit or proceeding through its own counsel, it may do so at its own expense.

Section 7.6 Survival. The terms of this Article VII shall survive the resignation or removal of the Trustee pursuant to the Indenture, or the discharge or termination of this Agreement or the Indenture.

ARTICLE VIII CONDEMNATION

Section 8.1 Proceeds to the MPC or Trustee. In the event of the taking or condemnation of the Project, in whole or in part, by any authority through the exercise of the power of eminent domain, or the sale of any portion of the Project pursuant to threat of condemnation, any award or payment therefor shall be paid to the MPC. The MPC and the City hereby assign all their right, title and interest in and to such award to the Trustee if any of the Bonds remain outstanding and unprovided for, subject to the terms of the Indenture.

Section 8.2 New Improvements. Notwithstanding Section 8.1 above, if the City desires to construct new improvements of the same use and purpose as those condemned, then the condemnation proceeds may be used therefor; provided, however, that there shall be no abatement of the installment payments accruing hereunder as long as any of the Bonds remain outstanding and not provided for.

Section 8.3 Satisfaction of Bond Indebtedness. If the amount of any such award is insufficient to pay and satisfy the remaining Bond indebtedness, plus the Trustee's, Bond Registrar's and Paying Agent's fees, expenses and indemnities after taking into account the anticipated profits on investments made and to be made by the Trustee, then the City shall continue to make such payments as the MPC, the City and the Trustee shall agree upon for the purpose of satisfying all requirements of the Indenture. If such award or awards are sufficient to meet the Indenture requirements as they shall become due, then the City shall be relieved of any further installment payments made pursuant to this Agreement.

ARTICLE IX RESTRICTIONS ON THE CITY; ASSIGNMENT

Section 9.1 Restrictions on the City. The City may sublease or rent the Project, or any portion thereof, without the consent of the MPC; provided, however, that notwithstanding any such leasing or renting, the City shall nevertheless remain liable for the payments provided herein and for the performance of the other obligations of the City hereunder.

Section 9.2 Assignment to the Trustee. All rights of the MPC to receive the City's installment payments pursuant to Section 2.2 are to be assigned and pledged to the Trustee as security for the Bonds, but subject to the City's rights in accordance with this Agreement. The rights of the Trustee or any party or parties on behalf of whom the Trustee is acting shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever, whether arising out of any breach of any obligation of the MPC hereunder, or by reason of any other indebtedness or liability at any time owing by the MPC to the City.

ARTICLE X DEFAULT BY THE CITY

Section 10.1 Remedies Upon Event of Default. Upon the nonpayment of the whole or any part of the aforesaid installment payments at the time when the same is to be paid as herein provided, or upon violation by the City of any other covenant or provision of this Agreement (together an "Event of Default"), and if such Event of Default has not been cured (i) in the case of nonpayment of installment payments, within five (5) days; and (ii) in the case of the breach of any other covenant or provision of this Agreement, within fifteen (15) days, after notice in writing from the MPC specifying such Event of Default, then the MPC may bring an action for the recovery of any of the installment payments due or accruing, or for damages for the breach of said Agreement.

Section 10.2 Appointment of Receiver. Upon bringing suit to collect any installment payment in default, the MPC may request foreclosure of the pledges and liens set forth in Article IV of this Agreement, in which event the MPC, as a matter of right, without notice and without providing indemnity to the City or anyone claiming in accordance with the City, may have a receiver appointed of all the Excise Taxes which are so pledged for the payment of the installment payments, with such powers as the court making such appointment shall confer; and the City does hereby irrevocably consent to such appointment.

Section 10.3 Recovery of Costs and Attorneys' Fees. In any such suit to enforce the terms of this Agreement, the MPC (and the Trustee, if a party) shall recover its costs therein, as well as reasonable attorneys' fees, as the court shall approve.

ARTICLE XI DEFAULT BY THE MPC

Section 11.1 Remedies of the City. The MPC shall in no event be in default in the performance of any of its obligations hereunder unless and until the MPC shall have failed to perform such obligations within thirty (30) days, or such additional time as is reasonably required to correct any such default, after notice by the City to the MPC and to the Trustee properly specifying wherein the MPC has failed to perform any such obligation. The City agrees that, so long as any Bonds are outstanding, the City shall have no right to abate or offset the installment payments to be made by it hereunder as a result of a default by the MPC. In the event of default by the MPC, the MPC agrees that specific performance may be had and the City shall not be limited to a remedy for damages.

ARTICLE XII REMEDIES

Section 12.1 Accumulation of Remedies. Each right, power and remedy of the MPC or the City provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement, or, unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, to be enforced; and the exercise or beginning of the exercise by the MPC or the City of any one or more of the rights, powers or remedies provided for in this Agreement shall not preclude the simultaneous or

later exercise by the MPC or the City of any or all of such other rights, powers or remedies provided for in this Agreement.

Section 12.2 Nonwaiver. The failure to insist upon a strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver or relinquishment for the future of the MPC's or the City's rights to insist upon a strict compliance by the City or the MPC with all the covenants and conditions hereof.

ARTICLE XIII ESTOPPEL CERTIFICATE

Section 13.1 Certificate by the City. The City agrees at any time and from time to time, upon not less than ten (10) days' prior request by the MPC or the Trustee, to execute, acknowledge and deliver to the MPC and the Trustee a statement in writing certifying that this Agreement is unmodified and in full force and effect (or if the Agreement has been modified, that the Agreement is in full force and effect except as modified, and stating the modification), that the City is in compliance with its terms, and the dates to which the installment payments and additional amounts have been paid in advance, if any.

ARTICLE XIV NO ABATEMENT OF PAYMENTS

Section 14.1 Nonabatement until Bonds Paid. Except as in this Agreement expressly provided, this Agreement shall not terminate or be affected in any manner by reason of the condemnation, destruction or damage, in whole or in part of, the Project, and except as is expressly provided in this Agreement, the installment payments, as well as additional installment payments payable hereunder, shall be paid by the City in accordance with the terms, covenants and conditions of this Agreement without abatement, diminution or reduction.

ARTICLE XV REDEMPTION OR REFUNDING; PURCHASING OR REDEEMING BONDS; RELEASE OF INDENTURE; PROVIDING FOR INSTALLMENT PAYMENT

Section 15.1 Redemption or Refunding. Upon notice to the MPC, the City may request that the MPC refinance the indebtedness evidenced by the Bonds by refunding or redeeming the Bonds then outstanding, subject to the provisions of the Indenture, and issuing new bonds or other obligations. The MPC will use its best efforts to refinance the indebtedness evidenced by the Bonds in response to such request.

Section 15.2 Supplemental Agreement. Prior to the issuance of any such new bonds or other obligations for the purpose of refinancing its indebtedness, the MPC and the City shall enter into a written supplement to this Agreement increasing or decreasing, as the case may be, the installment payments to be paid hereunder by an amount at least sufficient to enable the MPC to fully pay the principal and interest, when due, on such new bonds or other obligations and all other usual and ordinary costs and expenses relating thereto.

Section 15.3 Purchasing or Redeeming Bonds Prior to Maturity. The City shall have the right to pay installment payments in advance and may specify that they be placed in the Bond

Fund created pursuant to the Indenture. At the City's request, the MPC shall cause the amount of money contained in the Bond Fund from time to time to be used on any redemption date authorized in the Indenture to retire all or any portion of the outstanding Bonds pursuant to the provisions of the Indenture; or if, before Bonds are callable, they may be obtained in the open market at a cost equal to or below par, or, after Bonds are callable, they may be so obtained at a price below the cost of redemption, then, upon the City's request, the MPC shall cause money contained in the Bond Fund to be used to purchase Bonds in the open market for the purpose of cancellation. At such time or times as Bonds are redeemed or purchased pursuant hereto, the installment payments to be paid by the City in accordance with Section 2.2 hereof shall be adjusted in such manner as to provide for the debt service on the remaining Bonds.

Section 15.4 Release of Indenture. Upon payment or provision for payment of all Bonds, by means of refunding, redemption and/or purchase pursuant to the provisions hereof, and upon payment of any remaining administrative costs and expenses or other amounts due hereunder or pursuant to the Indenture, the MPC shall cause the Trustee to release the lien of the Indenture on the City's installment payments pursuant to this Agreement, and both this Agreement and the Indenture shall terminate.

Section 15.5 Providing for Installment Payment. The City may provide for the payment of any installment payment in any one or more of the following ways:

(a) by paying such installment payment as provided herein as and when the same becomes due and payable at its scheduled due date pursuant to Section 2.2 hereof or on a date on which it can be prepaid;

(b) by depositing with a Depository Trustee (as defined below), in trust for such purposes, money which, together with the amounts then on deposit with the Trustee and available for such installment payment is fully sufficient to make, or cause to be made, such installment payment at its scheduled due date or on a date on which it can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Government Obligations which are noncallable, in such amount as shall be certified to the MPC and the City, by a national firm of certified public accountants acceptable to both the MPC and the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the MPC and available for such installment payment, to make, or cause to be made, such installment payment at its scheduled due date or on a date on which it can be prepaid.

A Depository Trustee shall be any bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State of Arizona authority who holds money and securities in trust for the purposes set forth in subparagraphs (b) or (c) of this Section 15.5 (a "Depository Trustee").

ARTICLE XVI REPRESENTATIONS AND WARRANTIES OF THE MPC

Section 16.1 No Amendments or Additional Indebtedness. The MPC represents and warrants that it will not amend its Articles of Incorporation or enter into any indenture or supplemental indenture or issue any notes, certificates of indebtedness or bonds, other than those

provided for in the Indenture or this Agreement, or incur any indebtedness other than for routine expenses without obtaining the prior written consent of the City.

Section 16.2 Application of Payments. All sums of money payable hereunder by the City to the MPC, except as herein expressly provided, shall be paid to the Trustee so long as any indebtedness evidenced by the Bonds is outstanding and unpaid, and the MPC shall cause the Trustee to apply such payments in accordance with the provisions of the Indenture.

ARTICLE XVII TAX COVENANTS; REPRESENTATIONS OF CITY

Section 17.1 Tax Covenants. In consideration of the acceptance and execution of this Agreement by the MPC and the City and the purchase of the Bonds by the Owners thereof, from time to time, and in consideration of retaining the exclusion of interest income from gross income on the Bonds for federal income tax purposes, the MPC and the City covenant with the Owners of the Bonds from time to time to neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in interest income on the Bonds to become subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of this Agreement or such laws as they may be modified or amended or tax laws later adopted.

The MPC and the City agree that it will comply with such requirement(s) and will take any such action(s) as are necessary to prevent interest income on the Bonds from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by bond counsel; paying to the United States of America any required amounts representing rebates of arbitrage profits relating to this Agreement; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to this Agreement; and limiting the use of the proceeds of this Agreement and property financed thereby.

In consideration for the issuance of the Bonds the interest on which is tax-exempt, the City agrees to be the ultimate obligor for the payment of arbitrage rebate should the amounts held in the Rebate Fund be insufficient to make all payments required by Section 148(f)(3) of the Internal Revenue Code of 1986, as amended, or any succeeding sections. The City shall cause to be prepared each completed Form 8038-T as may be required pursuant to the Indenture and direct the Trustee to file it and remit such payment all as may be necessary to comply with Section 148(f)(3), as amended, or any succeeding sections as may be applicable.

Section 17.2 Representations, Warranties and Covenants.

(a) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, the MPC has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the project for any particular purpose or the conformity of the Project to any plans, specifications, construction contract, purchase order, model or sample, or as

to its design, construction, delivery, installation, construction oversight and operation or its suitability for use by the City after completion of construction. All such risks shall be borne by the City without in any way excusing the City from its obligations under this Agreement and the MPC shall not be liable to the City for any damages on account of such risks. Except with respect to any acts by the MPC which are not undertaken at the City's request or with the City's prior approval, the City agrees to waive all claims against the MPC growing out of the acquisition and construction of the Project. The MPC shall have no liability to the City for any failure of any acquisition and construction contractor to perform any construction contract in any respect. The MPC shall have no obligation to obtain or insure compliance with any required Arizona Department of Environmental Quality permits or approval procedures. In the event of any defect in any item of the Project or other claim with respect to the Project, the City understands and agrees that the City's recourse will be against the contractor, manufacturer or supplier of such Project and, where applicable, the person selling the property to the MPC, and not against the MPC. For such purpose, the MPC hereby assigns and transfers to the City the right, title and interest of the MPC in and to all representations, warranties and service agreements relating to the Project made or entered into by the MPC and by any contractor, manufacturers or suppliers of the Project. The MPC further designates the City as its attorney-in-fact granting to the City the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and service agreements.

(b) The City represents, warrants and covenants that it has the power to enter into this Agreement, that this Agreement is a lawful, valid and binding obligation of the City, enforceable against the City in accordance with its terms, and has been duly authorized, executed and delivered by the City; that all required procedures for execution and performance of this Agreement, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner; that all installment payments hereunder will be paid when due out of funds which are legally available for such purposes.

ARTICLE XVIII GENERAL

Section 18.1 Notices; Mailing Addresses. All notices, consents or other communications required or permitted hereunder shall be deemed sufficient if given in writing addressed and mailed by registered mail, or delivered to the party for which the same is intended, as follows:

To the MPC: City of Scottsdale Municipal Property Corporation
 c/o City Clerk
 3939 North Drinkwater Boulevard
 Scottsdale, Arizona 85251
 Facsimile: (480) 312-7797

To the City: City of Scottsdale, Arizona
 c/o City Clerk
 3939 North Drinkwater Boulevard
 Scottsdale, Arizona 85251
 Facsimile: (480) 312-7797

To the Trustee: U.S. Bank National Association
[]
[]
Attn: []

or to such other address as such party may hereafter designate by notice in writing addressed and mailed or delivered to the other party hereto.

Section 18.2 Waiver. No covenant or obligation herein to be performed by the City may be waived except by the written consent of the MPC and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude the MPC from invoking such remedy at any later time prior to the City's cure of the condition giving rise to such remedy.

Section 18.3 Headings are for Reference Only. The headings in this Agreement are inserted for reference only, and shall not define or limit the provisions hereof.

Section 18.4 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which shall constitute but one instrument.

Section 18.5 Provisions are Severable. Any term or provision of this Agreement found to be prohibited by law or unenforceable or which would cause this Agreement to be invalid, prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, causing the remainder of this Agreement to be invalid, prohibited by law or unenforceable.

Section 18.6 Applicable Law. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State. The venue for any proceedings relating to a controversy arising from the subject matter of this Agreement will be the State courts located in Maricopa County, Arizona.

Section 18.7 Covenants as to Conflict of Interest. A.R.S. Section 38-511 provides that the City may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City from any other party to the contract arising as a result of the contract.

Section 18.8 E-Verify Requirements. To the extent applicable under A.R.S. Section 41-4401, the MPC and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements under A.R.S. Section 23-214(A). The MPC or its subcontractors' breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination

of the MPC's services by the City. The City retains the legal right to randomly inspect the papers and records of the MPC or its subcontractor employee who work on this Agreement to ensure that the MPC and its subcontractors are complying with the above-mentioned warranty.

The MPC and its subcontractors warrant to keep the papers and records open for random inspection during normal business hours by the City. The MPC and its subcontractors shall cooperate with the City's random inspections including granting the City entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

Section 18.9 No Boycott of Israel. Pursuant to A.R.S. Section 35-393 et seq., the MPC hereby certifies it is not currently engaged in, and for the duration of this Agreement will not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in A.R.S. Section 35-393.

CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION

State of _____)
) ss.
County of _____)

(Seal and Expiration Date)

Notary Public in and for the State of _____

CITY OF SCOTTSDALE, ARIZONA

By: W.J. "Jim" Lane
Its: Mayor

ATTEST

Carolyn Jagger
City Clerk

State of Arizona)
) ss.
County of Maricopa)

On this _____ day of _____, 2019, before me personally appeared W.J. "Jim" Lane, the Mayor of CITY OF SCOTTSDALE, an Arizona municipal corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document on behalf of CITY OF SCOTTSDALE. I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Notary Public in and for the State of Arizona

APPROVED AS TO FORM:

BALLARD SPAHR LLP

Bond Counsel

EXHIBIT A

PROJECT DESCRIPTIONS

FLOOD CONTROL PROJECT

Including but not limited to construct a trapezoidal open drainage channel along the powerline corridor, a stormwater detention basin on a 52-acre site north of the Arizona State Route 101, west of Pima Road and south of the Water Campus, known as the Loop 101 Detention Basin, and an outfall from the Loop 101 Detention Basin to Mayo Boulevard to protect Crossroads East and downstream development from the 100-year flood.

STADIUM PROJECT

Including but not limited to expansion and renovation of clubhouse/training areas, to include flexible multi-use facilities with meeting rooms, kitchen and serving areas, that will support clubhouse utilization for the spring training season and multiuse event center activity throughout the year. Expansion and shade improvements to the right field Charro Lodge area, upgrades to the main entry plaza adjacent to Drinkwater Boulevard and first base concourse and bleachers and enhanced press box/multi-use rooms, ticketing facilities and city offices. Overall site and building infrastructure, code and safety upgrades to support year-round multi-use event center activities.

EXHIBIT B

INSTALLMENT PAYMENT SCHEDULES

**City of Scottsdale Municipal Property Corporation
Excise Tax Revenue Bonds, Series 2019A
(Flood Control Improvements Project)**

Payment Date	Principal	Interest	Total Payment
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TOTAL:

**City of Scottsdale Municipal Property Corporation
Excise Tax Revenue Bonds, Taxable Series 2019B
(Stadium Improvements Project)**

Payment Date	Principal	Interest	Total Payment
-----------------	-----------	----------	------------------

TOTAL:

Installment Payments are due from City to the MPC prior to the listed dates in this Exhibit in accordance with Section 2.2 of the Agreement.

CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION

**\$(PAR-A)
EXCISE TAX REVENUE BONDS,
SERIES 2019A
(FLOOD CONTROL IMPROVEMENTS
PROJECT)**

**\$(PAR-B)
EXCISE TAX REVENUE BONDS,
TAXABLE SERIES 2019B
(STADIUM IMPROVEMENTS PROJECT)**

**CONTINUING DISCLOSURE CERTIFICATE
(CUSIP Base No. 810489)**

This Continuing Disclosure Certificate (this “*Disclosure Certificate*”) is undertaken by the City of Scottsdale, Arizona, an Arizona municipal corporation (the “*City*”), in connection with the issuance by the City of Scottsdale Municipal Property Corporation, an Arizona nonprofit corporation (the “*MPC*”), of \$(PAR-A) in aggregate principal amount of its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project), and \$(PAR-B) in aggregate principal amount of its Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (together, the “*Series 2019 MPC Bonds*”). In consideration of the initial sale and delivery of the Series 2019 MPC Bonds, the City covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (as hereinafter defined).

Section 2. Definitions. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

“*Annual Report*” shall mean the annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Bondholder*” shall mean any registered owner or beneficial owner of the Series 2019 MPC Bonds.

“*Bond Counsel*” shall mean Ballard Spahr LLP or such other nationally recognized bond counsel as may be selected by the City.

“*Dissemination Agent*” shall mean the City or any person designated in writing by the City as the Dissemination Agent.

“*EMMA*” shall mean the Electronic Municipal Market Access system of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Listed Events*” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” shall mean the final official statement dated [____], 2019, relating to the Series 2019 MPC Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2019 MPC Bonds required to comply with the Rule in connection with offering of the Series 2019 MPC Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than January 31 of each year (the “Filing Date”), commencing January 31, 2020, provide electronically to EMMA an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Should the City’s fiscal year change to something other than July 1 to June 30, then the Annual Report will be provided not later than seven (7) months after the end of such fiscal year. Notice of any such change in the City’s fiscal year will be filed with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

(b) If the City is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the City shall, in a timely manner, send a notice to EMMA not later than the Filing Date.

(c) If the City’s audited financial statements are not submitted with the Annual Report and the City fails to provide to EMMA a copy of its audited financial statements within thirty (30) days of receipt thereof by the City, then the City shall, in a timely manner, send a notice to EMMA.

(d) The Dissemination Agent shall:

(i) Determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper address of EMMA; and

(ii) If the Dissemination Agent is other than the City, file a report or reports with the City certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the City; provided, however, that if the audited financial statements of the City are not available at the time of the filing of the Annual Report, the City shall file unaudited financial statements of the City with the Annual Report and, when the audited financial statements of the City are available, the same shall be submitted to EMMA within thirty (30) days of receipt by the City.

(b) The City’s Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, annual audited financial statements for the City.

(B) Annually updated financial information and operating data of the type contained in the “Actual Excise Tax Collections” subsection of the Official Statement.

(C) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The annual audited financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the City’s annual audited financial statements is contained in Note 1 of the audited financial statements included within the Official Statement.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

This Section 5 shall govern the giving of notices by the City of the occurrence of any of the following events with respect to the Series 2019 MPC Bonds, and the City shall, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, provide notice of the following events with EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service (the “IRS”) of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019 MPC Bonds, or other material events affecting the tax status of the Series 2019 MPC Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;

- (10) Release, substitution, or sale of property securing repayment of the Series 2019 MPC Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) The incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and
- (16) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

“Materiality” will be determined in accordance with the applicable federal securities laws.

Note to Section 5(12): For the purposes of the event identified in Section 5(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2019 MPC Bonds. Such termination shall not terminate the obligation of the City to give notice of such defeasance or prior redemption.

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the City, or the type of business conducted;

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2019 MPC Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Section 9. Filing with EMMA. The City shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. Additional Information. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondholder may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Series 2019 MPC Bonds or the resolutions authorizing the Series 2019 MPC Bonds.

Section 12. Compliance by the City. The City hereby covenants to comply with the terms of this Disclosure Certificate. The City expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter, Bond Counsel or the City's financial advisor.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

Section 14. Governing Law. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Date: October [], 2019.

CITY OF SCOTTSDALE, ARIZONA

By: Jeffery M. Nichols

Its: City Treasurer/Chief Financial Officer

TRUST INDENTURE

by and between

U.S. BANK NATIONAL ASSOCIATION
as Trustee

and

**CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION**

Dated as of October 1, 2019

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**EXHIBIT B - PAYMENT REQUEST FORM – ACQUISITION AND CONSTRUCTION
ACCOUNT**

EXHIBIT C - PAYMENT REQUEST FORM – COSTS OF ISSUANCE ACCOUNT

TRUST INDENTURE

THIS TRUST INDENTURE, made and entered into as of October 1, 2019 (this “Indenture”), by and between **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee (the “Trustee”), and **THE CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION**, an Arizona nonprofit corporation organized under the laws of the State of Arizona (the “MPC”);

W I T N E S S E T H:

WHEREAS, the MPC was created to assist the City of Scottsdale, Arizona (the “City”) in financing or refinancing municipal facilities and property at no profit to itself or to any person except the City; and

WHEREAS, the MPC desires to (i) acquire and construct certain capital improvements to the City’s drainage and flood control system (the “Flood Control Project”); (ii) acquire and construct certain capital improvements to, and renovations of, Scottsdale Stadium (the “Stadium Project”); and (iii) acquire and construct other capital improvements with a public purpose (together with the Flood Control Project and the Stadium Project, collectively, the “Project”); and

WHEREAS, in order to finance the Project, the MPC proposes to issue and sell its (i) Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) (the “Series 2019A MPC Bonds”), in an original principal amount of \$[PAR-A], and (ii) Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (the “Taxable Series 2019B MPC Bonds”, and collectively with the Series 2019A MPC Bonds, the “Bonds”) in an original principal amount of \$[PAR-B], and apply the proceeds thereof to acquire and construct the Project and to pay the issuance costs of the Bonds; and

WHEREAS, the MPC will finance the Project for the City’s use and benefit pursuant to the terms of an Agreement, dated as of October 1, 2019 (the “Agreement”), between the MPC and the City and will assign and pledge the Installment Payments (as defined herein) to be made by the City pursuant thereto to the Trustee as security for the payment of the Bonds; and

WHEREAS, the MPC has not made and does not intend to make any profit by reason of any business or venture in which it may engage or by reason of the construction, acquisition or sale of any real property and improvements, including the Project, and no part of the MPC’s net earnings, if any, will ever inure to the benefit of any person, firm, or corporation except the City; and

WHEREAS, the MPC is authorized by law and deems it necessary to borrow money for the Project, and to carry out its obligations in accordance with the terms of the Agreement, and to that end has duly authorized and directed the issuance of the Bonds, and to secure the payment of the original principal amount and any interest that accrues thereon and the performance and

observance of the covenants and conditions herein contained, the MPC has authorized the execution and delivery of this Indenture,

NOW, THEREFORE, THIS INDENTURE FURTHER WITNESSETH:

That, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and outstanding pursuant to this Indenture according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions herein contained, and to declare the terms and conditions upon which the Bonds are or shall be issued, received and held, in consideration of the premises and of the purchase and acceptance of the Bonds by the Owners (as defined herein) thereof, and in consideration of the acceptance by the Trustee of the trusts hereby created, and for other good and valuable considerations, receipt whereof is hereby acknowledged, the MPC does hereby assign, transfer in trust, pledge, and set over unto the Trustee, and to its successors in the trusts hereby created, subject to the rights of the City, its successors and assigns, pursuant to the Agreement, all and singular the property of the MPC hereinafter described (said property being herein sometimes referred to as the "Trust Estate"):

1. All right, title and interest of the MPC in and to the MPC's right to receive the Installment Payments and all other payments pursuant to the Agreement, except payments to indemnify the MPC for certain expenses as set forth in the Agreement; provided that the MPC shall remain liable to observe and perform all of the conditions and covenants in the Agreement provided to be observed and performed by it;

2. All right, title and interest of the MPC in and to amounts on deposit from time to time in the funds and accounts created pursuant hereto, subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

3. All property which is by the express provisions of this Indenture required to be subject to the lien hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof by the MPC or by anyone in its behalf; and the Trustee is hereby authorized to receive the same at any time as additional security hereunder; provided, however, that in no event shall the Trustee receive as additional security hereunder any fee title, leasehold or beneficial interest or other rights in the Project.

TO HAVE AND TO HOLD, all and singular, the Trust Estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Indenture, unto the Trustee and its successors and assigns, forever, subject, however, to the rights of the City, its successors and assigns, pursuant to the Agreement.

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Bonds authenticated and delivered hereunder and issued by the MPC and outstanding, without preference, priority, or distinction as to lien or otherwise of any one of said Bonds over any other or others of said Bonds, to the end that each Owner of such Bonds has

the same rights, privileges and lien pursuant to and by virtue of this Indenture; and conditioned, however, that if the MPC shall cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully, and strictly keep, perform, and observe or cause to be kept, performed, and observed all of its covenants, warranties, and agreements contained herein, then and in such event, this Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereafter set forth.

ARTICLE I DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.1 shall, for all purposes of this Indenture, have the meanings herein specified.

“Additional Parity Bonds” means any obligations issued on a parity herewith with respect to Excise Taxes pursuant to the provisions of Section 6.4 hereof.

“Agreement” means the Agreement, dated as of October 1, 2019, by and between the City and the MPC, together with any duly authorized and executed amendment thereto.

“Authorized Denominations” means \$5,000 of principal amount or integral multiples thereof.

“Authorized Representative” means the City Treasurer, the Finance Director of the City or any other person designated by the MPC for such purpose and for purposes of executing the requisition forms to pay the Project costs and Issuance Costs of the Bonds attached as Exhibits B and C hereto.

“Bond Register” means the register of ownership of the Bonds maintained by the Trustee.

“Bonds” means, collectively, the Series 2019A MPC Bonds and the Taxable Series 2019B MPC Bonds.

“Book-Entry-Only System” means, as to the Bonds, a system under which (i) physical Bond certificates in fully registered form registered in the name of the Depository or its nominee as Owner, with the physical Bond certificates held in the custody of, or on behalf of, the Depository, and (ii) the ownership of beneficial interests in Bonds and principal of, premium, if any, and interest thereon may be transferred only through a book entry made by others than the City or the Trustee. The records maintained by entities other than the City or the Trustee constitute the written record that identifies the owners, and records the transfer, of beneficial interests in those Bonds and principal of, premium, if any, and interest thereon.

“Business Day” means a day of the year other than (a) a Saturday or a Sunday, (b) a day on which banks in the state in which the Designated Office of the Trustee or Paying Agent, are required or are authorized by law or other governmental action to be closed and (c) a day on which the New York Stock Exchange is closed.

“City” means the City of Scottsdale, Arizona, a municipal corporation and a political subdivision of the State of Arizona.

“Code” means the Internal Revenue Code of 1986, as amended. References to the Code and Sections thereof include applicable regulations and temporary regulations thereunder and any successor provisions to those Sections, regulations or temporary regulations and any applicable regulations or temporary regulations issued pursuant to the Internal Revenue Code of 1954.

“Default” means any event that with the lapse of time or the giving of notice, or both, would be an Event of Default.

“Depository” means a securities depository designated by the MPC to hold the Bonds in the Book-Entry-Only System. Initially the Depository shall be The Depository Trust Company, New York, New York.

“Designated Office” of the Trustee means the office designated as such by the Trustee in writing to the MPC and City.

“Electronically” or **“Electronic”** notice means notice transmitted through a time-sharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

“Event of Default” means an event of default under the Agreement, as defined in Section 10.1 thereof.

“Excise Taxes” means all unrestricted excise, transaction, use, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits, and State revenue-sharing, now or hereafter validly imposed by the City or contributed to the extent permitted by law, allocated and paid over to the City and not earmarked by the contributor for a contrary or inconsistent purpose to the amounts to come due under the Agreement and this Indenture. Excise Taxes shall include, without limitation, all fines and forfeitures but shall not include the excise tax revenues collected and paid over to the City under the (a) 0.20% transaction privilege (sales) tax approved by the voters of the City on November 7, 1989, the use of which is restricted to funding transportation improvements (the “1989 Transportation Tax”), (b) 0.20% transaction privilege (sales) and use tax approved by the voters of the City on May 23, 1995, the use of which is restricted to acquiring land for the McDowell Sonoran Preserve (the “1995 Preserve Tax”), (c) 0.10% transaction privilege (sales) and use tax approved by the voters of the City on May 18, 2004, the use of which is restricted to funding public safety services and capital needs (the “Public Safety Tax”), (d) 0.15% transaction privilege (sales) and use tax approved by the voters of the City on May 18, 2004, the use of which is restricted to acquiring land and interests in land, and constructing improvements thereto, for the McDowell Sonoran Preserve (the “2004 Preserve Tax”), (e) 5% tax upon transient lodging approved by the voters of the City on March 9, 2010, 50% of which (2.50%) is restricted for destination marketing to promote tourism and 50% of which (2.50%) is divided among tourism-related event support, tourism research, tourism-related capital projects, and other eligible uses as determined by City ordinance and State law (the “Transient Occupancy Tax”), (f) 0.10% transaction privilege (sales) and use tax approved by the voters of the City on November 6, 2018, the use of which is

restricted to providing funds for transportation improvement projects (the “2018 Transportation Tax”), or (g) any other similar tax restricted as to use. A portion of the revenues generated by the City from building permits and development impact fees are restricted and will not be deemed Excise Taxes for purposes of the Agreement or this Indenture. Revenues received by the City from vehicle license taxes charged by the State will not be deemed Excise Taxes for purposes of the Agreement or this Indenture.

“**Existing Parity Bonds**” means the 2006 Refunding Bonds, the 2010 Bonds, the 2013 Bonds, the 2014 Refunding Bonds, the 2015A Tax-Exempt Bonds, the 2015A Taxable Bonds, the 2015 Refunding Bonds, the 2017 Refunding Bonds and the 2017A and 2017B Bonds.

“**Fiscal Year**” means the period commencing each July 1 and ending June 30 of the succeeding calendar year, unless otherwise determined and designated by the City, and the Excise Taxes shall be accounted for on that basis.

“**Flood Control Project**” means capital improvements to the City’s drainage and flood control system and related facilities including other capital improvements with a public purpose, as more fully described in the Agreement.

“**Government Obligations**” means direct general obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America (including, without limitation, the interest portion of obligations issued by the Resolution Funding Corporation in book entry form and stripped by request to the Federal Reserve Bank of New York), including Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations, provided any stripped Government Obligations have been stripped by the applicable U.S. Governmental Agency.

“**Indenture**” means this Trust Indenture, together with any amendments or supplements hereto permitted to be made hereunder.

“**Independent Counsel**” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the MPC, the City or the Trustee.

“**Interest Payment Date**” means each January 1 and July 1, commencing January 1, 2020 while any Bonds are Outstanding provided that, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

“**Installment Payments**” means all installment payments required to be paid by the City on the dates pursuant to the Agreement.

“Issuance Costs” means all items of expense directly or indirectly payable by or reimbursable to the City or the Trustee relating to the execution, sale and delivery of the Agreement, this Indenture and the Bonds, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and prepayment of first year administrative fees and charges of the Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing.

“Market Value” means the indicated bid value of the investment or investments to be valued as shown in The Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation.

“MPC” means the City of Scottsdale Municipal Property Corporation, an Arizona non-profit corporation.

“Original Purchaser” means, collectively, the Series 2019A MPC Original Purchaser and the Taxable Series 2019B Original Purchaser, as original purchasers of the Bonds.

“Outstanding”, when used (a) with respect to Parity Bonds, refers to Parity Bonds issued in accordance with this Indenture, excluding: (i) Parity Bonds which have been exchanged or replaced, or delivered to the trustee therefor for credit against a sinking fund installment; (ii) Parity Bonds which have been paid; (iii) Parity Bonds which have become due and for the payment of which moneys have been duly provided to the trustee therefor; and (iv) Parity Bonds for which there have been irrevocably set aside with a trustee therefor sufficient moneys or Permitted Investments in accordance with Article XIV of this Indenture bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of, premium, if any, and interest on such Parity Bonds as provided in the proceedings under which such Parity Bonds were issued, provided, however, that if any such Parity Bonds are to be redeemed prior to maturity, the MPC and City shall have taken all action necessary to redeem such Parity Bonds and notice of such redemption shall have been duly mailed in accordance with the proceedings under which such Parity Bonds were issued or irrevocable instructions so to mail shall have been given to the trustee therefor; and (b) when used with respect to Bonds, also refers to Bonds issued under this Indenture.

“Owner” or any similar term, when used with respect to a Bond means the person in whose name such Bond shall be registered.

“Parity Bonds” means, collectively, the Bonds, the Existing Parity Bonds and any Additional Parity Bonds that are Outstanding.

“Paying Agent” means the Trustee.

“Permitted Investments” means investments in any one or more of the following:

(a) Direct general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Federal Home Loan Banks; Federal Home Loan Mortgage Corporation (including participation certificates); Federal Land Banks; Federal Financing Bank; Government National Mortgage Association; Export-Import Bank of the United States; or the Federal Housing Administration;

(c) Interest-bearing time or demand deposits, certificates of deposit, repurchase agreements or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including the Trustee), provided that such deposits, certificates and other arrangements are fully insured or are in a bank, trust company, national banking association or other savings institution having one of the two of the highest credit ratings (without regard to numerical or other modifiers) of Moody’s Investors Service or S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC;

(d) Repurchase agreements with any bank, trust company, national banking association or securities dealer (including the Trustee) of favorable reputation, which agreements are at all times secured by obligations described in (a) or (b) or a combination thereof having a Market Value at all times at least equal to the face amount of the agreement and possession of which obligation is held or controlled by the Trustee or by a third party, and which mature in not more than thirty (30) days; and

(e) Money market funds rated ‘AAA’ or better by S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC or rated ‘Aaa’ or better by Moody’s Investors Service including any such funds for which the Trustee or an affiliate or subsidiary acts as custodian or advisor.

“Principal Payment Date” means each July 1, commencing on or after July 1, 2020, while any Bonds are Outstanding provided that, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, with the same force and effect as if made on the specified date for such payment.

“Project” means, collectively, (i) the acquisition and construction of the Flood Control Project; (ii) the acquisition and construction of the Stadium Project, and (iii) the acquisition and construction of other capital improvements with a public purpose and are funded with the Bonds pursuant to the Agreement.

“Project Fund” means the fund by that name held by the Trustee pursuant to Article III hereof and consisting of the Series 2019A Acquisition and Construction Account, the

Taxable Series 2019B Acquisition and Construction Account, the Series 2019A Costs of Issuance Account, and the Taxable Series 2019B Costs of Issuance Account.

“Rebate Amount” means the amount due to the United States under Section 148(f) of the Code with respect to the investment of proceeds of the Bonds.

“Rebate Consultant” means an individual or firm acceptable to, and retained by, the City experienced in the calculation of rebate due to the United States with respect to tax-exempt municipal bonds.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Article V hereof.

“Record Date” means the close of business of the Trustee on the fifteenth day of the month preceding an Interest Payment Date, unless such date is a Saturday, Sunday or legal holiday of the Trustee, in which event the Record Date shall be the previous Business Day.

“Registrar” means the Trustee.

“Responsible Officer” means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer or any other officer of the Trustee within the office of the Trustee set forth in Section 14.4 hereof (the “Corporate Trust Office”) (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

“Series 2019A Acquisition and Construction Account” means the account of that name created in the Project Fund pursuant to Article III hereof.

“Series 2019A Bond Fund” means the fund by that name established and held by the Trustee pursuant to Article III hereof.

“Series 2019A Costs of Issuance Account” means the account of that name created in the Project Fund pursuant to Article III hereof.

“Series 2019A MPC Bonds” means the MPC’s Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project), in the original aggregate principal amount of \$[PAR-A].

“Series 2019A MPC Original Purchaser” means [_____], as original purchaser of the Series 2019A MPC Bonds.

“Stadium Project” means capital improvements to, and renovation of, Scottsdale Stadium and related facilities including other capital improvements with a public purpose, as more fully described in the Agreement.

“State” means the State of Arizona.

“Supplemental Agreement” means any agreement amending or supplementing the terms of this Indenture or providing for the issuance or securing of Additional Parity Bonds.

“Taxable Series 2019B Acquisition and Construction Account” means the account of that name created in the Project Fund pursuant to Article III hereof.

“Taxable Series 2019B Bond Fund” means the fund by that name established and held by the Trustee pursuant to Article III hereof.

“Taxable Series 2019B Costs of Issuance Account” means the account of that name created in the Project Fund pursuant to Article III hereof.

“Taxable Series 2019B MPC Bonds” means the MPC’s Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project), in the original aggregate principal amount of \$[PAR-B].

“Taxable Series 2019B MPC Original Purchaser” means [____], as original purchaser of the Taxable Series 2019B MPC Bonds.

“Trust Estate” means the property of the MPC which is assigned, transferred in trust, pledged and set over unto the Trustee pursuant to this Indenture.

“Trustee” means U.S. Bank National Association, or any successor thereto acting as Trustee pursuant to this Indenture.

“2006 Refunding Bonds” means the \$165,960,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2006.

“2010 Bonds” means the \$75,000,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds (Water and Sewer Improvements Project), Series 2010.

“2013 Bonds” means the \$65,000,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue and Refunding Bonds, Series 2013.

“2014 Refunding Bonds” means the \$22,735,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2014.

“2015A Tax-Exempt Bonds” means the \$30,685,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Tax-Exempt Series 2015A.

“2015A Taxable Bonds” means the \$14,615,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Taxable Series 2015A.

“2015 Refunding Bonds” means the \$93,570,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2015.

“2017 Refunding Bonds” means the \$79,970,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Refunding Bonds, Series 2017.

“2017A and 2017B Bonds” means the \$62,585,000 City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Series 2017A (Water Improvements Project) (Non-AMT) and Series 2017B (Aviation Improvements Project) (AMT).

Words importing persons include firms, associations and corporations, and the singular and plural forms of words shall be deemed interchangeable wherever appropriate.

Section 1.2 Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution of this Indenture by the officers and persons signing it.

ARTICLE II
AUTHORIZATION AND TERMS OF
BONDS; ADDITIONAL PARITY BONDS

Section 2.1 Authorized Bonds and Amount of Bonds. No Bonds may be issued hereunder except in accordance with this Article. The total authorized principal amount of Series 2019A MPC Bonds which shall be issued under the provisions of this Indenture is \$[PAR-A]. The total authorized principal amount of Taxable Series 2019B MPC Bonds which shall be issued under the provisions of this Indenture is \$[PAR-B]. The MPC may issue, sell and deliver one or more series of Additional Bonds for the purposes, upon satisfaction of the conditions and in the manner provided herein.

Section 2.2 Issuance of Bonds.

(a) It is determined to be necessary to, and the MPC shall, issue, sell and deliver the “City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project)” in the aggregate principal amount of \$[PAR-A]. The Series 2019A MPC Bonds shall be issuable only in fully registered book-entry-only form, substantially as set forth in Exhibit A hereto; shall mature and bear interest as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate	Maturity Date (July 1)	Principal Amount	Interest Rate

The Series 2019A MPC Bonds shall be numbered in sequential order beginning with R-1 in order to distinguish each Series 2019A MPC Bond from any other Series 2019A MPC Bond; shall be in the denominations of \$5,000 of principal and any integral multiple thereof; shall be dated as of the date of delivery; and shall bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date, until paid. Interest shall be payable semiannually on July 1 and January 1 of each year, commencing January 1, 2020, at the rates set forth above (on the basis of a 360-day year of twelve 30-day months).

(b) It is determined to be necessary to, and the MPC shall, issue, sell and deliver the “City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project)” in the aggregate principal amount of \$[PAR-B]. The Taxable Series 2019B MPC Bonds shall be issuable only in fully registered book-entry-only form, substantially as set forth in Exhibit A hereto; shall mature and bear interest as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate	Maturity Date (July 1)	Principal Amount	Interest Rate

The Taxable Series 2019B MPC Bonds shall be numbered in sequential order beginning with R-1 in order to distinguish each Taxable Series 2019B MPC Bond from any other Taxable Series 2019B MPC Bond; shall be in the denominations of \$5,000 of principal and any integral multiple thereof; shall be dated as of the date of delivery; and shall bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date, until paid. Interest shall be payable semiannually on July 1 and January 1 of each year, commencing January 1, 2020, at the rates set forth above (on the basis of a 360-day year of twelve 30-day months).

Section 2.3 Delivery of Bonds.

(a) Upon the execution and delivery hereof, and satisfaction of the conditions established by the MPC for delivery of the Bonds, the MPC shall execute the Bonds and deliver them to the Trustee. Thereupon, the Trustee shall authenticate the Bonds and deliver them to, or on the order of, the Original Purchaser thereof, as directed by the MPC in accordance with this Section 2.3.

(b) Prior to delivery by the Trustee of any Bonds, there shall have been received by the: Trustee a request and authorization to the Trustee on behalf of the MPC, signed by the President or the Secretary, to authenticate and deliver the Bonds to, or on the order of, the Original Purchaser upon payment to the Trustee of the amounts specified therein (including without limitation, any accrued interest), which amounts shall be deposited as provided in Article III hereof.

Section 2.4 Issuance and Delivery of Additional Parity Bonds.

(a) The MPC may issue Additional Parity Bonds from time to time for any purpose permitted herein. The Bonds are not considered Additional Parity Bonds for any purpose of this Indenture.

(b) Additional Parity Bonds shall be on a parity with the Bonds and any Additional Parity Bonds hereafter issued and then Outstanding, as to the assignment to the Trustee of the right, title and interest of the MPC in the Agreement and moneys in the accounts of the funds created hereby; provided, that nothing herein shall prevent payment of principal, interest and premium, if any, on any series of Additional Parity Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the Bonds and any one or more series of Additional Parity Bonds or (ii) not being secured or protected from sources or by property or instruments applicable to the Bonds or one or more series of Additional Parity Bonds.

(c) The issuance of such Additional Parity Bonds is subject to the following specific conditions which are hereby made conditions precedent to the issuance of such Additional Parity Bonds:

(i) such additional bonds shall have been authorized to aid the City in financing the construction of new municipal facilities upon real property, or to lease or acquire property and construct other facilities upon the request of the City for other governmental, civic and community purposes, or to refund obligations incurred for those purposes, and the issuance thereof shall have been determined and declared by the MPC, by appropriate resolution, to be necessary for that purpose;

(ii) the MPC shall be in compliance with all covenants and undertakings set forth in the Agreement and in this Indenture, as either or both may have been supplemented or amended;

(iii) the resolution authorizing issuance of such additional bonds shall require that the proceeds of the sale thereof shall be applied solely (a) for one or more of the purposes set forth in (i) above and expenses and costs incidental thereto, including costs and expenses incident to the issuance and sale of such additional bonds, (b) if desired, to establish a reasonable debt service reserve fund for the protection of the Owners of the additional bonds, and (c) to pay interest on such additional bonds during the actual period of any construction of such facilities, and for a period of not to exceed twelve (12) months thereafter;

(iv) such additional bonds shall be equally and ratably secured with the Bonds herein authorized, without preference or priority of any of the Bonds over any other bonds, except as expressly provided in the Indenture, as supplemented;

(v) the MPC shall have entered into a revised agreement with the City, or shall have amended the Agreement, in and by which the City obligates itself in the manner therein provided to increase the Installment Payments or to make such payments to the MPC at

the times and in the amounts sufficient to provide for the payment of principal and interest on such additional bonds as such principal and interest may become due; and

(vi) the City must be in compliance with the terms of the Agreement.

Section 2.5 Form. The Bonds shall be in fully registered form. The fully registered book-entry-only form of the Bonds shall be substantially in the forms set forth in Exhibit A, attached hereto and incorporated herein. If the Book-Entry-Only System is discontinued, the Bonds shall be in substantially the same form with such changes as may be necessary to provide for issuance of Bonds to the beneficial owners thereof.

Section 2.6 Authentication and Execution. Only Bonds authenticated by the endorsement thereon of a certificate substantially in the form as shown on Exhibit A, executed by the MPC by one of its authorized officers, shall be valid or become obligatory for any purpose or be secured by this Indenture or shall be entitled to any benefit hereunder; and every such certificate of the MPC upon any Bond purporting to be secured hereby shall be conclusive evidence that the Owner is entitled to the benefit of the trust hereby created.

All Bonds issued and to be issued pursuant to this Indenture shall be executed in the name of the MPC with the manual, Electronic or facsimile signature of its President or Vice President. In case any of the officers of the MPC who shall have signed or sealed any Bond shall cease to be such officer before the Bond so signed or sealed shall have been actually authenticated by the Trustee or delivered or issued, such Bond may nevertheless be authenticated and delivered and issued with the same effect as though the person who had signed and sealed such Bond had not ceased to be an officer of the MPC.

Section 2.7 Book-Entry-Only System. The Bonds shall be initially registered in the name of the Depository or its nominee for holding in the Book-Entry-Only System, without further action by the MPC. There shall be a single Bond representing the entire aggregate principal amount of each maturity of each series of the Bonds.

Neither the MPC, the City nor the Trustee shall have any responsibility or obligation to the Depository's participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by the Depository or the Depository's participants, the payments by the Depository or the Depository's participants of any amount in respect of principal, redemption price or interest on the Bonds, any notice which is permitted or required to be given to or by Owners of Bonds hereunder (except such notice as is required to be given by the MPC to the Trustee or to the Depository), or any consent given or other action taken by the Depository as an Owner of Bonds.

The Trustee, pursuant to a request by the MPC for the removal or replacement of the Depository, and upon 30 days' notice to the Depository, may remove or replace the Depository. The Trustee agrees to remove or replace the Depository at any time at the request of the MPC, and the MPC shall cooperate with the Trustee in effecting such removal or replacement. The Depository may determine not to continue to act as Depository for the Bonds

upon 30 days written notice to the Trustee. The Owners have no right to either a Book-Entry-Only System or a Depository for the Bonds.

Notwithstanding any other provision of this Indenture or the Bonds, so long as the Bonds are in the Book-Entry-Only System and the Depository or its nominee is the Owner of the Bonds:

(a) **Presentation.** Presentation of Bonds to the Trustee at redemption or at maturity shall be deemed made to the Trustee when the right to exercise ownership rights in the Bonds through the Depository or the Depository's participants is transferred by the Depository on its books.

(b) **Fractionalized Representation.** The Depository may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this Indenture on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the Bonds through the Depository or its participants.

(c) **Limitations on Transfer.** Bonds or any portion thereof shall not be transferable or exchangeable except:

- (1) To any successor of the Depository;
- (2) To any new Depository not objected to by the Trustee, upon (a) the resignation of the then current Depository or its successor from its functions as Depository, or (b) termination of the use of the Depository by direction of the MPC;
- (3) To any assigns of the Depository or its nominee, upon (A) the resignation of the Depository from its functions as Depository hereunder or (B) termination by the MPC of use of the Depository.

If the use of the Book-Entry-Only System is discontinued, then after the Trustee has made provision for notification of the beneficial owners of their book entry interests in the Bonds by appropriate notice to the then Depository, the MPC and the Trustee shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form and in Authorized Denominations to the assignees of the Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bond certificates) of the MPC.

Subject to any arrangements made by the Trustee with a Depository with respect to the Bonds held in a Book-Entry-Only System, which arrangements are hereby authorized subject to the approval of the MPC, principal of, premium, if any, and interest shall be payable on any Bond as provided in this Indenture.

Section 2.8 Transfer and Exchange. So long as the Book-Entry-Only System is in effect the Bonds will be issued as a single Bond for each maturity date of each series, registered in the name of the Depository or its nominee. If the Book-Entry-Only System is no longer in effect, the following will apply:

(a) **Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.12 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Trustee shall execute and deliver a new Bond or Bonds in fully registered form of the same series, maturity and interest rate and for a like aggregate principal amount.

(b) **Exchange of Bonds.** Bonds may be exchanged at the Designated Office of the Trustee for a like aggregate principal amount of Bonds of Authorized Denominations of the same series, maturity and interest rate. In connection with any such exchange or transfer of Bonds, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax, or other governmental charge required to be paid, other than one imposed by the MPC (for which the MPC will reimburse the Trustee), or any fee or expense of the Trustee or the MPC with respect to such exchange or transfer.

(c) **Transfer of Bonds Called for Redemption.** The Trustee may, but shall not be obligated to, exchange or register the transfer of a Bond (i) if the Bond has been called, or selected for call, for redemption, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If a Bond is transferred after having been called or selected for redemption, any notice of redemption which has been given to the transferor shall be binding on the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the duly registered Bond or Bonds.

Section 2.9 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Trustee, at the expense of the Owner of said Bond, shall execute and deliver a new Bond of like series, tenor, maturity and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Any mutilated Bond so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Bond Owner. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Bond Owner, shall execute and deliver a new Bond of like tenor, maturity and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Bond delivered under this Section 2.9 and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.9. Any Bond issued under the provisions of this Section 2.9 in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. The

Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section 2.9, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bond upon receipt of the aforementioned indemnity.

Section 2.10 Payment.

A. **Book-Entry-Only System.** So long as the Book-Entry-Only System is in effect interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co., as initial nominee of the Depository, or its registered assigns in same-day funds no later than the time established by the Depository on each Interest Payment Date or Principal Payment Date (or in accordance with then existing arrangements between the MPC and the Depository).

B. **Without Book-Entry-Only System.** If the Book-Entry-Only System is no longer in effect, the following will apply:

(a) Payment of interest due with respect to any Bond on any Interest Payment Date shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the date due by first class mail to such Owner at his address as it appears on such registration books.

(b) The principal and redemption price, if any, with respect to the Bonds shall be payable in lawful money of the United States of America upon surrender when due at the Designated Office.

(c) Interest and, if arrangements for surrender are made with the Trustee, principal and redemption price, if any, payable to any securities depository or to any Owner of \$1,000,000 or more in principal amount of Bonds shall be paid by wire transfer in immediately available funds to an account in the United States if the Owner makes a written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

(d) Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Record Date solely by virtue of such Owner having been such Owner. Such Defaulted Interest shall thereupon be paid, together with interest thereon at the same rate per annum as such Defaulted Interest, by the Trustee to the persons in whose names such Bonds are registered at the close of business on a special record date (the "Special Record Date") for the payment of such portion of

Defaulted Interest as may then be paid from the sources herein provided. When the Trustee has funds available to pay the Defaulted Interest and interest thereon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest and interest thereon which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee. The Trustee shall promptly cause notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner of a Bond at its address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest and interest thereon shall be paid to the Owners in whose names the Bonds are registered on such Special Record Date.

Section 2.11 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bond Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Bonds by any person and the amount, the maturity and the numbers of such Bonds and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.12 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.12 Bond Register. The Trustee will keep or cause to be kept, at its Designated Office of the Trustee, sufficient books for the registration and transfer of the Bonds which shall at all times during regular business hours be open to inspection by the City and the MPC and, upon presentation for such purpose, the Trustee shall, under such reasonable

regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Section 2.13 Special Agreement with Owners. Notwithstanding any provision of this Indenture or of any Parity Bond to the contrary, with the approval of the MPC (exclusive of any agreements with a Depository), the Trustee may enter into an agreement with any Owner providing for making all payments to that Owner of principal of, premium, if any, and interest on that Parity Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Parity Bond, without presentation or surrender of the Parity Bond, upon any conditions which shall be satisfactory to the Trustee and the MPC; provided, that payment in any event shall be made to the person or entity in whose name a Parity Bond shall be registered on the Bond Register, with respect to payment of principal and premium, on the date such principal and premium is due, and, with respect to the payment of interest, as of the applicable Record Date or special record date, as the case may be.

Upon request, the Trustee will furnish a copy of each of those agreements, certified to be correct by an officer of the Paying Agent, to the MPC. Any payment of principal of, premium, if any, and interest on any Parity Bond pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Indenture.

ARTICLE III

CREATION OF FUNDS;

APPLICATION OF PROCEEDS RECEIVED BY TRUSTEE

Section 3.1 Creation of Funds to be Held by Trustee. There is hereby created a Series 2019A Bond Fund, a Taxable Series 2019B Bond Fund, and a Project Fund, and within the Project Fund there is hereby created a Series 2019A Acquisition and Construction Account, a Taxable Series 2019B Acquisition and Construction Account, a Series 2019A Costs of Issuance Account, and a Taxable Series 2019B Costs of Issuance Account. The money deposited therein shall be held by the Trustee in trust for the purposes set forth in this Article.

Section 3.2 Installment Payments; Credit of Excess Money. The Installment Payments to be paid by the City pursuant to the terms of the Agreement have been assigned by the MPC to the Trustee so that such moneys shall be paid by the City directly to the Trustee at least one day prior to the date the Trustee is required to make a payment on the Bonds; and the Trustee shall deposit such moneys to the Series 2019A Bond Fund or the Taxable Series 2019B Bond Fund, as applicable. If on July 1 of each year money in the respective Series 2019A Bond Fund or Taxable Series 2019B Bond Fund exceeds the amount necessary for the current debt service on all Series 2019A MPC Bonds or Taxable Series 2019B MPC Bonds, as applicable, then Outstanding, including administration costs and expenses, and the City is not then in default pursuant to the Agreement, such excess shall constitute a credit to the City on the next succeeding Installment Payment or Installment Payments due or to become due pursuant to the

Agreement; provided, however, that the City may exercise its prepayment and redemption rights in accordance with Sections 1.4, 15.3 and 15.5 of the Agreement, in which event such excess funds shall be applied in accordance with Section 2.6 of the Agreement. The aforesaid credit or transfer shall be made by the Trustee no less frequently than annually.

Section 3.3 Disposition of Bond Proceeds and Other Moneys.

(a) The MPC shall direct the Series 2019A Original Purchaser to deposit with the Trustee \$[] representing the proceeds from the sale of the Series 2019A MPC Bonds, net of any discounts [and less the good faith deposit previously received by the City on behalf of the MPC from the Series 2019A Original Purchaser], and the Trustee shall apply such proceeds as follows:

(i) An amount equal to \$[] will be deposited in (or credited to) the Series 2019A Acquisition and Construction Account of the Project Fund and applied to acquire and construct the Flood Control Project. [Pursuant to Requisition No. 1 dated the date of the Series 2019A MPC Bonds, \$[] representing the good faith deposit from the Series 2019A Original Purchaser will be retained by the City to reimburse itself for the Flood Control Project costs.]

(ii) An amount equal to \$[] will be deposited in the Series 2019A Costs of Issuance Account of the Project Fund and applied to pay Issuance Costs of the Series 2019A MPC Bonds.

(iii) An amount equal to \$[] will be deposited in the Series 2019A Bond Fund and used to pay the principal and interest on the Series 2019A MPC Bonds.

(b) The MPC shall direct the Taxable Series 2019B Original Purchaser to deposit with the Trustee \$[] representing the proceeds from the sale of the Taxable Series 2019B MPC Bonds, net of any discounts [and less the good faith deposit previously received by the City on behalf of the MPC from the Taxable Series 2019B Original Purchaser], and the Trustee shall apply such proceeds as follows:

(i) An amount equal to \$[] will be deposited in (or credited to) the Taxable Series 2019B Acquisition and Construction Account of the Project Fund and applied to acquire and construct the Stadium Project. [Pursuant to Requisition No. 1 dated the date of the Taxable Series 2019B MPC Bonds, \$[] representing the good faith deposit from the Taxable Series 2019B Original Purchaser will be retained by the City to reimburse itself for the Stadium Project costs.]

(ii) An amount equal to \$[] will be deposited in the Taxable Series 2019B Costs of Issuance Account of the Project Fund and applied to pay Issuance Costs of the Taxable Series 2019B MPC Bonds.

(iii) An amount equal to \$[] will be deposited in the Taxable Series 2019B Bond Fund and used to pay the principal and interest on the Taxable Series 2019B MPC Bonds.

Section 3.4 Payment of Principal and Interest. The Trustee shall pay from the Series 2019A Bond Fund or the Taxable Series 2019B Bond Fund, as applicable, the following amounts at the time and in the manner hereinafter provided for:

(a) Interest. On each Interest Payment Date, the Trustee shall withdraw from the Series 2019A Bond Fund or the Taxable Series 2019B Bond Fund an amount equal to interest due and payable on the respective series of Outstanding Bonds for the purpose of paying such interest.

(b) Principal. On each Principal Payment Date, the Trustee shall withdraw from the Series 2019A Bond Fund or the Taxable Series 2019B Bond Fund an amount equal to the principal due and payable on the respective series of Outstanding Bonds for the purpose of paying such principal.

Section 3.5 Project Fund.

(a) Moneys in the Project Fund will be used to pay Project costs and Issuance Costs of the Bonds. Disbursements from the Series 2019A Acquisition and Construction Account and the Taxable Series 2019B Acquisition and Construction Account of the Project Fund for Project costs will be made by the Trustee upon receipt of a written requisition substantially in the form attached as Exhibit B hereto signed by the Authorized Representative, which identifies the cost related to the Project for which payment or reimbursement is due, gives the name, address or wire instructions and amount due to that person. All investment earnings on the Project Fund will be retained therein.

(b) Disbursements from the Series 2019A Costs of Issuance Account and the Taxable Series 2019B Costs of Issuance Account of the Project Fund for payment of Issuance Costs of the Bonds will be made by the Trustee upon receipt of a written requisition substantially in the form attached as Exhibit C hereto signed by the Authorized Representative, which identifies the Issuance Costs for which payment or reimbursement is due, and gives the name, address or wire instructions and amount due to that person.

(c) In the event that the Bonds are declared due and payable prior to maturity for any reason, moneys in the Project Fund, other than funds held pursuant to a redemption notice with respect to Bonds to be redeemed, which will be paid in accordance with such notice, will be immediately transferred to the Series 2019A Bond Fund and the Taxable Series 2019B Bond Fund, as applicable, to the extent needed to pay unpaid interest and then to pay unpaid principal.

(d) Moneys in the Project Fund from time to time shall be invested in Permitted Investments as directed by an Authorized Representative and all income and gain on

any such investments shall be retained in the Project Fund until the earlier of completion of the Project or October [___], 2022.

(e) The Trustee agrees to keep adequate records pertaining to all the accounts in the Project Fund and, upon completion of the Project, to file an accounting for the Project Fund with the MPC.

(f) Any moneys remaining in the Series 2019A Acquisition and Construction Account and the Taxable Series 2019B Acquisition and Construction Account of the Project Fund on the earlier of the completion of the Project or October [___], 2022, shall be transferred to the Series 2019A Bond Fund and the Taxable Series 2019B Bond Fund, as applicable, and used to pay the next ensuing interest and principal payments due on the Series 2019A MPC Bonds and the Taxable Series 2019B MPC Bonds, as applicable.

(g) Any moneys remaining in the Series 2019A Costs of Issuance Account and the Taxable Series 2019B Costs of Issuance Account of the Project Fund on April [___], 2020 shall be transferred to the Bond Fund and used to pay the next ensuing interest and principal payments due on the Series 2019A MPC Bonds and the Taxable Series 2019B MPC Bonds, as applicable.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1 Terms of Redemption.

(a) (i) Series 2019A MPC Bonds - Optional Redemption. The Series 2019A MPC Bonds maturing on or before July 1, [____], are not subject to redemption prior to maturity. The Series 2019A MPC Bonds maturing on or after July 1, [____], are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, [____], in whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

(ii) Taxable Series 2019B MPC Bonds - Optional Redemption. The Taxable Series 2019B MPC Bonds maturing on or before July 1, [____], are not subject to redemption prior to maturity. The Taxable Series 2019B MPC Bonds maturing on or after July 1, [____], are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, [____], in whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

(b) Additional Parity Bonds. Additional Parity Bonds shall be subject to redemption as provided in the applicable Supplemental Agreement or resolution.

Section 4.2 Partial Redemption. If fewer than all of the Outstanding Bonds of a series that are stated to mature on different dates are to be redeemed at one time, those Bonds which are to be redeemed shall be redeemed in any order of the maturities of the Bonds of that series to be redeemed requested by the MPC. If fewer than all of the Bonds of a single maturity of a series are to be redeemed, the selection of book-entry-only Bonds of that maturity to be redeemed shall be made by the Depository. For other Bonds, selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 of principal or any integral multiple thereof, shall be made by lot or such other manner selected by the Trustee. In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, each \$5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by a Bond are to be redeemed, then upon notice of redemption of a \$5,000 unit or units, the Owner of that Bond shall surrender the Bond to the Trustee (i) for payment of the redemption price of the \$5,000 unit or units of face value to be redeemed, and (ii) for issuance, without charge to the Owner thereof, of a new Bond or Bonds of the same series, of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

Section 4.3 MPC's Election to Redeem. At the direction of the City, the MPC will redeem any Bonds subject to redemption. The Board of Directors shall adopt a resolution to redeem such Bonds and shall thereupon give written notice to the Trustee. In the event that notice of redemption shall have been given by the Trustee to the Owners as provided in Section 4.4 hereof, if there has not been deposited with the Trustee prior to the redemption date, funds which, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds for which notice of redemption has been given then such redemption shall be cancelled and of no effect and notice of cancellation shall be sent in the manner and to the persons that notice of redemption had been sent.

Section 4.4 Notice of Redemption. When redemption, other than redemption at maturity, is authorized pursuant to this Article IV, the Trustee shall give notice of the redemption of the Bonds. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, (d) in the case of each Bond called only in part, the portion of the principal thereof which is to be redeemed and (e) in the case of any Bond to be redeemed, the redemption price. The notice shall further state that if, on the specified redemption date, monies for redemption of all said Bonds to be redeemed, together with interest to the date of redemption, shall be held by the Trustee, then, from and after such date of redemption, interest with respect to the Bonds so called shall cease to accrue and become payable. If the money necessary for such redemption is not held by the Trustee at the time of mailing the notice of redemption, the notice shall further state that the redemption is conditional on such money being so held on the date set for redemption, and that if not so held, the redemption shall be cancelled and the notice shall be of no force or effect.

The Trustee agrees to provide certain notices to the Bond owners as required to be provided by the Trustee in, and upon being provided with a copy of, the resolution of the MPC approving the issuance, sale and delivery of the Bonds. So long as the Book-Entry-Only System is in effect, the Trustee shall send notices of redemption to the Depository in the manner required by the Depository. If the Book-Entry-Only System is discontinued, the Trustee shall mail notice of redemption of any Bond to the registered owner of the Bond or Bonds being redeemed at the address shown on the Bond Register maintained by the Trustee not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of the Depository nor any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for the redemption of Bonds as to which proper notice of redemption was given.

The Trustee also agrees to send notice of any redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any

manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

All moneys deposited in the Series 2019A Bond Fund and the Taxable Series 2019B Bond Fund, as applicable, and held by the Trustee or a Paying Agent for the redemption of particular Bonds shall be held in trust for the account of the Owners thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

ARTICLE V

REBATE FUND; SURPLUS; SEPARATE FUNDS

Section 5.1 Rebate Fund. In the event the MPC is required to rebate its earnings and profits from the investment of the Series 2019A MPC Bonds, the Trustee shall upon direction from the MPC establish, as a separate deposit account in the custody of the Trustee, a fund to be designated as the “City of Scottsdale Municipal Property Corporation Rebate Fund”. Money and investments in the Rebate Fund shall not be used for the payment of debt service on the Bonds and any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder. Moneys and investments in the Rebate Fund are not included within the Trust Estate executed in the granting clauses hereof and shall be invested pursuant to the procedures and in the manner described in Section 8.2 hereof.

Unless otherwise provided in Subsequent Rebate Instructions (defined herein), promptly after the end of every fifth Fiscal Year and promptly after the payment in full of all Outstanding Bonds, the MPC, at the direction of the City, shall engage, and furnish information to, the Rebate Consultant to calculate the Rebate Amount as of the end of every fifth Fiscal Year or the date of such payment in full and shall provide to the Trustee copies of such calculations along with any applicable Rebate Amount. Upon the occurrence of an Event of Default and at the request of the Trustee, the Rebate Consultant shall calculate the Rebate Amount as of the date requested by the Trustee and provide such calculation to the Trustee on or before the date so requested. Whenever there is a rebate calculation and the Rebate Consultant provides the calculation to the Trustee, the Trustee shall then notify the Authorized Representative in writing of the amount then on deposit in the applicable account in the Rebate Fund.

If the Rebate Consultant fails to make the calculation of Rebate Amount by the 30th day after the end of every fifth Fiscal Year or the date of payment in full of the Series 2019A MPC Bonds, the Trustee shall retain an independent certified public accounting firm or other qualified independent person, at the expense of the MPC, to make or cause to be made such calculation and shall provide copies of such calculations to the MPC.

The MPC is obligated to pay the Rebate Amount to the Trustee which will be deposited by the Trustee into the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Rebate Amount as computed by the Rebate Consultant, the Trustee shall forthwith pay that excess amount to the MPC. If the amount then on deposit in the Rebate Fund is less than the Rebate Amount (computed by taking into account the amount or amounts, if any, previously paid to the United States pursuant to this Section), the MPC shall, within five days after receipt of the aforesaid notice from the Trustee, pay to the Trustee from Installment Payments or other funds legally available therefore from the City, for deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Rebate Amount.

If at any time the Trustee is required to retain or pay a Rebate Consultant, then the Trustee, after delivering to the MPC a demand for payment of an amount sufficient to pay the Rebate Consultant, the MPC shall pay or cause the Trustee to pay from the Rebate Fund such

amount as may be needed to pay the Rebate Consultant. If at any time when the Trustee is required to withdraw money from the Rebate Fund to make a payment to the United States of America the amount held by the Trustee in the Rebate Fund is insufficient to permit such withdrawal and payment, then the Trustee, after delivering a demand for such deficiency to the MPC and upon receipt of such deficient funds from the MPC, shall deposit such amount to the Rebate Fund in such amounts as may be necessary to make the amount in the Rebate Fund, after such transfers, equal to the amount required to be withdrawn and paid to the United States of America.

This Section shall supersede all other sections of this Indenture, to the end that the interest on the Series 2019A MPC Bonds shall not be included in gross income for federal income tax purposes as a result of the inadequacy at any time of the Rebate Fund, unless the total amount held by the Trustee in all funds established hereunder is insufficient, and no money for such purpose is provided by MPC.

Within 60 days after the end of the fifth Fiscal Year and every fifth succeeding Fiscal Year thereafter, the Trustee, acting on behalf of the MPC, shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the MPC may direct the Trustee to pay) of the Rebate Amount (such Rebate Amount to be notified to the Trustee by the MPC or the Rebate Consultant) earned from the date of the original delivery of the Series 2019A MPC Bonds to the end of such fifth Fiscal Year including income attributable to Rebate Amount during the final payment period (as defined in applicable regulations under the Code).

Within 60 days after the payment in full of all Outstanding Bonds, the Trustee shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 100% of the Rebate Amount earned from the date of the original delivery of the Series 2019A MPC Bonds to the date of such payment. Any moneys remaining in the Rebate Fund following such payment shall be paid to the City.

The MPC and the Trustee shall comply with any written instructions relating to this Section 5.1 furnished after the issuance of the Series 2019A MPC Bonds from the Authorized Representative and accompanied by an opinion of nationally recognized bond counsel addressed to the MPC, the City and the Trustee to the effect that compliance with such instructions will not adversely affect any exclusion of interest on any of the Series 2019A MPC Bonds from gross income for federal income tax purposes (the "Subsequent Rebate Instructions"), even if such Subsequent Rebate Instructions are different from or inconsistent with this Section. The MPC and the Trustee shall be entitled to rely conclusively on the calculations made pursuant to this Section and any Subsequent Rebate Instructions and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations.

The MPC shall obtain and keep records of the computations made pursuant to this Section and all original source documents and other information necessary to, or from, such

computations for a period ending six (6) years after the last of the Series 2019A MPC Bonds is retired, or such later date as required by its policies and procedures.

The Trustee shall keep and make available to the MPC such records concerning the investments of the gross proceeds of the Bonds and the investments of earnings from those investments as may be required by the Rebate Consultant in order to enable the Rebate Consultant to make the aforesaid computations as are required under Section 148(f) of the Code. The MPC shall obtain and keep such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code.

The Trustee shall establish in the Rebate Fund and any other fund such accounts and subaccounts as it is instructed by the MPC in order to assist it in determining applicable accounting for tax purposes and recordkeeping activities in connection therewith.

All computations and determinations pursuant to this Section shall be made in accordance with Section 148(f) of the Code.

Section 5.2 Surplus. Any surplus remaining in any of the funds created hereunder, after redemption and payment of all Series 2019A MPC Bonds, including accrued interest and redemption premium, if any, and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such redemption and payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the MPC.

Section 5.3 Separate Funds and Accounts. Monies and investments properly paid into and held in the funds and accounts established hereunder shall not be subject to the claims of the owners of any Parity Bonds other than the Series 2019A MPC Bonds and the Owners of the Series 2019A MPC Bonds shall have no claim or lien upon any monies or investments properly paid into and held in the funds and accounts established under the proceedings for any other Parity Bonds.

ARTICLE VI

PLEDGE AND LIEN

Section 6.1 Pledge. Installment Payments and all other amounts due under the Agreement by the City are payable from a pledge of, and secured by a lien on, the Excise Taxes as may be necessary for their prompt and punctual payment. Said pledge of, and said lien on, the Excise Taxes is irrevocably made and created by the City pursuant to the Agreement for the prompt and punctual payment of amounts due under the Agreement according to its terms, and to create and maintain the funds as hereinafter specified therein and herein. None of the Bonds shall be entitled to priority or distinction one over the other in the application of the Excise Taxes thereby pledged to the payment thereof, regardless of the delivery of any of the Bonds prior to the delivery of any other of the Bonds or regardless of the time or times the Bonds mature or are called for redemption prior to maturity. All of the Bonds are co-equal as to the pledge of and lien on the Excise Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Taxes or security therefor.

Section 6.2 Protection of Lien. The Trustee, the MPC and the City hereby agree not to make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien hereof upon the interests granted hereby or any part thereof. The Trustee, the MPC and the City agree that no obligations the payment of which is secured by an equal claim on or interest in property or revenues pledged hereunder will be issued or delivered by either except (a) in lieu of, or upon transfer of registration or exchange of, (i) any Bond as provided herein or (ii) any Existing Parity Bonds, and (b) obligations issued on a parity herewith pursuant to Section 6.4 hereof. No obligation with a subordinate lien on Excise Taxes may be accelerated so long as any Bond is Outstanding.

Section 6.3 Existing Parity Pledge. The pledge of Excise Taxes under the Agreement is on a parity with the pledge of the Excise Taxes to Installment Payments due on or with respect to the Existing Parity Bonds.

Section 6.4 Additional Parity Bonds. So long as any of the Bonds remain Outstanding and the principal and interest thereon shall be unpaid or unprovided for or any other amounts remain unpaid or unprovided for hereunder, City will not further encumber the Excise Taxes pledged hereunder on a basis equal to the pledge hereunder unless the Excise Taxes collected in the preceding Fiscal Year shall have amounted to at least three (3) times the combined interest and principal requirement for the succeeding twelve (12) month period for all Bonds and Existing Parity Bonds then Outstanding together with any parity bonds or parity obligations then proposed to be issued and secured by a pledge of the Excise Taxes. Subject to the foregoing, and to other terms and conditions set forth herein and in the Indenture, the City shall have the right to incur future obligations payable from and secured by the Excise Taxes on a parity with the Installment Payments due pursuant to this Indenture.

ARTICLE VII

ADDITIONAL INDEBTEDNESS

Section 7.1 Additional Indebtedness Limit. Except as to indebtedness permitted in accordance with Section 7.2 hereof, the MPC covenants that it will not incur indebtedness of any kind except for the indebtedness evidenced by the Bonds issued pursuant hereto or any indebtedness issued to refund or refinance the Bonds, or indebtedness which is to be paid out of available proceeds from the sale of the Bonds issued pursuant hereto, or indebtedness which the City is required to pay pursuant to the terms of the Agreement.

Section 7.2 Permitted Additional Indebtedness. The MPC may incur additional indebtedness on a parity with the Bonds by means of the issuance of bonds pursuant to Section 6.4 hereof or otherwise, subject to an agreement with the City whereby the City agrees to pay from and grants a lien on its Excise Taxes to secure the prompt payment of the principal and interest in respect of such new indebtedness of the MPC and, provided, further, the City is then in compliance with Sections 4.4 and 4.7 of the Agreement.

ARTICLE VIII

MONEYS IN FUNDS; INVESTMENT

Section 8.1 Held in Trust. Except or otherwise provided herein, moneys and investments held by the Trustee under this Indenture are irrevocably held in trust for the benefit of the Owners of the Bonds, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the MPC, the City, the Trustee or any Owner of Bonds.

Section 8.2 Investments Authorized. Upon written order of the Authorized Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The Authorized Representative may direct such investment in specific Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase from or sell to, itself or any affiliate, as principal or agent, investments authorized by this Section 8.2. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee shall not invest any cash held by it hereunder in the absence of timely and specific written direction from the MPC or Authorized Representative. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the MPC or Authorized Representative as to both the suitability and legality of the directed investments.

Section 8.3 Accounting. The Trustee shall furnish to the MPC, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The MPC waives its rights as permitted by law to receive security trade confirmations as they occur. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 8.2 hereof.

Section 8.4 Allocation of Earnings. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein. At the written direction of the MPC or Authorized Representative, any such income, profit or interest shall be transferred to the Rebate Fund.

Section 8.5 Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at Market Value. The Trustee may sell at the price obtainable, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 8.6 Arbitrage Covenant. The MPC and the City hereby covenant with the Owners of the Series 2019A MPC Bonds that they will make no use of the proceeds of the Series 2019A MPC Bonds or other moneys which would cause the obligations of the MPC to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code.

Section 8.7 Tax Covenants for the Bonds. In consideration of the acceptance and execution of the Series 2019A MPC Bonds and the purchase by the Owners, from time to time, and in consideration of retaining the exclusion of interest income from gross income on the Series 2019A MPC Bonds for federal income tax purposes, the MPC and the City covenant with the Trustee and the Owners from time to time to neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in interest income on the Series 2019A MPC Bonds to become subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of the Series 2019A MPC Bonds or such laws as they may be modified or amended or tax laws later adopted.

The MPC and the City agree that they will comply with such requirement(s) and will take any such action(s) as are necessary to prevent interest income on the Series 2019A MPC Bonds from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by special counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Agreement or this Indenture; filing forms, statements and supporting documents as may be required under the

federal tax laws; limiting the term of and yield on investments made with moneys relating to the Agreement and this Indenture; and limiting the use of the proceeds of the Agreement and this Indenture and property financed thereby.

ARTICLE IX

THE TRUSTEE

Section 9.1 Duties of Trustee. The Trustee shall, prior to the occurrence of an Event of Default described in Section 13.2, and after curing all such Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any such Event of Default (which has not been cured) exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent indenture trustee would exercise or use under the circumstances in the conduct of the Trustee's corporate trust business.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligence or its own willful misconduct except that:

(a) Prior to the occurrence of an Event of Default described herein and after curing all such Events of Default which may have occurred:

(i) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee; and

(b) At all times, regardless of whether or not any such Event of Default has occurred:

(i) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts; and

(ii) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such lesser or greater percentage as is specifically required or permitted by this Indenture) in aggregate principal amount of all Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee in accordance with this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of its duties or in the exercise of any of its rights or powers.

Section 9.2 Actions of Trustee; No Representations. Except as otherwise provided in Section 9.1,

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any notice, request, direction, election, order or demand of the MPC mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the MPC by any officer of the MPC (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors of the MPC may be evidenced to the Trustee by a resolution;

(c) The Trustee may consult with counsel (who may be counsel for the MPC) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of the MPC; and such certificate of the MPC shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it pursuant to the provisions of this Indenture upon the faith thereof;

(e) The recitals herein and in the Bonds (except the Registrar's certificate of authentication thereon) shall be taken as the statements of the MPC and shall not be considered as made by, or imposing any obligation or liability upon, the Trustee. The Trustee makes no representations as to the value or conditions of the Trust Estate or any part thereof, or as to the title of the MPC or as to the validity of this Indenture or of the Bonds issued hereunder; and the Trustee shall incur no liability or responsibility in respect of any of such matters;

(f) The Trustee shall not in any event be required to take, defend or appear in any legal action or proceeding hereunder unless it shall first be adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby. Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section; and

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder, or in any other document or instrument executed in connection with the execution and delivery of the Bonds, except an Event of Default described in Section 13.2(a) hereof, unless the Trustee shall be specifically notified in writing of such default or Event of Default by the MPC, the City, or the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding. All notices or other instructions required by this Indenture to be delivered to the Trustee shall be delivered pursuant to Section 18.1 of the Agreement and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as it is notified as described above.

Section 9.3 Trustee Not Accountable for Actions of MPC. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the MPC of any of the Bonds authenticated or delivered hereunder or of the proceeds of such Bonds.

Section 9.4 Trustee May Acquire Bonds. The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds, and may otherwise deal with the MPC in the manner and to the same extent and with like effect as though it were not trustee hereunder.

Section 9.5 Trustee Compensation. The MPC covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the MPC will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental agreement, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The MPC also covenants to indemnify the Trustee for, from, and to hold it harmless against any loss, liability, expense or advance incurred or made without negligence or bad faith on the part of the Trustee arising out of or in connection with the acceptance or administration of this Trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the MPC pursuant to this Section to compensate the Trustee for services and to pay or reimburse the Trustee for expenses, disbursements, liabilities and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such, except any fund held in trust by the Trustee for the benefit of the Owners of particular Bonds.

Section 9.6 Qualifications of Trustee. There shall at all times be a trustee hereunder, which shall be a corporation organized and doing business pursuant to the laws of the United States or the State, authorized pursuant to such laws to exercise corporate trust power, having its principal office and place of business in the State, having a combined capital and surplus of at least one hundred million dollars (\$100,000,000.00), and subject to supervision or examination by federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.7 hereof.

Section 9.7 Resignation or Removal of Trustee; Appointment of Successor Trustee.

(a) The Trustee may at any time resign by giving written notice to the MPC. Upon receiving such notice of resignation, the MPC shall promptly appoint a successor trustee by an instrument in writing executed by order of its Board of Directors. If no successor trustee shall have been so appointed and accepted appointment within thirty (30) days after receipt by the MPC of written notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Owner who has been a bona fide Owner of a Bond or Bonds for at least six (6) months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) The Trustee shall cease to be eligible in accordance with the provisions of Section 9.6 hereof and shall fail to resign after written request therefor by the MPC or by any Owner who has been a bona fide Owner of a Bond or Bonds for at least six (6) months, or

(ii) The Trustee shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the MPC may remove the Trustee and appoint a successor trustee by an instrument in writing executed by order of its Board of Directors; or any such Owner may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, remove the Trustee and appoint a successor trustee.

(c) The Owners of a majority in aggregate principal amount of all the Bonds at the time Outstanding may at any time remove the Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by such Owners.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor trustee as provided in Section 9.8 hereof.

Section 9.8 Concerning Any Successor Trustee. Any successor trustee appointed as provided in Section 9.7 shall execute, acknowledge and deliver to the MPC and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the MPC or the request of the successor trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the MPC shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure the amounts due it as compensation, reimbursements, expenses and indemnity afforded to it by Section 9.5 hereof. No successor trustee shall accept appointment as provided in this Section 9.8 unless at the time of such acceptance such successor trustee shall be eligible pursuant to the provisions of Section 9.6 hereof.

Section 9.9 Merger of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to the business of the Trustee or to which all or substantially all of the corporate trust business of the Trustee may be transferred, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor trustee shall be eligible pursuant to the provisions of Section 9.6 hereof.

ARTICLE X

SUPPLEMENTAL AGREEMENTS

Section 10.1 Supplemental Agreements Not Requiring Consent of Owners. The MPC, when authorized by resolution of its Board of Directors, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, for any one or more or all of the following purposes:

- (a) To add to the covenants and agreements of the MPC in this Indenture contained, other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the MPC;
- (b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained in this Indenture, or in regard to matters or questions arising pursuant to this Indenture, as the MPC may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the Owners of the Bonds;
- (c) To describe or redescribe any property subjected to the lien of this Indenture;
- (d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof pursuant to the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or a similar federal statute;
- (e) To provide for additional bonds on a parity with the Bonds to the extent permitted by this Indenture;
- (f) To make any other change or amendment which the Trustee determines does not materially adversely affect the interests of any Owner; and
- (g) To make provisions and amendments applicable only to a single series of bonds sold or remarketed on the basis of the effectiveness of such provisions or amendments with respect to those bonds. Any supplemental agreement authorized by the provisions of this Section may be executed by the MPC and the Trustee without the consent of the Owners of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of Section 10.2 hereof, but the Trustee shall not be obligated to enter into any such supplemental agreement which affects the Trustee's own rights, duties or immunities pursuant to this Indenture or otherwise.

Section 10.2 Supplemental Agreement Requiring Consent of Owners. With the consent (evidenced as provided in this Section 10.2) of the Owners of not less than a majority in aggregate principal amount of the respective series of Bonds at the time Outstanding, the MPC, when authorized by a resolution of its Board of Directors, and the Trustee, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental agreement, provided, however, that copies of such proposed indenture or indentures supplemental hereto shall be received by any rating agency then rating the Bonds at least fifteen (15) days prior to adoption of the same; and provided further, that no such supplemental agreement shall (1) extend the fixed maturity of the Bonds or reduce the rate of interest thereon or extend the time for the payment of interest, or reduce the amount of the principal thereof, without the consent of the Owner of each such Bond so affected, or (2) reduce the aforesaid percentage of Owners' Bonds required to approve any such supplemental agreement, or (3) permit the creation of any lien on the properties pledged and conveyed hereunder prior to or on a parity with the lien of this Indenture (except as expressly herein permitted), or deprive the Owners of the Bonds (except as aforesaid) of the lien created by this Indenture upon said properties, without the consent of the Owners of all the Bonds then Outstanding.

Upon receipt by the Trustee of a resolution authorizing the execution of any such supplemental agreement, and upon the filing with the Trustee of evidence of the consent of Owners, as aforesaid, the Trustee shall join with the Board of Directors in the execution of such supplemental agreement unless such supplemental agreement affects the Trustee's own rights, duties or immunities pursuant to this Indenture, or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental agreement.

When the Trustee determines that the requisite number of consents have been obtained for a supplemental agreement requiring consent of the Owners, the Trustee shall date and file a certificate to that effect in its records and shall notify the MPC. Such determination shall be conclusive and no action or proceeding to invalidate the supplemental agreement shall be instituted or maintained unless commenced within sixty (60) days after the filing of such certificate. Upon the filing of such certificate, the supplemental agreement shall become effective without liability or responsibility to any Owner of any Bond, whether or not such Owner shall have consented thereto.

Consent of Owners may be evidenced by Bonds being sold or remarketed on the basis of the effectiveness of the proposed supplemental agreement or in any other manner acceptable to the Trustee. If the supplemental agreement will not take effect so long as any particular Bonds remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of determining the required consents. It shall not be necessary for the consent of the Owners pursuant to this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if consent is given to the substance thereof. Any such consent shall be binding upon the Owner of the Bond giving such consent and upon any subsequent Owner of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof), unless such consent is revoked in writing by the Owner of such Bond giving such

consent or by a subsequent Owner thereof by filing written notice of such revocation with the Trustee prior to the execution by the Trustee of such supplemental agreement. If the Owners of the required amount or number of the Bonds Outstanding shall have consented to and approved the execution of such supplemental indenture as herein provided, no Owner of any Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the MPC from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.3 Indenture Deemed Amended. Upon the execution of any supplemental agreement pursuant to the provisions of this Article X, this Indenture shall be and be deemed to be modified and amended in accordance therewith; and the respective rights, duties and obligations pursuant to this Indenture of the MPC, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.4 Approval of Counsel. Subject to the provisions of Section 9.1 hereof, the Trustee may receive and rely upon an opinion of Independent Counsel as conclusive evidence that any supplemental agreement executed pursuant to the provisions of this Article X complies with the requirements of this Article X.

Section 10.5 New Bonds with Modifications. Bonds authenticated and delivered after the execution of any supplemental agreement pursuant to the provisions of this Article X may bear a notation, in form approved by the Trustee, as to any matter provided for in such supplemental agreement; and if such supplemental agreement shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee, to any modification of this Indenture contained in any such supplemental agreement, may be prepared by the MPC, authenticated by the Registrar and delivered without cost to the Owners of the Bonds then Outstanding upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE XI

COVENANTS, NOTICES

Section 11.1 Payment of Principal and Interest. The MPC covenants that it will promptly pay the principal of and the interest on every Bond issued in accordance with the provisions of this Indenture at the place, on the dates and in the manner provided herein and in such Bonds.

Section 11.2 No Accumulation of Interest. In order to prevent any accumulation of accrued interest, the MPC covenants that it will not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds, and will not, directly or indirectly, be a party to or approve any such arrangement by funding such claims or in any other manner.

Section 11.3 Maintaining Office for Payment of Bonds. The MPC covenants that so long as any of the Bonds are Outstanding it will cause offices or agencies where the Bonds may be presented for payment to be maintained in the City or at the office of the Trustee as provided in the Bond form.

Section 11.4 Sufficiency of Installment Payments. The MPC covenants that while any Bonds are Outstanding hereunder, money received by it from the City as Installment Payments pursuant to the Agreement will, in the aggregate, be sufficient to make all payments which the Trustee is obligated to set aside in the various accounts established hereunder.

Section 11.5 Record and Account Books Available. The MPC covenants and agrees to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the revenues accruing to the trust and the amounts thereof forwarded to the Trustee, and such books shall be available for inspection by the Owner of any of the Bonds at reasonable hours and pursuant to reasonable conditions.

Section 11.6 Payment of Expenses and Debt Service. The MPC covenants that all charges made by the Trustee, the Registrar and any Paying Agents for services rendered and for payment of principal of and interest on the Bonds (not paid by the City), will be paid by the MPC from revenues of the Trust Estate and will not be required to be paid by the Owners of the Bonds.

Section 11.7 Covenant of Good Title. The MPC covenants that it has or will acquire and, so long as any Bonds are Outstanding hereunder, will retain good title to the Trust Estate.

Section 11.8 Validity of Transactions. The MPC covenants that it is, at the date of the execution and delivery of this Indenture, or will be, possessed of the Trust Estate; that the Agreement is, at the date of the execution and delivery of this Indenture, a valid and subsisting agreement; that the Agreement was lawfully made by the MPC; that the covenants contained in the Agreement are binding; that the MPC has good right, full power and lawful authority to

assign, and to transfer in trust and pledge the Trust Estate in the manner and form herein provided; and that the MPC forever will warrant and defend the title to the same to the Trustee against the claims of all persons whomsoever.

Section 11.9 Trustee Consent Required to Modify Documents. The MPC further covenants that it will not, without the written consent of the Trustee, alter, modify or cancel, or agree or consent to alter, modify or cancel the Agreement, Articles of Incorporation of the MPC, or any other agreements heretofore or hereafter entered into by the MPC which relate to or affect the security of the Bonds issued hereunder. With the written consent of the Trustee, the MPC may consent to alterations and modifications thereof, provided that no such alterations or modifications will decrease the amounts available for payment of the Bonds, and provided further that prior to giving its consent with respect to an alteration or modification of the Agreement, the Trustee shall obtain an opinion of counsel or financial consultant selected by the Trustee, that the proposed alteration or modification will not be materially adverse to the interests of the Owners and will not decrease the amounts available for payment of the Bonds. At least ten (10) days prior to giving its written consent to any alteration or modification of the Agreement, the Trustee may, in its discretion, notify each Owner of any Bonds, in writing, of the proposed alteration or modification. Additional Parity Bonds or obligations secured by Excise Taxes within the limitations contained in the Agreement shall not be deemed to have decreased the amounts available for payment of the Bonds, nor shall agreements supplemental to or independent of the Agreement, pursuant to which such parity bonds are to be issued, be deemed alterations or modifications of the Agreement so as to require consent of the Trustee or notification of Owners. The MPC further covenants that it will comply with all the terms and provisions of such documents.

Section 11.10 Assurance of Compliance; Good Faith Contest. The MPC covenants that it will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Agreement to be kept, performed and complied with by it. The MPC further covenants that it will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done, or permitted to be done, or any such omission of or refraining from action would or might be a ground for declaring a forfeiture of the Agreement; that upon request of the Trustee, the MPC will promptly deposit with the Trustee (to be held by the Trustee until title and rights of the Trustee in accordance with this Indenture shall be released and/or reconveyed) any and all documentary evidence received by it showing compliance with the provisions of the Agreement to be performed by it; that the MPC, immediately upon its receiving or giving any notice, communication, or other document in any way relating to or affecting said Agreement, thereby created, will deliver the same, or a copy thereof, to the Trustee; that the MPC will pay (or cause the City to pay) all taxes, assessments and other charges, if any, that may be levied, assessed or charged upon the Trust Estate, or any part thereof, promptly as and when the same shall become due and payable, but it shall not be a breach of this covenant if the MPC fails to pay any such tax, assessment or charge during any period in which the MPC or the City, in good faith, shall be contesting the amount or validity of such tax, assessment or charge; that the MPC will, upon request of the Trustee, from time to time keep the Trustee advised of such payments, and deliver such evidence thereof as the Trustee may reasonably require; and that the MPC will not suffer such Trust Estate hereby conveyed, and transferred in trust, or any part thereof, to be sold for any taxes, assessments or other charges

whatsoever, or to be forfeited therefor, nor do or permit to be done, in, upon or about such Trust Estate, or any part thereof, anything that might in any way weaken, diminish, or impair the security intended to be given by or pursuant to this Indenture, nor suffer any portion of the Trust Estate to be sold pursuant to any mechanics' or materialmen's lien or other proceedings.

Section 11.11 Additional Covenants. The MPC further covenants and agrees as follows:

(a) Whenever and so often as requested to do so by the Trustee or any Owner, to execute and deliver promptly or cause to be executed and delivered promptly all such other and further instruments, documents or assurances and to promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture;

(b) Upon the request of the Trustee or any Owner, from time to time, to take such actions as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Trust Estate or any part thereof, whether now existing or hereafter developing, and to prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and to indemnify and save the Trustee and every such Owner harmless for, from and against all loss, cost, damage and expense, including attorneys' fees, which they or either of them may incur by reason of any such defect, cloud, suit, action or proceeding;

(c) To maintain its existence as a nonprofit corporation organized and existing pursuant to the laws of the State; and

(d) Not to be or become a party to any merger or consolidation.

Section 11.12 Notification to the City of Failure to Make Installment Payments. The Trustee shall notify the City of any failure by the City to make any Installment Payment or other payment required under the Agreement to be made to the Trustee, in writing and within one (1) Business Day of knowledge of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

Section 11.13 Business Days. Except as otherwise required herein, if this Indenture requires any party to act on a specific day and such day is not a Business Day, such party need not perform such act until the next succeeding Business Day, and such act shall be deemed to have been performed on the day required.

ARTICLE XII

LIMITATION OF LIABILITY

Section 12.1 Limited Liability of the City. Except for the payment of Installment Payments from Excise Taxes when due in accordance with the Agreement and the performance of the other covenants and agreements of the City contained in the Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Bonds with respect to this Indenture, or the terms, execution, delivery or transfer of the Bonds, or the distribution of Installment Payments to the Owners by the Trustee.

Section 12.2 No Liability of the City for Trustee Performance. The City shall have no obligation or liability to any of the other parties or to the Owners of the Bonds with respect to the performance by the Trustee of any duty imposed upon it under this Indenture.

Section 12.3 Indemnification of the Trustee. The MPC and, to the extent permitted by law, the City shall indemnify and save the Trustee and its officers, directors, agents and employees harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (a) the use, maintenance, condition or management of, or from any work or thing done on, the Project, or the site of the Project, or any portion thereof or interest therein, by the City; (b) any breach or default on the part of the MPC or City in the performance of any of its obligations under this Indenture and any other agreement made and entered into for purposes of the Project or any interest therein; (c) any act of negligence of the MPC or City or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (d) any act of negligence of any assignee of, or purchaser from, the MPC or City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (e) the construction or acquisition of the Project or any interest therein; (f) the actions of any other party, including but not limited to the operation or use of the Project or the site of the Project, or interest therein, by the City; (g) the ownership of the Project, or the site of the Project, or interest therein, (h) this Indenture and the Agreement, including the Trustee's exercise and performance of its powers and duties hereunder, or (i) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Bonds, including the costs and expenses of defending itself against any claim of liability arising under this Indenture. No indemnification will be made under this Section or elsewhere in this Indenture for willful misconduct, negligence or breach of duty under this Indenture by the Trustee, or by its officers, agents, employees, successors or assigns. The MPC's and City's obligations hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the maturity and payment or redemption of the Bonds or resignation or removal of the Trustee or the termination of this Indenture.

The Trustee, promptly after determining that any event or condition which requires or may require indemnification by the MPC and City hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be

sought hereunder, shall notify the MPC and City in writing of such circumstances or action (the "Notification"). Upon giving of the Notification, the Trustee shall cooperate fully with the MPC and City in order that the MPC or City may defend, compromise or settle any such matters or actions which may result in payment by City hereunder. The MPC and City shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the MPC and City, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the MPC and City timely give the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the MPC and City hereunder. The MPC and City shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the MPC and City shall pay all losses and the Trustee shall be fully released from such claim or action. If the MPC and City either fail to timely give its notice or notify the Trustee that the MPC and City will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion and in an effort to minimize any claims for indemnity made hereunder. In the event the MPC and City are required to and do indemnify the Trustee as herein provided, the rights of the MPC and City shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 12.4 Opinion of Independent Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES

OF BOND OWNERS

Section 13.1 MPC's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the MPC's rights in and to the Agreement, including without limitation all of the MPC's rights to exercise such rights and remedies conferred on the MPC pursuant to the Agreement as may be necessary or convenient to enforce payment of the Installment Payments and any other amounts required to be deposited in the Bond Fund and enforcement of the pledge of Excise Taxes for the payment of the Bonds.

Section 13.2 Events of Default. Any one or more of the following events is an "Event of Default" for purposes of this Indenture:

(a) Default in the due and punctual payment of the principal of, or interest on, any Bond when and as the same shall become due and payable, whether by declaration or otherwise, and such default continues until the business day following the due date;

(b) Default by the MPC in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds, and such default continues for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the MPC by the Trustee, or to the MPC and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within thirty (30) days after the receipt of such notice, such failure shall not constitute an Event of Default if and so long as corrective action is instituted by the MPC within such thirty (30) day period and is diligently pursued to the satisfaction of the Trustee;

(c) If either the MPC or the City (1) admits in writing its inability to pay its debts generally as they become due, (2) files a petition in bankruptcy or takes advantage of any insolvency act, (3) makes an assignment for the benefit of its creditors, (4) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (5) on a petition in bankruptcy filed against the MPC or the City, is adjudicated as bankrupt;

(d) If either the MPC or the City files a petition or answer seeking reorganization or arrangement in accordance with the federal bankruptcy laws or any other applicable law or statute of the United States of America or of any state thereof; if a court of competent jurisdiction enters an order, judgment or decree appointing, without the consent of the MPC or the City, a receiver of the MPC or the City, or of the whole or any substantial part of its property, or approving a petition filed against the MPC or the City seeking reorganization of the MPC or the City pursuant to the federal bankruptcy laws or any other applicable law or statute of the United States of America or of any state thereof, and such order, judgment, or decree is not vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or if, pursuant to the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the MPC or the City or of the whole or any substantial part of its property, and such custody or control is not terminated or stayed within sixty (60) days from the date of assumption of such custody or control;

(e) If the City defaults in its obligations pursuant to the Agreement and such default is not remedied within the applicable period of time for remedy therein expressed; or

(f) If an event of default occurs with respect to any obligations then Outstanding which are on a parity basis with the Bonds as to the lien upon the Excise Taxes.

Section 13.3 Enforcement of Remedies. The Trustee, in case of the occurrence of an Event of Default described in Section 13.2 hereof, may, and upon the written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding shall, exercise any or all of the following remedies:

(a) The Trustee may proceed to protect and enforce its right and the rights of the Owners of the Bonds in accordance with this Indenture by a suit or suits in equity or at law, in aid of the execution of any power granted herein or in the Agreement, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may

deem most effectual to protect and enforce any of the rights or interests pursuant to the Bonds, this Indenture or the Agreement. All rights of action pursuant to this Indenture, any of the Bonds or the Agreement may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the Owners of the Bonds.

(b) The Trustee, upon the bringing of a suit to enforce this Indenture and the Agreement, as a matter of right, without notice and without providing indemnity to the MPC or the City or anyone claiming under them, may have a receiver appointed of all the Excise Taxes which are pledged for the payment of the amounts due in accordance with the Agreement, pending such proceedings, with such powers as the Court making such appointment shall confer, including such powers as may be necessary or usual in such cases for the collection and proper disbursement of the Excise Taxes pledged for the payment of the Installment Payments pursuant to the Agreement, and the MPC does hereby irrevocably consent to such appointment.

(c) The Trustee is hereby appointed, and the successive respective Owners of the Bonds by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective Owners of the Bonds, with authority to make or file, in the respective names of the Owners of the Bonds or in behalf of all Owners of the Bonds as a class, any proof of debt, amendment to proof of debt, petition or other document; to receive payment of all sums becoming distributable on account thereof; to execute any and all acts and things for and on behalf of all Owners of the Bonds as a class, as may be necessary or advisable, in the opinion of the Trustee, in order to have the respective claims of the Owners of the Bonds against the MPC allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the MPC shall be a party. The Trustee shall have full powers of substitution and delegation in respect of any such powers.

Section 13.4 Application of Amounts Recovered. Amounts recovered through proceedings undertaken due to an Event of Default shall be paid to and applied by the Trustee as follows:

(a) To the payment of costs and expenses of suit, if any, and the reasonable compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made hereunder by the Trustee or by any Owner or Owners of the Bonds; then

(b) To the payment of the whole amount then owing or unpaid upon the Bonds for principal and interest, and in case such proceeds shall be insufficient to pay the whole amount so due and unpaid on the Bonds, then to the payment of such principal and interest, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, in proportion to the aggregate of such principal and accrued and unpaid interest; and then

(c) To the payment of the surplus, if any, to the MPC, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 13.5 No Waiver of Rights of Trustee or Owners. No delay or omission of the Trustee or of any Owner of any of the Bonds to exercise any right or power arising from any default on the part of the MPC shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Trustee or Owners of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any remedy, but each remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing.

Section 13.6 No Action by Owners Prior to Demand. No Owner shall have any right to institute or prosecute any suit or proceeding at law or in equity, for the appointment of a receiver of the MPC, for the enforcement of any of the provisions hereof or of any of the remedies hereunder unless the Trustee after request in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have refused to take such action or be unreasonably delayed in taking the same; provided, however, that the right of any Owner of any Bond to receive payment of the principal thereof or interest thereon on or after the respective due dates expressed therein or to institute suit for the enforcement of any such payment shall not be impaired or affected without the consent of such Owner.

ARTICLE XIV

DEFEASANCE; UNCLAIMED MONEY; MISCELLANEOUS

Section 14.1 Discharge of Indebtedness; Defeasance. If the MPC shall pay and discharge the entire indebtedness on all Bonds Outstanding hereunder in any one or more of the following ways, to wit:

(a) By well and truly paying or causing to be paid the principal of and interest on Bonds Outstanding hereunder, as and when the same become due and payable;

(b) By depositing or causing to be deposited with an entity meeting the requirements of a successor trustee provided in Sections 9.6 and 9.8 hereof that agrees to transfer amounts to the Trustee as required hereby (a "Depository Trustee"), in trust, at or before maturity, money in the necessary amount to pay or redeem Bonds Outstanding pursuant hereto;

(c) By delivering to the Trustee, for cancellation by it, all the Bonds Outstanding pursuant hereto; or

(d) By depositing or causing to be deposited in escrow with a Depository Trustee or the Trustee, upon its receipt, obligations described in paragraph (a) of the definition of Permitted Investments sufficient in amount, bearing such interest and maturing on such dates as to (according to a certificate to that effect of a firm of certified public accountants acceptable to the Trustee) either, (i) pay the entire principal of and the accruing interest on any Bonds then Outstanding, or (ii) if the MPC elects to provide for the prior redemption of such Bonds as may be redeemed prior to maturity, pay the principal of the Bonds, accrued and accruing interest to their respective dates of maturity or redemption, as the case may be, all premiums on Bonds so called for redemption prior to their maturity and all expenses pertaining to the prior redemption of the Bonds;

and if the MPC shall also pay or cause to be paid all other sums payable hereunder by the MPC, then and in any such case this Indenture shall cease, determine, and become null and void, and thereupon the Trustee shall, upon written request of the MPC, and upon receipt by the Trustee of a certificate of the MPC and an opinion of Independent Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the MPC for any expenditures which it may thereafter incur in connection herewith.

The MPC or the City may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered hereunder which the MPC or the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Payment of all or any portion (as determined by the MPC) of the Bonds Outstanding from time to time may be made as hereinabove provided, and any such Bonds so paid or provided for shall be deemed defeased and no longer Outstanding.

Section 14.2 Funds for Owners after Defeasance. Upon the satisfaction and discharge of the Indenture pursuant to Section 14.1(b) or (d) above, all liability of the MPC in respect to such Bonds shall cease, determine and be completely discharged; and the Owners thereof shall thereafter be entitled only to payment out of the money deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 14.3 hereof.

Section 14.3 Unclaimed Money. Notwithstanding any other provisions of this Indenture, any money deposited with the Trustee or any other Paying Agent in trust for the payment of the principal of, or interest and any premium on any Bonds and remaining unclaimed for three (3) years after the principal of all the Bonds Outstanding pursuant hereto has become due and payable, shall be repaid to the MPC upon its written request, and the Owners of such Bonds shall thereafter be entitled to look only to the MPC for repayment thereof, and all liability of the Trustee or any other Paying Agent with respect to such money shall thereupon cease. In the event of the repayment of any such money to the MPC, as aforesaid, the Owners of the Bonds in respect of which such money was deposited shall thereafter be deemed to be unsecured creditors of the MPC for amounts equivalent to the respective amounts deposited with the MPC (without interest thereon). Notwithstanding the foregoing, the Trustee shall, upon the written request of the MPC, repay such money to the MPC at any time earlier than three (3) years if failure to repay such money to the MPC within such earlier period shall give rise to the operation of any escheat or unclaimed property statute pursuant to State law.

Section 14.4 Notices. All written notices to be given under this Indenture shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the MPC: City of Scottsdale Municipal Property Corporation
 c/o City Clerk
 3939 North Drinkwater Boulevard
 Scottsdale, Arizona 85251

If to the City: City of Scottsdale, Arizona
 c/o City Clerk
 3939 North Drinkwater Boulevard
 Scottsdale, Arizona 85251

If to Trustee: U.S. BANK NATIONAL ASSOCIATION
[]
[]
Attn: []

With a copy to
Bond Counsel: Ballard Spahr LLP
One East Washington Street, Suite 2300
Phoenix, Arizona 85004
Attn: Michele L. Bax

Section 14.5 Covenant as to Conflict of Interest. A.R.S. Section 38-511 provides that the City may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City from any other party to the contract arising as a result of the contract.

Section 14.6 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of Arizona.

Section 14.7 Binding Effect and Successors. This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Indenture the MPC, the City or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the MPC, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.8 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Indenture.

Section 14.9 Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to or cancellation by the Trustee and the delivery to the MPC of any Bonds, the Trustee may, upon the request of the MPC, in lieu of such cancellation and delivery, destroy such in the presence of an officer of the MPC (if the MPC shall so require) and deliver a certificate of such destruction to the MPC.

Section 14.10 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein", "hereof",

“hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.11 Parties Interested Herein. Nothing in this Indenture or the Bonds, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the MPC, the City, the Trustee, the Registrar, the Paying Agent and the Owners of the Bonds, any legal or equitable right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, provisions and agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the MPC, the City, the Trustee, the Registrar, the Paying Agent and the Owners of the Bonds.

The Trustee, Registrar and the Paying Agent shall be third-party beneficiaries of the provisions hereof which grant rights to them.

Section 14.12 Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.13 Severability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 14.14 E-Verify Requirements. To the extent applicable under A.R.S. Section 41-4401, the Trustee and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements under A.R.S. Section 23-214(A). The Trustee or its subcontractors’ breach of the above-mentioned warranty shall be deemed a material breach of this Indenture and may result in the termination of the Trustee’s services by the City. The City retains the legal right to randomly inspect the papers and records of the Trustee or its subcontractor employee who work on this Indenture to ensure that the Trustee and its subcontractors are complying with the above-mentioned warranty.

The Trustee and its subcontractors warrant to keep such papers, information, and records necessary to verify compliance with the above-mentioned warranty (collectively, the “Information”) open for random inspection by the City during the Trustee’s normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the City’s random inspections including granting the City entry rights onto its property to perform the random inspections, granting the City access to, and use of, the Information, provided that, the City

agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 14.14 and, subject to the requirements of law, including the public records law of the State of Arizona, the City will preserve the confidentiality of any information, records, or papers the City views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 14.15 No Boycott of Israel. Pursuant to A.R.S. Section 35-393 et seq., the Trustee hereby certifies it is not currently engaged in, and for the duration of this Indenture will not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in A.R.S. Section 35-393.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties have executed this Indenture as of the day and year first above written.

**CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION**, an Arizona
non-profit corporation

By _____
Its _____

U.S. BANK NATIONAL ASSOCIATION a
national banking association, as Trustee

By _____
Its _____

CITY OF SCOTTSDALE, ARIZONA,
an Arizona municipal corporation
(as to Sections 2.4, 2.12, 3.2, 3.3, 4.1, 4.3, 5.1, 6.1,
6.2, 6.4, 7.1, 7.2, 8.1, 8.6, 8.7, 9.2, 11.3, 11.4, 11.6,
11.10, 11.12, 12.1, 12.2, 12.3, 13.2, 14.1, 14.4, 14.5,
14.6, 14.7, 14.11, 14.12, 14.14 and 14.15)

By _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Ballard Spahr LLP

Bond Counsel

EXHIBIT A

(Form of Series 2019A MPC Bond)

UNLESS THIS SERIES 2019A MPC BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SERIES 2019A MPC BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
SERIES 2019A
(FLOOD CONTROL IMPROVEMENTS PROJECT)

R-_____ \$ _____

INTEREST	MATURITY	ORIGINAL	
RATE:	DATE:	ISSUE DATE:	CUSIP:
_____ %	July 1, 20__	October [____], 2019	810489 _____

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS (\$ _____)

The City of Scottsdale Municipal Property Corporation (the “MPC”), an Arizona nonprofit corporation, for value received, promises to pay as hereinafter stated to the registered owner stated above of this Excise Tax Revenue Bond, Series 2019A (Flood Control Improvements Project) (the “Series 2019A MPC Bond”) hereof, on the maturity date, the principal amount stated above, together with interest on said sum, at the interest rate stated above, payable semiannually on the first days of January and July of each year, commencing January 1, 2020 (each, an “Interest Payment Date”).

Interest will be paid by check payable to the order of and mailed to the registered owner at the address shown on the registration books maintained by the Trustee (as defined herein) at the close of business on the 15th day of the month preceding the Interest Payment Date (the “Record Date”), unless such date is a Saturday, Sunday or legal holiday of the Trustee in which event the Record Date shall be the previous business day unless a wire transfer is elected as described herein. An owner of \$1,000,000 or more in aggregate principal amount of this

Series 2019A MPC Bond as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date may request interest, and if arrangements for surrender of such owner's Series 2019A MPC Bonds can be made, principal to be paid by wire transfer in immediately available funds sent on the Interest Payment Date to such recipient (at the owner's expense) upon written notice from such recipient containing the wire transfer address (which shall be in the United States) to which such recipient wishes to have such wire transfer directed, which written notice is received not later than ten (10) business days prior to the Record Date with respect to such Interest Payment Date, and may refer to multiple interest payments. In other cases, the principal will be paid when due to the owner upon surrender of this Series 2019A MPC Bond for payment at the designated office of the Trustee, which on the original issue date is U.S. Bank National Association, in Phoenix, Arizona (the "Trustee").

This Series 2019A MPC Bond is one of a series of bonds of like tenor and date for the total sum of [] and No/100 Dollars] (\$[PAR-A].00) issued for the purpose of financing the MPC's aggregate obligation pursuant to that certain Agreement, dated as of October 1, 2019 (the "Agreement"), between the City of Scottsdale, Arizona (the "City") and the MPC, wherein the City agreed to (i) acquire and construct certain capital improvements to the City's drainage and flood control system; and (ii) acquire and construct other capital improvements with a public purpose funded with the Series 2019A MPC Bonds (together, the "Flood Control Improvements Project") from the MPC and to make Installment Payments (as defined in the Agreement) therefor in sufficient amounts and at such times as to pay all principal of and interest on the Series 2019A MPC Bonds when due. The City has agreed to apply and has granted a lien on all of its unrestricted Excise Taxes (as defined in the Agreement) collected by or on behalf of the City in amounts sufficient to pay the Installment Payments and other amounts provided for in the Agreement. The City's obligations pursuant to the Agreement are not general obligations of the City, but are special obligations enforceable only against the special revenues specified. The Series 2019A MPC Bonds are issued on a parity basis with certain other obligations of the MPC and the City heretofore or hereafter issued as provided in the Agreement.

The Series 2019A MPC Bonds are issued pursuant to that certain Trust Indenture, dated as of October 1, 2019 (the "Indenture"), between the MPC, the Trustee, and the City (as to certain provisions therein).

The Series 2019A MPC Bonds maturing on or before July 1, [], are not subject to redemption prior to maturity. The Series 2019A MPC Bonds maturing on or after July 1, [], are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, [], in whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Series 2019A MPC Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

This Series 2019A MPC Bond is the obligation of the MPC, and no officer, director, employee or agent, as such, past, present or future, of the MPC shall be personally liable for the payment hereof.

This Series 2019A MPC Bond is transferable by the owner in person or by attorney duly authorized in writing at the designated office of the Trustee, which on the original issue date is U.S. Bank National Association, upon surrender and cancellation of this Series 2019A MPC Bond and upon payment of all transfer fees and expenses by the transferor. Upon such transfer a new Series 2019A MPC Bond or Series 2019A MPC Bonds of the same maturity and interest rate and in the same aggregate principal amount will be issued the transferee in exchange heretofore. Should this Series 2019A MPC Bond be submitted to the Trustee for transfer during the period commencing after the close of business on the Record Date and continuing to and including the next subsequent Interest Payment Date, registered ownership will be transferred in the normal manner, but the interest payment will be made payable to and mailed to the owner as shown on the Trustee's registration books at the close of business on the Record Date.

The Trustee may be changed without notice.

This Series 2019A MPC Bond may be exchanged for Series 2019A MPC Bonds of like aggregate principal amount in authorized denominations having the same maturity date and interest rate.

Series 2019A MPC Bonds of this series will be issued only in fully registered form in the denomination of \$5,000 of principal each or any integral multiple thereof.

The MPC and the Trustee may treat the owner of this Series 2019A MPC Bond as the absolute owner for the purpose of receiving principal and interest and for all other purposes, and none of them shall be affected by any notice to the contrary.

This Series 2019A MPC Bond shall be authenticated by an authorized manual signature of the Trustee, without which authentication this Series 2019A MPC Bond shall not be valid.

IN WITNESS WHEREOF, the MPC has caused this Series 2019A MPC Bond to be signed in its name by the manual or facsimile signature of its President.

CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION, an Arizona
nonprofit corporation

By: _____
Name: _____
Its: President

ATTEST:

By: _____
Name: _____
Its: Secretary

The following abbreviations, when used in the inscription on the face of this Series 2019A MPC Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIFT/TRANS MIN ACT
TEN ENT -	as tenants by the entireties	_____Custodian_____
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Gifts/Transfers to Minors Act

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Firm or Bank

Authorized Signature

The signature(s) should be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15.

AUTHENTICATION CERTIFICATE

Date of Authentication: October [____], 2019.

This Series 2019A MPC Bond is one of the City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project), as described above.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Name: _____
Its: Authorized Representative

(Form of Taxable Series 2019B MPC Bond)

UNLESS THIS TAXABLE SERIES 2019B MPC BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY TAXABLE SERIES 2019B MPC BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
TAXABLE SERIES 2019B
(STADIUM IMPROVEMENTS PROJECT)

R-_____ \$ _____

INTEREST
RATE:
_____ %

MATURITY
DATE:
July 1, 20__

ORIGINAL
ISSUE DATE:
October [____], 2019

CUSIP:
810489 ____

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS (\$ _____)

The City of Scottsdale Municipal Property Corporation (the “MPC”), an Arizona nonprofit corporation, for value received, promises to pay as hereinafter stated to the registered owner stated above of this Excise Tax Revenue Bond, Taxable Series 2019B (Stadium Improvements Project) (the “Taxable Series 2019B MPC Bond”) hereof, on the maturity date, the principal amount stated above, together with interest on said sum, at the rate stated above, payable semiannually on the first days of January and July of each year, commencing January 1, 2020 (each, an “Interest Payment Date”).

Interest will be paid by check payable to the order of and mailed to the registered owner at the address shown on the registration books maintained by the Trustee (as defined herein) at the close of business on the 15th day of the month preceding the Interest Payment Date (the “Record Date”), unless such date is a Saturday, Sunday or legal holiday of the Trustee in which event the Record Date shall be the previous business day unless a wire transfer is elected as described herein. An owner of \$1,000,000 or more in aggregate principal amount of this Taxable Series 2019B MPC Bond as of the close of business of the Trustee on the Record Date

for a particular Interest Payment Date may request interest, and if arrangements for surrender of such owner's Taxable Series 2019B MPC Bonds can be made, principal to be paid by wire transfer in immediately available funds sent on the Interest Payment Date to such recipient (at the owner's expense) upon written notice from such recipient containing the wire transfer address (which shall be in the United States) to which such recipient wishes to have such wire transfer directed, which written notice is received not later than ten (10) business days prior to the Record Date with respect to such Interest Payment Date, and may refer to multiple interest payments. In other cases, the principal will be paid when due to the owner upon surrender of this Taxable Series 2019B MPC Bond for payment at the designated office of the Trustee, which on the original issue date is U.S. Bank National Association, in Phoenix, Arizona (the "Trustee").

This Taxable Series 2019B MPC Bond is one of a series of bonds of like tenor and date for the total sum of [] and No/100 Dollars] (\$[PAR-B].00) issued for the purpose of financing the MPC's aggregate obligation pursuant to that certain Agreement, dated as of October 1, 2019 (the "Agreement"), between the City of Scottsdale, Arizona (the "City") and the MPC, wherein the City agreed to (i) construct certain capital improvements to, and renovation of, Scottsdale Stadium; and (ii) acquire and construct other capital improvements with a public purpose funded with the Taxable Series 2019B MPC Bonds (together, the "Stadium Improvements Project") from the MPC and to make Installment Payments (as defined in the Agreement) therefor in sufficient amounts and at such times as to pay all principal of and interest on the Taxable Series 2019B MPC Bonds when due. The City has agreed to apply and has granted a lien on all of its unrestricted Excise Taxes (as defined in the Agreement) collected by or on behalf of the City in amounts sufficient to pay the Installment Payments and other amounts provided for in the Agreement. The City's obligations pursuant to the Agreement are not general obligations of the City, but are special obligations enforceable only against the special revenues specified. The Taxable Series 2019B MPC Bonds are issued on a parity basis with certain other obligations of the MPC and the City heretofore or hereafter issued as provided in the Agreement.

The Taxable Series 2019B MPC Bonds are issued pursuant to that certain Trust Indenture, dated as of October 1, 2019 (the "Indenture"), between the MPC, the Trustee, and the City (as to certain provisions therein).

The Taxable Series 2019B MPC Bonds maturing on or before July 1, [], are not subject to redemption prior to maturity. The Taxable Series 2019B MPC Bonds maturing on or after July 1, [], are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, [], in whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Taxable Series 2019B MPC Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

This Taxable Series 2019B MPC Bond is the obligation of the MPC, and no officer, director, employee or agent, as such, past, present or future, of the MPC shall be personally liable for the payment hereof.

This Taxable Series 2019B MPC Bond is transferable by the owner in person or by attorney duly authorized in writing at the designated office of the Trustee, which on the original issue date is U.S. Bank National Association, upon surrender and cancellation of this Taxable Series 2019B MPC Bond and upon payment of all transfer fees and expenses by the transferor. Upon such transfer a new Taxable Series 2019B MPC Bond or Taxable Series 2019B MPC Bonds of the same maturity and interest rate and in the same aggregate principal amount will be issued the transferee in exchange heretofore. Should this Taxable Series 2019B MPC Bond be submitted to the Trustee for transfer during the period commencing after the close of business on the Record Date and continuing to and including the next subsequent Interest Payment Date, registered ownership will be transferred in the normal manner, but the interest payment will be made payable to and mailed to the owner as shown on the Trustee's registration books at the close of business on the Record Date.

The Trustee may be changed without notice.

This Taxable Series 2019B MPC Bond may be exchanged for Taxable Series 2019B MPC Bonds of like aggregate principal amount in authorized denominations having the same maturity date and interest rate.

Taxable Series 2019B MPC Bonds of this series will be issued only in fully registered form in the denomination of \$5,000 of principal each or any integral multiple thereof.

The MPC and the Trustee may treat the owner of this Taxable Series 2019B MPC Bond as the absolute owner for the purpose of receiving principal and interest and for all other purposes, and none of them shall be affected by any notice to the contrary.

This Taxable Series 2019B MPC Bond shall be authenticated by an authorized manual signature of the Trustee, without which authentication this Taxable Series 2019B MPC Bond shall not be valid.

IN WITNESS WHEREOF, the MPC has caused this Taxable Series 2019B MPC Bond to be signed in its name by the manual or facsimile signature of its President.

CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION, an Arizona
nonprofit corporation

By: _____
Name: _____
Its: President

ATTEST:

By: _____
Name: _____
Its: Secretary

The following abbreviations, when used in the inscription on the face of this Taxable Series 2019B MPC Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIFT/TRANS MIN ACT
TEN ENT -	as tenants by the entireties	_____Custodian_____
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	(Cust) _____ (Minor) _____ under Uniform Gifts/Transfers to Minors Act

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Firm or Bank

Authorized Signature

The signature(s) should be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15.

AUTHENTICATION CERTIFICATE

Date of Authentication: October [____], 2019.

This Taxable Series 2019B MPC Bond is one of the City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project), as described above.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Name: _____
Its: Authorized Representative

EXHIBIT B

**CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS
SERIES 2019[A/B]**

PAYMENT REQUEST FORM

REQUEST NO. ____

The Trustee is hereby requested to pay from the [Series 2019A/Taxable Series 2019B] Acquisition and Construction Account of the Project Fund, as defined in the Trust Indenture, dated as of October 1, 2019 (the "Indenture"), by and among the City of Scottsdale Municipal Property Corporation, U.S. Bank National Association, as trustee, and the City of Scottsdale, Arizona (as to certain provisions), to the person or corporation designated below as Payee, the sum set forth below, in payment of the [Flood Control/Stadium] Project costs (as defined in the Indenture) described below.

<u>Name of Payee</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

DATED: _____.

CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION, an Arizona
nonprofit corporation

By _____
Authorized Representative

Please forward payment to Payee at the following address(es) or in accordance with the following wire transfer instructions:

EXHIBIT C

**CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS
SERIES 2019[A/B]**

PAYMENT REQUEST FORM

REQUEST NO. ____

The Trustee is hereby requested to pay from the [Series 2019A/Taxable Series 2019B] Costs of Issuance Account of the Project Fund established by the Trust Indenture, dated as of October 1, 2019 (the "Indenture"), by and among the City of Scottsdale Municipal Property Corporation, U.S. Bank National Association, as trustee, and the City of Scottsdale, Arizona (as to certain provisions), to the person or corporation designated below as Payee, the sum set forth below as payment (all/a portion) of the Issuance Costs (as defined in the Indenture) described below.

<u>Name of Payee</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

DATED: _____.

CITY OF SCOTTSDALE MUNICIPAL
PROPERTY CORPORATION, an Arizona
nonprofit corporation

By _____
Authorized Representative

Please forward payment to Payee at the following address(es) or in accordance with the following wire transfer instructions:

NEW ISSUE – BOOK-ENTRY-ONLY

RATINGS: See “RATINGS” herein.

Fitch: “ ”

Moody’s: “ ”

S&P “ ”

In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the Series 2019A MPC Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax. Interest on the Series 2019A MPC Bonds is not a specific preference item for purposes of federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2019A MPC Bonds is exempt from Arizona state income tax. See “TAX MATTERS” herein. Interest on the Series 2019B MPC Bonds is not excludable from gross income for federal income tax purposes.

\$9,585,000*

**CITY OF SCOTTSDALE
MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS
SERIES 2019A
(FLOOD CONTROL IMPROVEMENTS PROJECT)**

\$33,455,000*

**CITY OF SCOTTSDALE
MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS
TAXABLE SERIES 2019B
(STADIUM IMPROVEMENTS PROJECT)**

Dated: Date of Delivery**Due:** July 1, as shown on the inside front cover

The City of Scottsdale Municipal Property Corporation, an Arizona nonprofit corporation (the “MPC”), will issue its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) (the “Series 2019A MPC Bonds”) and its Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (the “Series 2019B MPC Bonds”) and, together with the Series 2019A MPC Bonds, the “Series 2019 MPC Bonds”), pursuant to a Trust Indenture, acquisition dated as of September 1, 2019*, by and between the MPC and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2019 MPC Bonds are being issued for the purpose of (i) acquisition and construction of certain capital improvements to the City’s drainage and flood control system, (ii) acquisition and construction of certain capital improvements to and renovation of Scottsdale Stadium and (iii) paying costs relating to the issuance of the Series 2019 MPC Bonds. See “THE SERIES 2019 MPC BONDS – Authorization and Purpose” herein.

The Series 2019 MPC Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2019 MPC Bonds. Purchases of beneficial ownership interests in the Series 2019 MPC Bonds will be made in book-entry-only form in denominations of \$5,000 of principal or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in the Series 2019 MPC Bonds. See APPENDIX E – “BOOK-ENTRY-ONLY SYSTEM” herein. As long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2019 MPC Bonds, the principal of and interest on the Series 2019 MPC Bonds will be paid by the bond registrar and paying agent for the Series 2019 MPC Bonds. Disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the Series 2019 MPC Bonds is the responsibility of the Direct Participants and Indirect Participants (as defined herein), as more fully described herein.

The principal of and interest on the Series 2019 MPC Bonds are payable from payments (“Payments”) to be made by the City of Scottsdale, Arizona (the “City”) pursuant to an agreement with the MPC, dated as of September 1, 2019* (the “Agreement”). The MPC will assign to the Trustee certain of its rights, title and interest in and pursuant to the Agreement. The Payments to be made by the City are payable from and secured solely by a lien on the City’s Excise Taxes (as defined herein) on a parity with the lien securing the City’s installment obligations with respect to the MPC’s other outstanding bonds and any additional parity bonds issued in the future with the Series 2019 MPC Bonds. See “Security for and Sources of Payment of the Series 2019 MPC Bonds” herein.

THE SERIES 2019 MPC BONDS ARE SPECIAL REVENUE OBLIGATIONS OF THE MPC PAYABLE FROM THE SOURCES HEREIN DESCRIBED. THE SERIES 2019 MPC BONDS, THE AGREEMENT AND THE OBLIGATION TO MAKE PAYMENTS IN ACCORDANCE WITH THE AGREEMENT ARE NOT GENERAL OBLIGATIONS OF THE CITY OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE MPC, THE CITY, THE STATE OF ARIZONA OR ANY OF ITS POLITICAL SUBDIVISIONS. THE MPC HAS NO TAXING POWER.

The Series 2019 MPC Bonds are subject to optional redemption prior to maturity as more fully described herein.*

Interest on the Series 2019 MPC Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020*, by check or draft, mailed or transmitted on or prior to the interest payment date to the registered owners of the Series 2019 MPC Bonds at the addresses of the owners appearing on the registration books of the Trustee.

MATURITY SCHEDULES ON INSIDE FRONT COVER PAGES

Sale and Bidding Information: Proposals for the Series 2019A MPC Bonds may be submitted solely as an electronic bid using the facilities of PARITY® up to and including the hour of 8:30* A.M., Mountain Standard Time (“M.S.T.”), on September 24, 2019*. See “NOTICE INVITING BIDS FOR THE PURCHASE OF SERIES 2019A MPC BONDS” for the Series 2019A MPC Bonds herein.

Sale and Bidding Information: Proposals for the Series 2019B MPC Bonds may be submitted solely as an electronic bid using the facilities of PARITY® up to and including the hour of 9:00* A.M., Mountain Standard Time (“M.S.T.”), on September 24, 2019*. See “NOTICE INVITING BIDS FOR THE PURCHASE OF TAXABLE SERIES 2019B MPC BONDS” for the Series 2019B MPC Bonds herein.

The Series 2019 MPC Bonds are offered when, as and if issued by the City and subject to the approving opinion of Ballard Spahr LLP, Phoenix, Arizona, Bond Counsel, described herein. It is anticipated that the Series 2019 MPC Bonds will be available for delivery in book-entry-only form through the facilities of DTC, on or about October 8, 2019*.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors are advised to read this entire Official Statement to obtain information essential to making an informed investment decision.

* Preliminary, subject to change.

\$9,585,000*
CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
SERIES 2019A
(FLOOD CONTROL IMPROVEMENTS PROJECT)

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No. 810489(a)
2020	\$240,000	%	%	
2021	340,000			
2022	350,000			
2023	365,000			
2024	380,000			
2025	395,000			
2026	410,000			
2027	425,000			
2028	445,000			
2029	460,000			
2030	480,000			
2031	500,000			
2032	520,000			
2033	540,000			
2034	560,000			
2035	585,000			
2036	610,000			
2037	635,000			
2038	660,000			
2039	685,000			

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* Preliminary, subject to change.

\$33,455,000*
CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
TAXABLE SERIES 2019B
(STADIUM IMPROVEMENTS PROJECT)

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No. 810489(a)
2020	\$1,005,000	%	%	
2021	1,390,000			
2022	1,415,000			
2023	1,440,000			
2024	1,470,000			
2025	1,500,000			
2026	1,530,000			
2027	1,560,000			
2028	1,595,000			
2029	1,635,000			
2030	1,675,000			
2031	1,715,000			
2032	1,760,000			
2033	1,810,000			
2034	1,855,000			
2035	1,910,000			
2036	1,960,000			
2037	2,020,000			
2038	2,075,000			
2039	2,135,000			

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* Preliminary, subject to change.

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

Fredda Bisman, *President and Director*

James Jenkins, *Vice President and Director*

Judith Frost, *Treasurer and Director*

Kenneth Harder, *Secretary and Director*

Dennis Robbins, *Director*

CITY OF SCOTTSDALE, ARIZONA

Incorporated June 25, 1951

CITY COUNCIL

Mayor W.J. "Jim" Lane, *Mayor*

Linda Milhaven, *Vice Mayor*

Virginia Korte

Kathy Littlefield

Suzanne Klapp

Guy Phillips

Solange Whitehead

ADMINISTRATIVE OFFICERS

James V. Thompson
City Manager

Jeffery M. Nichols
City Treasurer/Chief Financial Officer

Gina Kirklin
Enterprise and Finance Director

Carolyn Jagger
City Clerk

Joe Padilla
Acting City Attorney

BOND COUNSEL

Ballard Spahr LLP
Phoenix, Arizona

FINANCIAL ADVISOR

Piper Jaffray & Co.
Phoenix, Arizona

TRUSTEE

U.S. Bank National Association
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

This Official Statement, including the front cover page, inside front cover page and Appendices hereto, does not constitute an offering of any security other than the original offering of the City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) (the "Series 2019A MPC Bonds") and the City of Scottsdale Municipal Property Corporation Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (the "Series 2019B MPC Bonds" and, together with the Series 2019A MPC Bonds, the "Series 2019 MPC Bonds"). No person has been authorized by the City of Scottsdale Municipal Property Corporation (the "MPC") or the City of Scottsdale, Arizona (the "City") to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or made by the MPC or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there will not be any sale of the Series 2019 MPC Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the MPC, the City, the Maricopa County, Arizona Assessor's, Finance and Treasurer's Offices and other sources which are considered to be reliable and customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, give rise to any implication there will be no change in the affairs of the MPC or the City after the date hereof.

The Series 2019 MPC Bonds will not be registered pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon the exemptions provided pursuant thereto by Sections 3(a)(2) and 3(a)(12), respectively, pertaining to the issuance and sale of municipal securities, nor will the Series 2019 MPC Bonds be qualified pursuant to the Securities Act of Arizona in reliance upon various exemptions contained in such act. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have, at the request of the MPC or the City, passed upon the accuracy or adequacy of this Official Statement or approved the Series 2019 MPC Bonds for sale.

All forecasts, projections, assumptions, opinions or estimates contained herein are "forward looking statements" which must be read with an abundance of caution and which may not be realized or may not occur in the future.

The City will undertake to provide continuing disclosure as described in this Official Statement under "CONTINUING DISCLOSURE CERTIFICATE" and in APPENDIX G - "FORM OF CONTINUING DISCLOSURE CERTIFICATE," to assist the underwriter in complying with its obligations pursuant to Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended.

None of the City, the MPC, the Financial Advisor or Bond Counsel (each as defined herein) are actuaries, nor have any of them performed any actuarial or other analysis of the City's unfunded liabilities under the Arizona State Retirement System, Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

The information in APPENDIX E - "BOOK-ENTRY-ONLY SYSTEM" attached hereto has been furnished by The Depository Trust Company and no representation is made by the MPC, the City or any of their respective counsel or agents, as to the accuracy or completeness of such information.

A variety of other information, including financial information, concerning the City and the MPC is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

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**NOTICE INVITING BIDS FOR THE PURCHASE OF SERIES 2019A MPC BONDS
(ELECTRONIC PARITY® BIDDING ONLY)**

\$9,585,000*

**CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
SERIES 2019A
(FLOOD CONTROL IMPROVEMENTS PROJECT)**

NOTICE IS HEREBY GIVEN that the City of Scottsdale Municipal Property Corporation (the “MPC”) will receive unconditional bids via PARITY® up to and including the hour of 8:30 A.M.*, Mountain Standard Time (“M.S.T.”) on September 24, 2019*, unless the MPC acting through an authorized representative postpones receipt of bids to a later date. A determination to postpone the sale date will be made and announced by 12:00 P.M., M.S.T. on the business day preceding the scheduled sale date. The MPC, or the authorized representative, will give notice of the postponement by PARITY®. Bids must be submitted only through the facilities of PARITY®, and must be for the purchase of all, but not less than all, of \$9,585,000* in aggregate principal amount of the MPC’s Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) (the “Series 2019A MPC Bonds”). The City Treasurer of the City of Scottsdale, Arizona (the “City”), acting on behalf of the MPC, will decide on the sale date whether to confirm the award of the Series 2019A MPC Bonds to the bidder offering the best proposal or to reject all bids.

The Series 2019A MPC Bonds will be dated the date of initial delivery (expected to be October 8, 2019*), will bear interest from the date of the Series 2019A MPC Bonds to the maturity or earlier redemption thereof at a rate or rates not to exceed seven percent (5%) per annum, payable on January 1, 2020, and semiannually thereafter on July 1 and January 1 of each year during the term of each of the Series 2019A MPC Bonds. The Series 2019A MPC Bonds will mature on July 1 in the years and in the amounts as follows:

<u>Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount*</u>
2020	\$240,000	2030	\$480,000
2021	340,000	2031	500,000
2022	350,000	2032	520,000
2023	365,000	2033	540,000
2024	380,000	2034	560,000
2025	395,000	2035	585,000
2026	410,000	2036	610,000
2027	425,000	2037	635,000
2028	445,000	2038	660,000
2029	460,000	2039	685,000

ADJUSTMENT OF BONDS AFTER OPENING OF BIDS: *The aggregate principal amount of the Series 2019A MPC Bonds is preliminary and subject to change. The MPC reserves the right to increase or reduce the principal amount of Series 2019A MPC Bonds for which bids are being solicited subject to a limit of 10% increase or decrease in the aggregate principal amount of the Series 2019A MPC Bonds. The bid price paid by the winning bidder will be adjusted to reflect any change in the aggregate principal amount of the Series 2019A MPC Bonds. Such adjusted bid will reflect changes in the dollar amount of the underwriting discount and original issue discount/premium, but will not change the underwriting discount percentage based on the bid price in the winning bid and the initial reoffering prices. The interest rates specified by the winning bidder for each maturity at the initial reoffering price will not change. The winning bidder may not withdraw its bid as a result of any changes made within these limits. A representative of the MPC will notify the winning bidder of the final principal maturity amounts and the resulting adjusted purchase price no later than 12:00 P.M., M.S.T. on the date of award of the Series 2019A MPC Bonds.*

Bidders may specify that the principal amount of Series 2019A MPC Bonds scheduled to mature on and after July 1, 2030 be combined into term bonds maturing on or after July 1, 2031 and be subject to mandatory redemption

* Preliminary, subject to change.

in accordance with the schedule above. Serial maturities converted to a term bond, as specified, must bear the same rate of interest.

TIME FOR RECEIPT OF BIDS: Bids for the Series 2019A MPC Bonds will be received up to and including the hour of 8:30 A.M.*, M.S.T. on September 24, 2019*, unless the sale is postponed. The time maintained by PARITY® shall constitute the official time.

ELECTRONIC BIDDING PROCEDURES: All bids must be submitted through the facilities of PARITY® as set forth above. All bids must be on the Official Bid Form, which resides on the PARITY® system, without alteration or interlineation. Subscription to the Ipreo's BidCOMP Competitive Bidding System is required in order to submit a proposal. The MPC will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The MPC is using PARITY® as a communications media, and not as the MPC's agent, to conduct electronic bidding for the Series 2019A MPC Bonds.

All bids made through the facilities of PARITY® will be deemed irrevocable offers to purchase the Series 2019A MPC Bonds on and subject to the terms set forth in this Notice Inviting Bids for the Purchase of Series 2019A MPC Bonds ("Notice") and shall be binding upon the entity making the proposal as if made by a signed, sealed proposal delivered as stated above. The MPC, the City and Piper Jaffray & Co., the financial advisor to the City (the "Financial Advisor") will not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY®, the use of such facilities being at the sole risk of the prospective bidder.

If any provision of this Notice conflicts with information provided by PARITY®, as the provider of electronic bidding services, this Notice controls. Further information about PARITY®, including any fee charged, may be obtained from Ipreo at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone number (212) 849-5021.

Bidders are requested to state in their bids the true interest cost to the MPC, as described under "AWARD AND DELIVERY" herein. All bids shall be deemed to incorporate the provisions of this Notice.

AWARD AND DELIVERY: Unless all bids are rejected, the Series 2019A MPC Bonds will be awarded to the bidder whose proposal results in the lowest true interest cost to the MPC. The true interest cost will be computed by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Series 2019A MPC Bonds and the price bid, including any premium or discount. In the event that two or more bidders bid the same true interest cost, the award will be made by lot. Delivery of the Series 2019A MPC Bonds will be made to the purchaser upon payment in immediately available funds at the offices of Ballard Spahr LLP, Bond Counsel to the MPC ("*Bond Counsel*"), or, at the purchaser's request and expense, at any other place mutually agreeable to the MPC and the purchaser.

INTEREST RATES: Bids for the purchase of the Series 2019A MPC Bonds must state the rate or rates of interest to be paid and no proposal at a price less than the par value of the Series 2019A MPC Bonds, together with all accrued interest thereon at the date of delivery of the Series 2019A MPC Bonds, will be considered. All Series 2019A MPC Bonds of the same maturity must bear the same rate of interest. The highest rate proposal shall not exceed the lowest rate by more than 2% per annum. Bids must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Any interest rate proposal which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Series 2019A MPC Bond.

ESTABLISHMENT OF ISSUE PRICE**

(a) The winning bidder shall assist the MPC in establishing the issue price of the Series 2019A MPC Bonds and shall execute and deliver to the MPC on the date of execution and delivery of the Series 2019A MPC Bonds

* Preliminary subject to change

**Note: 10% test or hold-the-offering-price rule may apply if competitive sale requirements are not satisfied.

(the “Closing Date”) an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2019A MPC Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as the Exhibit to this Notice, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the MPC, the City, the Financial Advisor, and Bond Counsel. All actions to be taken by the MPC under this Notice to establish the issue price of the Series 2019A MPC Bonds may be taken on behalf of the MPC by the Financial Advisor, and any notice or report to be provided to the MPC may be provided to the Financial Advisor.

(b) The MPC intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2019A MPC Bonds) will apply to the initial sale of the Series 2019A MPC Bonds (the “competitive sale requirements”) because:

- (1) the MPC shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the MPC may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the MPC anticipates awarding the sale of the Series 2019A MPC Bonds to the bidder who submits a firm offer in conformance with this Notice to purchase the Series 2019A MPC Bonds at a price that produces the lowest true interest cost to the MPC, as set forth in this Notice under the heading “AWARD AND DELIVERY.”

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Series 2019A MPC Bonds, as specified in the Official Bid Form.

(c) In the event that the competitive sale requirements are not satisfied, the MPC shall so advise the winning bidder. The MPC may determine to treat (i) the first price at which 10% of a maturity of the Series 2019A MPC Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2019A MPC Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the MPC if any maturity of the Series 2019A MPC Bonds satisfies the 10% test as of the date and time of the award of the Series 2019A MPC Bonds. The MPC shall promptly advise the winning bidder, at or before the time of award of the Series 2019A MPC Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Series 2019A MPC Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the MPC determines to apply the hold-the-offering-price rule to any maturity of the Series 2019A MPC Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2019A MPC Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Series 2019A MPC Bonds.

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Series 2019A MPC Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2019A MPC Bonds, that the underwriters will neither offer nor sell unsold Series 2019A MPC Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Series 2019A MPC Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the MPC promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2019A MPC Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Series 2019A MPC Bonds, the winning bidder agrees to promptly report to the MPC the prices at which the unsold Series 2019A MPC Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Series 2019A MPC Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Series 2019A MPC Bonds of that maturity, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the MPC or Bond Counsel.

(f) The MPC acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Series 2019A MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019A MPC Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019A MPC Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2019A MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019A MPC Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2019A MPC Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2019A MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019A MPC Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2019A MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019A MPC Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019A MPC Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2019A MPC Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2019A MPC Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Series 2019A MPC Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires,

(B) to promptly notify the winning bidder of any sales of Series 2019A MPC Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2019A MPC Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2019A MPC Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2019A MPC Bonds to the public to require each broker-dealer that is a

party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2019A MPC Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2019A MPC Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Series 2019A MPC Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

(h) Sales of any Series 2019A MPC Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2019A MPC Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this Notice:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (i) any person that agrees pursuant to a written contract with the MPC (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019A MPC Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Series 2019A MPC Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019A MPC Bonds to the public),

(iii) a purchaser of any of the Series 2019A MPC Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Series 2019A MPC Bonds are awarded by the MPC to the winning bidder.

OPTIONAL REDEMPTION: The Series 2019A MPC Bonds maturing on or before July 1, 2029* are not subject to redemption prior to maturity. The Series 2019A MPC Bonds maturing on or after July 1, 2030* are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, 2029*, in whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Series 2019A MPC Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

INFORMATION TO BE PROVIDED BY WINNING BIDDER: The winning bidder will be required to furnish to the MPC, at or before the closing, a certificate in a form acceptable to Bond Counsel as described in the section titled "Establishment of Issue Price", together with such additional representations as Bond Counsel may require to verify that it is reasonable to rely on the winning bidder's certification. The initial offering prices to be certified shall be furnished to the MPC within 24 hours after the award of the Series 2019A MPC Bonds.

FORM OF BID; GOOD FAITH DEPOSIT: The prescribed form of bid for the Series 2019A MPC Bonds will be available on the PARITY system and all bids must be submitted on that form. Within twenty-four hours of the bid award, the winning bidder shall provide a good faith deposit to the City in the amount of \$200,000 (the "Deposit"), in the form of any of the following: (i) a certified or cashier's check payable to the City, or of (ii) a wire transfer to the City, delivered to the City within 24 hours of notification of award. Neither the City nor the Financial Advisor has any liability for delays in the transmission of the Deposit.

The Deposit made by **certified or cashier's check** should be made payable to the City and delivered to City of Scottsdale, Arizona, Attn: City Treasurer, 7447 E. Indian School Road, Scottsdale, Arizona 85251.

* Preliminary, subject to change.

The Deposit sent via **wire** transfer should be sent to the City according to instructions provided at the time of award.

Contemporaneously with such wire transfer, the bidder shall send an e-mail to the City (e-mail addresses: jenichols@scottsdaleaz.gov and rkirklin@scottsdaleaz.gov), and to the Financial Advisor (e-mail addresses: william.c.davis@pjc.com and dawn.d.castro@pjc.com), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) federal reference number, if available.

The Deposit received from the winning bidder, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue the winning bidder. In the event the winning bidder fails to comply with the accepted bid, said amount will be retained by the City as liquidated damages.

PURPOSE: The Series 2019A MPC Bonds are being issued to provide funds for the purposes of (i) acquisition and construction of certain capital improvements to the City's drainage and flood control system and (ii) paying costs relating to the issuance of the Series 2019A MPC Bonds (collectively, the "Project"). All right, title and interest of the MPC in and to the Project will be transferred by the MPC to the City pursuant to an agreement between the MPC and the City (the "Agreement") providing for the City's payment to the MPC of amounts necessary to enable the MPC to make timely payment of debt service on the Series 2019A MPC Bonds. The City's obligations pursuant to the Agreement will be secured by a pledge of and a lien on the City's Excise Taxes (as defined in the Agreement).

BOOK-ENTRY-ONLY SYSTEM: The Series 2019A MPC Bonds will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Series 2019A MPC Bonds for a book-entry-only system (the "Book-Entry-Only System"). Under the Book-Entry-Only System, beneficial ownership interests in the Series 2019A MPC Bonds will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Series 2019A MPC Bonds may be purchased in denominations of \$5,000 of principal amount or integral multiples thereof.

Transfers of beneficial ownership interest in the Series 2019A MPC Bonds will be accomplished by book entries made by DTC and the DTC Participants or Indirect DTC Participants who act on behalf of the beneficial owners (the "Beneficial Owners"). For every transfer and exchange of a beneficial interest in the Series 2019A MPC Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Series 2019A MPC Bonds at any time by giving notice to the Trustee and the MPC and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Series 2019A MPC Bonds will be executed and delivered. In addition, the MPC may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Series 2019A MPC Bonds will be registered in the names of the Beneficial Owners and executed and delivered. Upon registration of Bonds in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Series 2019A MPC Bonds (the "Owners" and each an "Owner") for all purposes, including the receipt of principal and interest payments and notices with respect to the Series 2019A MPC Bonds.

For a more detailed description of the Book-Entry-Only System, see the information in the Official Statement relating to the Series 2019A MPC Bonds entitled "Book-Entry-Only System".

NOTICE OF REDEMPTION: Please see the Notice of Redemption section in the Preliminary Official Statement.

REGISTRATION AND TRANSFER: U.S. Bank National Association (the "Trustee") will serve as bond registrar and paying agent with respect to the Series 2019A MPC Bonds in accordance with a Trust Indenture dated as of September 1, 2019* (the "Indenture"). If the Book-Entry-Only System is discontinued, the Trustee will

* Preliminary, subject to change.

administer registration and transfer of the Series 2019A MPC Bonds and the Series 2019A MPC Bonds will be transferable only upon the bond register to be maintained by the successor Trustee upon surrender to the Trustee. The Trustee may be changed without notice to any Owner or Beneficial Owner of the Series 2019A MPC Bonds.

PAYMENT OF BONDS: So long as the Series 2019A MPC Bonds are held under the Book-Entry-Only System, all payments of principal, interest and premium, if any, shall be paid to DTC. If the Book-Entry-Only System is discontinued, interest on the Series 2019A MPC Bonds shall be payable by check (unless the Owner is eligible for payment by wire transfer) mailed on or prior to the interest payment date to the Owners at the addresses of such Owners as they appear on the books of the Trustee on the record date (as described hereafter). Principal of, and premium, if any, on the Series 2019A MPC Bonds shall be paid when due upon surrender of such Series 2019A MPC Bonds at the designated corporate trust office of the Trustee (unless an Owner is eligible for payment by wire transfer). If the Book-Entry-Only System is discontinued, upon prior written request made at least twenty (20) days prior to an interest payment date, by an Owner of at least \$1,000,000 in principal amount of Series 2019A MPC Bonds outstanding or any Series 2019A MPC Bonds held by a securities repository all payments of interest and premium, if any, and if adequate provision for surrender is made principal and premium, if any, shall be paid by wire transfer.

Notwithstanding any other provision of the Indenture, payment of principal and interest on any Series 2019A MPC Bond that is held by a securities depository may be paid by the bond registrar by wire transfer in "same day funds."

RECORD DATE: So long as the Series 2019A MPC Bonds are held under the Book-Entry-Only-System, payments of principal and interest shall be paid to DTC. If the Book-Entry-Only-System is discontinued, the record date for determination of ownership for payment of interest shall be the fifteenth (15) calendar day prior to an interest payment date, unless such date is a Saturday, Sunday or legal holiday of the Trustee, in which event the record date shall be the previous business day. The Trustee shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Series 2019A MPC Bond between the record date and the next interest payment date.

SECURITY: Principal of and interest on the Series 2019A MPC Bonds are payable from the revenues received by the MPC from the City pursuant to the Agreement. The City's obligations pursuant to the Agreement are secured by a pledge of and a lien on the City's Excise Taxes.

RIGHT OF REJECTION: The MPC reserves the right, in its discretion, to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids is of the essence.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be placed on the Series 2019A MPC Bonds, but neither failure to print such numbers on any Series 2019 MPC Bond nor any error with respect there shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2019A MPC Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be a part of any Series 2019A MPC Bond or of the contract evidenced thereby. All expenses of printing CUSIP numbers on the Series 2019A MPC Bonds will be paid by the MPC, but the CUSIP Service Bureau charge for the assignment of CUSIP numbers will be paid by the purchaser of the Series 2019A MPC Bonds.

COST OF BOND FORMS: The MPC shall bear the cost of printing of the Series 2019A MPC Bonds and will furnish fully executed Series 2019A MPC Bonds registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

CANCELLATION: Purchasers are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Series 2019A MPC Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Series 2019A MPC Bonds on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Series 2019A MPC Bonds, the City may cancel the contract without penalty or further obligation by the City. In addition to such cancellation, the City may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Series 2019A MPC Bonds on behalf of the City.

LEGAL OPINION: The Series 2019A MPC Bonds are sold with the understanding that the MPC will furnish the winning bidder with the approving opinion of Bond Counsel. An undated copy of such opinion can be

found in the Preliminary Official Statement. Said attorneys have been retained by the MPC as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Series 2019A MPC Bonds under Arizona law and on the exemption of the interest income on such Series 2019A MPC Bonds from federal and State of Arizona income taxes (see "Tax-Exempt Status" below). Fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from Series 2019A MPC Bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Series 2019A MPC Bonds, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Series 2019A MPC Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the Series 2019A MPC Bonds, the bidder agrees to the representation of the MPC by Bond Counsel.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the MPC interest income on the Series 2019A MPC Bonds is excluded from gross income for purposes of calculating federal income taxes and is exempt from Arizona income taxes.

Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Series 2019A MPC Bonds to the purchaser, the purchaser will not be obligated to purchase the Series 2019A MPC Bonds, and the winning bidder's Deposit will be returned without interest.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The Series 2019A MPC Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL, DELIVERY OF FINAL OFFICIAL STATEMENT: The MPC deems the Preliminary Official Statement provided in connection with the sale of the Series 2019A MPC Bonds to be final as of its date, as required by Section 240.15c2-12, General Rules and Regulations, Securities Exchange Commission Act of 1934, as amended (the "Rule"), except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's proposal, ratings, other terms depending on such matters and the identity of the winning bidder.

Within twenty-four hours (24) after the award of the Series 2019A MPC Bonds, the purchaser must provide the MPC with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Series 2019A MPC Bonds, the MPC will provide the winning bidder with an electronic version of the final Official Statement. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the MPC deems necessary.

The MPC will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final Official Statement, including any supplement, relating to the MPC and the Series 2019A MPC Bonds is true and correct in all material respects and that such final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: In connection with the issuance of the Series 2019A MPC Bonds, the City will deliver a continuing disclosure certificate for purposes of the Rule as hereinafter described and as described in the Official Statement. For purposes of the Rule, the City is the only "obligated person" with respect to the Series 2019A MPC Bonds and will agree, as described in the Official Statement, to provide or cause to be provided (i) certain annual financial information and operating data (the "Annual Information") for the preceding fiscal year, (ii) the City's audited financial statements, (iii) timely notice, not in excess of ten (10) business days after the occurrence of certain listed events with respect to the Series 2019A MPC Bonds, and (iv) timely notice of any failure by the City to provide its Annual Information within the time specified in that certificate. See the more complete description of the certificate in the Official Statement. The City has established procedures to ensure timely and proper filing of its Annual Information. Please see the Continuing Disclosure Certificate section in the Preliminary Official Statement.

NO LITIGATION AND NON-ARBITRAGE: The MPC and the City will deliver a certificate to the effect, except as otherwise described in the preliminary official statement or the final official statement, that no litigation is pending affecting the issuance and sale of the Series 2019A MPC Bonds. The MPC and the City will also deliver an arbitrage certificate covering its reasonable expectations concerning the Series 2019A MPC Bonds.

ADDITIONAL INFORMATION: Copies of this Notice and the Preliminary Official Statement relating to the Series 2019A MPC Bonds will be furnished to any bidder upon request made to the City Clerk at 3939 North Drinkwater Boulevard, Scottsdale, Arizona 85251, telephone number (480) 312-2412 or Piper Jaffray & Co., 2525 E. Camelback Rd., Suite 950, Phoenix, Arizona 85016, telephone number (602) 808-5428, Financial Advisor to the City.

CITY OF SCOTTSDALE MUNICIPAL PROPERTY
CORPORATION, an Arizona nonprofit corporation

By: _____
City Treasurer, on behalf of the MPC

**NOTICE INVITING BIDS FOR THE PURCHASE OF TAXABLE SERIES 2019B MPC BONDS
(ELECTRONIC PARITY® BIDDING ONLY)**

\$33,455,000*

**CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
TAXABLE SERIES 2019B
(STADIUM IMPROVEMENTS PROJECT)**

NOTICE IS HEREBY GIVEN that the City of Scottsdale Municipal Property Corporation (the “MPC”) will receive unconditional bids via PARITY® up to and including the hour of 9:00 A.M.*, Mountain Standard Time (“M.S.T.”) on September 24, 2019*, unless the MPC acting through an authorized representative postpones receipt of bids to a later date. A determination to postpone the sale date will be made and announced by 12:00 P.M., M.S.T. on the business day preceding the scheduled sale date. The MPC, or the authorized representative, will give notice of the postponement by PARITY®. Bids must be submitted only through the facilities of PARITY®, and must be for the purchase of all, but not less than all, of \$33,455,000* in aggregate principal amount of the MPC's Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (the “Series 2019B MPC Bonds”). The City Treasurer of the City of Scottsdale, Arizona (the “City”), acting on behalf of the MPC, will decide on the sale date whether to confirm the award of the Series 2019B MPC Bonds to the bidder offering the best proposal or to reject all bids.

The Series 2019B MPC Bonds will be dated the date of initial delivery (expected to be October 8, 2019*), will bear interest from the date of the Series 2019B MPC Bonds to the maturity or earlier redemption thereof at a rate or rates not to exceed seven percent (5%) per annum, payable on January 1, 2020, and semiannually thereafter on July 1 and January 1 of each year during the term of each of the Series 2019B MPC Bonds. The Series 2019B MPC Bonds will mature on July 1 in the years and in the amounts as follows:

<u>Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
2020	\$1,005,000	2030	\$1,675,000
2021	1,390,000	2031	1,715,000
2022	1,415,000	2032	1,760,000
2023	1,440,000	2033	1,810,000
2024	1,470,000	2034	1,855,000
2025	1,500,000	2035	1,910,000
2026	1,530,000	2036	1,960,000
2027	1,560,000	2037	2,020,000
2028	1,595,000	2038	2,075,000
2029	1,635,000	2039	2,135,000

ADJUSTMENT OF BONDS AFTER OPENING OF BIDS: *The aggregate principal amount of the Series 2019B MPC Bonds is preliminary and subject to change. The MPC reserves the right to increase or reduce the principal amount of Series 2019B MPC Bonds for which bids are being solicited subject to a limit of 10% increase or decrease in the aggregate principal amount of the Series 2019B MPC Bonds. The bid price paid by the winning bidder will be adjusted to reflect any change in the aggregate principal amount of the Series 2019B MPC Bonds. Such adjusted bid will reflect changes in the dollar amount of the underwriting discount and original issue discount/premium, but will not change the underwriting discount percentage based on the bid price in the winning bid and the initial reoffering prices. The interest rates specified by the winning bidder for each maturity at the initial reoffering price will not change. The winning bidder may not withdraw its bid as a result of any changes made within these limits. A representative of the MPC will notify the winning bidder of the final principal maturity amounts and*

* Preliminary, subject to change.

the resulting adjusted purchase price no later than 12:00 P.M., M.S.T. on the date of award of the Series 2019B MPC Bonds.

Bidders may specify that the principal amount of Series 2019B MPC Bonds scheduled to mature on and after July 1, 2030 be combined into term bonds maturing on or after July 1, 2031 and be subject to mandatory redemption in accordance with the schedule above. Serial maturities converted to a term bond, as specified, must bear the same rate of interest.

TIME FOR RECEIPT OF BIDS: Bids for the Series 2019B MPC Bonds will be received up to and including the hour of 9:00 A.M.*, M.S.T. on September 24, 2019*, unless the sale is postponed. The time maintained by PARITY® shall constitute the official time.

ELECTRONIC BIDDING PROCEDURES: All bids must be submitted through the facilities of PARITY® as set forth above. All bids must be on the Official Bid Form, which resides on the PARITY® system, without alteration or interlineation. Subscription to the Ipreo's BiDCOMP Competitive Bidding System is required in order to submit a proposal. The MPC will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The MPC is using PARITY® as a communications media, and not as the MPC's agent, to conduct electronic bidding for the Series 2019B MPC Bonds.

All bids made through the facilities of PARITY® will be deemed irrevocable offers to purchase the Series 2019B MPC Bonds on and subject to the terms set forth in this Notice Inviting Bids for the Purchase of Taxable Series 2019B MPC Bonds ("Notice") and shall be binding upon the entity making the proposal as if made by a signed, sealed proposal delivered as stated above. The MPC, the City and Piper Jaffray & Co., the financial advisor to the City (the "Financial Advisor") will not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY®, the use of such facilities being at the sole risk of the prospective bidder.

If any provision of this Notice conflicts with information provided by PARITY®, as the provider of electronic bidding services, this Notice controls. Further information about PARITY®, including any fee charged, may be obtained from Ipreo at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone number (212) 849-5021.

Bidders are requested to state in their bids the true interest cost to the MPC, as described under "AWARD AND DELIVERY" herein. All bids shall be deemed to incorporate the provisions of this Notice.

AWARD AND DELIVERY: Unless all bids are rejected, the Series 2019B MPC Bonds will be awarded to the bidder whose proposal results in the lowest true interest cost to the MPC. The true interest cost will be computed by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Series 2019B MPC Bonds and the price bid, including any premium or discount. In the event that two or more bidders bid the same true interest cost, the award will be made by lot. Delivery of the Series 2019B MPC Bonds will be made to the purchaser upon payment in immediately available funds at the offices of Ballard Spahr LLP, Bond Counsel to the MPC ("*Bond Counsel*"), or, at the purchaser's request and expense, at any other place mutually agreeable to the MPC and the purchaser.

INTEREST RATES: Bids for the purchase of the Series 2019B MPC Bonds must state the rate or rates of interest to be paid and no proposal at a price less than the par value of the Series 2019B MPC Bonds, together with all accrued interest thereon at the date of delivery of the Series 2019B MPC Bonds, will be considered. All Series 2019B MPC Bonds of the same maturity must bear the same rate of interest. The highest rate proposal shall not exceed the lowest rate by more than 2% per annum. Bids must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

* Preliminary, subject to change.

Any interest rate proposal which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Series 2019B MPC Bond.

ESTABLISHMENT OF ISSUE PRICE *

(c) The winning bidder shall assist the MPC in establishing the issue price of the Series 2019B MPC Bonds and shall execute and deliver to the MPC on the date of execution and delivery of the Series 2019B MPC Bonds (the “Closing Date”) an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2019B MPC Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as the Exhibit to this Notice, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City, the MPC, the Financial Advisor, and Bond Counsel. All actions to be taken by the MPC under this Notice to establish the issue price of the Series 2019B MPC Bonds may be taken on behalf of the MPC by the Financial Advisor, and any notice or report to be provided to the MPC may be provided to the Financial Advisor.

(d) The MPC intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2019B MPC Bonds) will apply to the initial sale of the Series 2019B MPC Bonds (the “competitive sale requirements”) because:

- (1) the MPC shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the MPC may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the MPC anticipates awarding the sale of the Series 2019B MPC Bonds to the bidder who submits a firm offer in conformance with this Notice to purchase the Series 2019B MPC Bonds at a price that produces the lowest true interest cost to the MPC, as set forth in this Notice under the heading “AWARD AND DELIVERY.”

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Series 2019B MPC Bonds, as specified in the Official Bid Form.

(c) In the event that the competitive sale requirements are not satisfied, the MPC shall so advise the winning bidder. The MPC may determine to treat (i) the first price at which 10% of a maturity of the Series 2019B MPC Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2019B MPC Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the MPC if any maturity of the Series 2019B MPC Bonds satisfies the 10% test as of the date and time of the award of the Series 2019B MPC Bonds. The MPC shall promptly advise the winning bidder, at or before the time of award of the Series 2019B MPC Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Series 2019B MPC Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the MPC determines to apply the hold-the-offering-price rule to any maturity of the Series 2019B MPC Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2019B MPC Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Series 2019B MPC Bonds.

* Note: 10% test or hold-the-offering-price rule may apply if competitive sale requirements are not satisfied.

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Series 2019B MPC Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2019B MPC Bonds, that the underwriters will neither offer nor sell unsold Series 2019B MPC Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Series 2019B MPC Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the MPC promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2019B MPC Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Series 2019B MPC Bonds, the winning bidder agrees to promptly report to the MPC the prices at which the unsold Series 2019B MPC Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Series 2019B MPC Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Series 2019B MPC Bonds of that maturity, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the MPC or Bond Counsel.

(f) The MPC acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Series 2019B MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019B MPC Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019B MPC Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2019B MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019B MPC Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2019B MPC Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2019B MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019B MPC Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2019B MPC Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019B MPC Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019B MPC Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2019B MPC Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2019B MPC Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Series

2019B MPC Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires,

(B) to promptly notify the winning bidder of any sales of Series 2019B MPC Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2019B MPC Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2019B MPC Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2019B MPC Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2019B MPC Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2019B MPC Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Series 2019B MPC Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

(h) Sales of any Series 2019B MPC Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2019B MPC Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this Notice:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (i) any person that agrees pursuant to a written contract with the MPC (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019B MPC Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Series 2019B MPC Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019B MPC Bonds to the public),

(iii) a purchaser of any of the Series 2019B MPC Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) at least 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Series 2019B MPC Bonds are awarded by the MPC to the winning bidder.

OPTIONAL REDEMPTION: The Series 2019B MPC Bonds maturing on or before July 1, 2029* are not subject to redemption prior to maturity. The Series 2019B MPC Bonds maturing on or after July 1, 2030* are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, 2029*, in

* Preliminary, subject to change.

whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Series 2019B MPC Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

INFORMATION TO BE PROVIDED BY WINNING BIDDER: The winning bidder will be required to furnish to the MPC, at or before the closing, a certificate in a form acceptable to Bond Counsel, as described in the section titled "Establishment of Issue Price", together with such additional representations as Bond Counsel may require to verify that it is reasonable to rely on the winning bidder's certification. The initial offering prices to be certified shall be furnished to the MPC within 24 hours after the award of the Series 2019B MPC Bonds.

FORM OF BID: GOOD FAITH DEPOSIT: The prescribed form of bid for the Series 2019B MPC Bonds will be available on the PARITY system and all bids must be submitted on that form. Within twenty-four hours of the bid award, the winning bidder shall provide a good faith deposit to the City in the amount of \$670,000 (the "Deposit"), in the form of any of the following: (i) a certified or cashier's check payable to the City, or of (ii) a wire transfer to the City, delivered to the City within 24 hours of notification of award. Neither the City nor the Financial Advisor has any liability for delays in the transmission of the Deposit.

The Deposit made by **certified or cashier's check** should be made payable to the City and delivered to City of Scottsdale, Arizona, Attn: City Treasurer, 7447 E. Indian School Road, Scottsdale, Arizona 85251.

The Deposit sent via **wire** transfer should be sent to the City according to instructions provided at the time of award.

Contemporaneously with such wire transfer, the bidder shall send an e-mail to the City (e-mail addresses: jenichols@scottsdaleaz.gov and rkirklin@scottsdaleaz.gov), and to the Financial Advisor (e-mail addresses: william.c.davis@pjc.com and dawn.d.castro@pjc.com), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) federal reference number, if available.

The Deposit received from the winning bidder, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue the winning bidder. In the event the winning bidder fails to comply with the accepted bid, said amount will be retained by the City as liquidated damages.

PURPOSE: The Series 2019B MPC Bonds are being issued to provide funds for the purposes of (i) acquisition and construction of certain capital improvements to and renovation of Scottsdale Stadium and (ii) paying costs relating to the issuance of the Series 2019B MPC Bonds (collectively, the "Project"). All right, title and interest of the MPC in and to the Project will be transferred by the MPC to the City pursuant to an agreement between the MPC and the City (the "Agreement") providing for the City's payment to the MPC of amounts necessary to enable the MPC to make timely payment of debt service on the Series 2019B MPC Bonds. The City's obligations pursuant to the Agreement will be secured by a pledge of and a lien on the City's Excise Taxes (as defined in the Agreement).

BOOK-ENTRY-ONLY SYSTEM: The Series 2019B MPC Bonds will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Series 2019B MPC Bonds for a book-entry-only system (the "Book-Entry-Only System"). Under the Book-Entry-Only System, beneficial ownership interests in the Series 2019B MPC Bonds will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Series 2019B MPC Bonds may be purchased in denominations of \$5,000 of principal amount or integral multiples thereof.

Transfers of beneficial ownership interest in the Series 2019B MPC Bonds will be accomplished by book entries made by DTC and the DTC Participants or Indirect DTC Participants who act on behalf of the beneficial owners (the "Beneficial Owners"). For every transfer and exchange of a beneficial interest in the Series 2019B MPC Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Series 2019B MPC Bonds at any time by giving notice to the Trustee and the MPC and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Series 2019B MPC Bonds will be executed and delivered. In addition, the MPC may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Series 2019B MPC Bonds will be registered in the names of the Beneficial Owners and executed and delivered. Upon registration of Bonds in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Series 2019B MPC Bonds (the "Owners" and each an "Owner") for all purposes, including the receipt of principal and interest payments and notices with respect to the Series 2019B MPC Bonds.

For a more detailed description of the Book-Entry-Only System, see the information in the Official Statement relating to the Series 2019B MPC Bonds entitled "Book-Entry-Only System".

NOTICE OF REDEMPTION: Please see the Notice of Redemption section in the Preliminary Official Statement.

REGISTRATION AND TRANSFER: U.S. Bank National Association (the "Trustee") will serve as bond registrar and paying agent with respect to the Series 2019B MPC Bonds in accordance with a Trust Indenture dated as of September 1, 2019* (the "Indenture"). If the Book-Entry-Only System is discontinued, the Trustee will administer registration and transfer of the Series 2019B MPC Bonds and the Series 2019B MPC Bonds will be transferable only upon the bond register to be maintained by the successor Trustee upon surrender to the Trustee. The Trustee may be changed without notice to any Owner or Beneficial Owner of the Series 2019B MPC Bonds.

PAYMENT OF BONDS: So long as the Series 2019B MPC Bonds are held under the Book-Entry-Only System, all payments of principal, interest and premium, if any, shall be paid to DTC. If the Book-Entry-Only System is discontinued, interest on the Series 2019B MPC Bonds shall be payable by check (unless the Owner is eligible for payment by wire transfer) mailed on or prior to the interest payment date to the Owners at the addresses of such Owners as they appear on the books of the Trustee on the record date (as described hereafter). Principal of, and premium, if any, on the Series 2019B MPC Bonds shall be paid when due upon surrender of such Series 2019B MPC Bonds at the designated corporate trust office of the Trustee (unless an Owner is eligible for payment by wire transfer). If the Book-Entry-Only System is discontinued, upon prior written request made at least twenty (20) days prior to an interest payment date, by an Owner of at least \$1,000,000 in principal amount of Series 2019B MPC Bonds outstanding or any Series 2019B MPC Bonds held by a securities repository all payments of interest and premium, if any, and if adequate provision for surrender is made principal and premium, if any, shall be paid by wire transfer.

Notwithstanding any other provision of the Indenture, payment of principal and interest on any Series 2019 MPC Bond that is held by a securities depository may be paid by the bond registrar by wire transfer in "same day funds."

RECORD DATE: So long as the Series 2019B MPC Bonds are held under the Book-Entry-Only-System, payments of principal and interest shall be paid to DTC. If the Book-Entry-Only-System is discontinued, the record date for determination of ownership for payment of interest shall be the fifteenth (15) calendar day prior to an interest payment date, unless such date is a Saturday, Sunday or legal holiday of the Trustee, in which event the record date shall be the previous business day. The Trustee shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Series 2019B MPC Bond between the record date and the next interest payment date.

SECURITY: Principal of and interest on the Series 2019B MPC Bonds are payable from the revenues received by the MPC from the City pursuant to the Agreement. The City's obligations pursuant to the Agreement are secured by a pledge of and a lien on the City's Excise Taxes.

* Preliminary, subject to change.

RIGHT OF REJECTION: The MPC reserves the right, in its discretion, to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids is of the essence.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be placed on the Series 2019B MPC Bonds, but neither failure to print such numbers on any Series 2019B MPC Bond nor any error with respect there shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2019B MPC Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be a part of any Series 2019B MPC Bond or of the contract evidenced thereby. All expenses of printing CUSIP numbers on the Series 2019B MPC Bonds will be paid by the MPC, but the CUSIP Service Bureau charge for the assignment of CUSIP numbers will be paid by the purchaser of the Series 2019B MPC Bonds.

COST OF BOND FORMS: The MPC shall bear the cost of printing of the Series 2019B MPC Bonds and will furnish fully executed Series 2019B MPC Bonds registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

CANCELLATION: Purchasers are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Series 2019B MPC Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Series 2019B MPC Bonds on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Series 2019B MPC Bonds, the City may cancel the contract without penalty or further obligation by the City. In addition to such cancellation, the v may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Series 2019B MPC Bonds on behalf of the City.

LEGAL OPINION: The Series 2019B MPC Bonds are sold with the understanding that the MPC will furnish the winning bidder with the approving opinion of Bond Counsel. An undated copy of such opinion can be found in the Preliminary Official Statement. Said attorneys have been retained by the MPC as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Series 2019B MPC Bonds under Arizona law. Fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from Series 2019B MPC Bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Series 2019B MPC Bonds, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Series 2019B MPC Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the Series 2019B MPC Bonds, the bidder agrees to the representation of the MPC by Bond Counsel.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL, DELIVERY OF FINAL OFFICIAL STATEMENT: The MPC deems the Preliminary Official Statement provided in connection with the sale of the Series 2019B MPC Bonds to be final as of its date, as required by Section 240.15c2-12, General Rules and Regulations, Securities Exchange Commission Act of 1934, as amended (the "Rule"), except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's proposal, ratings, other terms depending on such matters and the identity of the winning bidder.

Within twenty-four hours (24) after the award of the Series 2019B MPC Bonds, the purchaser must provide the MPC with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Series 2019B MPC Bonds, the MPC will provide the winning bidder with an electronic version of the final Official Statement. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the MPC deems necessary.

The MPC will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final Official Statement, including any supplement, relating to the MPC and the Series 2019B MPC Bonds is true and correct in all material respects and that such final Official Statement does not contain any untrue

statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: In connection with the issuance of the Series 2019B MPC Bonds, the City will deliver a continuing disclosure certificate for purposes of the Rule as hereinafter described and as described in the Official Statement. For purposes of the Rule, the City is the only “obligated person” with respect to the Series 2019B MPC Bonds and will agree, as described in the Official Statement, to provide or cause to be provided (i) certain annual financial information and operating data (the “*Annual Information*”) for the preceding fiscal year, (ii) the City's audited financial statements, (iii) timely notice, not in excess of ten (10) business days after the occurrence of certain listed events with respect to the Series 2019B MPC Bonds, and (iv) timely notice of any failure by the City to provide its Annual Information within the time specified in that certificate. See the more complete description of the certificate in the Official Statement. The City has established procedures to ensure timely and proper filing of its Annual Information. Please see the Continuing Disclosure Certificate section in the Preliminary Official Statement.

NO LITIGATION AND NON-ARBITRAGE: The MPC and the City will deliver a certificate to the effect, except as otherwise described in the preliminary official statement or the final official statement, that no litigation is pending affecting the issuance and sale of the Series 2019B MPC Bonds. The MPC and the City will also deliver an arbitrage certificate covering its reasonable expectations concerning the Series 2019B MPC Bonds.

ADDITIONAL INFORMATION: Copies of this Notice and the Preliminary Official Statement relating to the Series 2019B MPC Bonds will be furnished to any bidder upon request made to the City Clerk at 3939 North Drinkwater Boulevard, Scottsdale, Arizona 85251, telephone number (480) 312-2412 or Piper Jaffray & Co., 2525 E. Camelback Rd., Suite 950, Phoenix, Arizona 85016, telephone number (602) 808-5428, Financial Advisor to the City.

CITY OF SCOTTSDALE MUNICIPAL PROPERTY
CORPORATION, an Arizona nonprofit corporation

By: _____
City Treasurer, on behalf of the MPC

\$9,585,000*
CITY OF SCOTTSDALE
MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
SERIES 2019A
(FLOOD CONTROL IMPROVEMENTS PROJECT)

\$33,455,000*
CITY OF SCOTTSDALE
MUNICIPAL PROPERTY CORPORATION
EXCISE TAX REVENUE BONDS,
TAXABLE SERIES 2019B
(STADIUM IMPROVEMENTS PROJECT)

INTRODUCTORY STATEMENT

This Official Statement, including the front cover page, the inside front cover page and the Appendices hereto (this "Official Statement"), has been prepared on behalf of the City of Scottsdale Municipal Property Corporation, an Arizona nonprofit corporation (the "MPC"), in connection with the initial issuance and sale by the MPC of its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) (the "Series 2019A MPC Bonds") and its Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (the "Series 2019B MPC Bonds" and, together with the Series 2019A MPC Bonds, the "Series 2019 MPC Bonds"), dated the date of initial delivery, as identified on the front cover page hereof. Certain information concerning the authorization, purpose, terms, conditions of sale and sources of payment of and security for the Series 2019 MPC Bonds is stated in this Official Statement. The Series 2019 MPC Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 2019* (the "Trust Indenture"), by and between the MPC and U.S. Bank National Association, as trustee (the "Trustee"). The Series 2019 MPC Bonds are special revenue obligations of the MPC, payable solely from installment payments (the "Payments") to be made by the City of Scottsdale, Arizona (the "City"), pursuant to an agreement dated as of October 1, 2019* (the "Agreement"), between the City and the MPC.

All financial and other information presented in this Official Statement has been provided by the MPC and the City from their respective records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the MPC or the City. No representation is made that past experience, as is shown herein, will necessarily continue or be repeated in the future. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements" which must be read with an abundance of caution and which may not be realized or may not occur in the future.

Reference to provisions of State of Arizona law, whether codified in the Arizona Revised Statutes (the "Arizona Revised Statutes" or "A.R.S."), uncodified, or of the Arizona Constitution (the "Arizona Constitution") or the Charter of the City (the "Charter"), are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement "debt service" means principal of and interest on the obligations referred to; "County" means Maricopa County, Arizona; and "State" or "Arizona" means the State of Arizona.

THE MUNICIPAL PROPERTY CORPORATION

The MPC is an Arizona nonprofit corporation incorporated in 1967 to assist the City by financing the acquisition and construction of certain municipal facilities and structures for the use and benefit of the City. As such, the MPC enters into agreements with the City, pursuant to which the City agrees to make lease or installment payments to the MPC in amounts sufficient to pay principal of and interest on bonds issued by the MPC to finance various capital facilities. All of these agreements specifically provide that the City will not make any required payments from City *ad valorem* taxes unless budgeted for that purpose in the particular fiscal year.

* Preliminary, subject to change.

THE SERIES 2019 MPC BONDS

Authorization and Purpose

The Series 2019 MPC Bonds are being issued by the MPC pursuant to provisions of Resolution No. 2019-01 adopted by the MPC on August 21, 2019, and Resolution No. 11564 adopted by the Mayor and Council of the City on September 17, 2019 (together, the "Resolution") and the Trust Indenture.

The Series 2019A MPC Bonds are being issued to provide funds for the purpose of (i) the acquisition and construction of certain capital improvements to the City's drainage and flood control system and (ii) paying costs relating to the issuance of the Series 2019A MPC Bonds. The Series 2019A MPC Bonds will be payable from the Payments made by the City to the Trustee pursuant to the Agreement.

The Series 2019B MPC Bonds are being issued to provide funds for the purpose of (i) the acquisition and construction of certain capital improvements to and renovation of Scottsdale Stadium and (ii) paying costs relating to the issuance of the Series 2019B MPC Bonds. The Series 2019B MPC Bonds will be payable from the Payments made by the City to the Trustee pursuant to the Agreement.

General Provisions

The Series 2019 MPC Bonds are dated the date of initial delivery and will bear interest at the rate per annum and mature in the principal amounts and on the dates shown on the inside front cover pages hereof. Interest on the Series 2019 MPC Bonds will be payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2020*.

The Series 2019 MPC Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2019 MPC Bonds. Purchases of beneficial interests in the Series 2019 MPC Bonds will be made in book-entry-only form in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. Purchasers of beneficial interests in the Series 2019 MPC Bonds will not receive certificates representing their beneficial interests in the Series 2019 MPC Bonds. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2019 MPC Bonds, payments of the principal of and interest on the Series 2019 MPC Bonds will be paid by the paying agent, initially the Trustee directly to DTC. Disbursement of payments to Direct Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of Direct Participants and Indirect Participants (as defined herein), as more fully described herein. See APPENDIX E – "BOOK-ENTRY-ONLY SYSTEM" herein.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2019 MPC BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR REGISTERED OWNERS OF THE SERIES 2019 MPC BONDS (OTHER THAN UNDER THE CAPTIONS "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" AND "BOND PREMIUM") WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2019 MPC BONDS.

If the Book-Entry-Only System is no longer in effect, payment of interest due with respect to any Series 2019 MPC Bond on any Interest Payment Date shall be made to the person appearing on the registration books of the Trustee as the owner thereof as of the fifteenth day of the month immediately preceding such Interest Payment Date (the "Record Date"), unless such date is a Saturday, Sunday or legal holiday of the Trustee, in which event the Record Date shall be the previous business day, such interest to be paid by check mailed on the date due by first class mail to such owner at its address as it appears on such registration books. The principal and redemption price, if any, with respect to the Series 2019 MPC Bonds shall be payable in lawful money of the United States of America upon surrender when due at the designated corporate trust office of the Trustee.

* Preliminary, subject to change.

The MPC may change the Trustee at any time without notice.

Redemption Provisions

Optional Redemption of the Series 2019 MPC Bonds. The Series 2019 MPC Bonds maturing on or before July 1, 2029* are not subject to redemption prior to maturity. The Series 2019 MPC Bonds maturing on or after July 1, 2030* are subject to redemption prior to maturity, at the option of the MPC, at the direction of the City, on or after July 1, 2029*, in whole or in part at any time by the payment of a redemption price equal to the principal amount of each Series 2019 MPC Bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.

The Series 2019 MPC Bonds may be redeemed in part only in \$5,000 increments. The MPC will, at least sixty (60) days prior to any redemption date, unless a shorter time period shall be accepted by the Trustee, notify the Trustee of such redemption date and of the maturities of the Series 2019 MPC Bonds and the principal amount of the Series 2019 MPC Bonds of any such maturity to be redeemed on such date. Notice may be conditional upon sufficient funds being deposited with the Trustee to redeem such bonds. For the purposes of any redemption of less than all of the Series 2019 MPC Bonds of a single maturity, the particular Series 2019 MPC Bonds or portions of Series 2019 MPC Bonds to be redeemed will be selected by lot not less than forty-five (45) days prior to the redemption date by the Trustee by such selection methods as the Trustee deems fair and appropriate.

Notice of Redemption

The Trustee shall send notices of redemption to DTC in the manner required by DTC. If the Book-Entry-Only system is discontinued, the Trustee shall mail notice of redemption of any Series 2019 MPC Bond to the registered owner of the Series 2019 MPC Bond or Series 2019 MPC Bonds being redeemed at the address shown on the bond register maintained by the Trustee not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of DTC nor any registered owner of Series 2019 MPC Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for the redemption of Series 2019 MPC Bonds as to which proper notice of redemption was given.

The Trustee also agrees to send notice of any redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system ("EMMA"), in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

Notice of redemption having been given in the manner described above, the Series 2019 MPC Bonds or portions thereof called for redemption will become due and payable on the redemption date and if an amount of money sufficient to redeem all the Series 2019 MPC Bonds or portions thereof called for redemption is held by the Trustee, then the Series 2019 MPC Bonds or portions thereof called for redemption will cease to bear interest from and after such redemption date.

The person in whose name any Series 2019 MPC Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on any Series 2019 MPC Bond will be made only to or upon the order of the registered owner thereof or the legal representative of the registered owner. All such payments will be valid and effectual to satisfy and discharge the liability of the MPC upon such Series 2019 MPC Bond to the extent of the sum or sums so paid.

Registration, Transfer and Exchange

* Preliminary, subject to change.

So long as any of the Series 2019 MPC Bonds remain outstanding, the MPC will cause the Trustee to be established and maintained at the designated corporate trust office of the Trustee for the registration and transfer of the Series 2019 MPC Bonds, as provided for in the Trust Indenture. Subject to certain provisions of the Trust Indenture, the person in whose name a Series 2019 MPC Bond is registered on the bond register maintained by the Trustee will be regarded as the absolute owner of that Series 2019 MPC Bond for all purposes and neither the MPC nor the Trustee will be affected by any notice to the contrary, provided that the registration may be changed as provided in the Trust Indenture.

Each Series 2019 MPC Bond will be transferable only upon the bond register, which will be kept for that purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee and duly executed by the registered owner or his duly authorized attorney. For every exchange or transfer of Series 2019 MPC Bonds, the MPC or the Trustee may make a charge sufficient to reimburse it for any tax, fee, governmental charge or cost incurred in connection with such exchange or transfer.

Upon surrender for transfer of any Series 2019 MPC Bond at the designated corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the registered owner or his attorney-in-fact duly authorized in writing, the Trustee will authenticate, date and deliver in the name of the transferee or transferees, a new fully-registered Series 2019 MPC Bond or Series 2019 MPC Bonds of the same series, maturity and interest rate and a like aggregate principal amount in authorized denominations. Any Series 2019 MPC Bond or Series 2019 MPC Bonds may be exchanged at the designated corporate trust office of the Trustee for a Series 2019 MPC Bond or Series 2019 MPC Bonds of the same series, maturity and interest rate and a like aggregate principal amount in authorized denominations.

The Trustee will transfer any Series 2019 MPC Bond during the period beginning at the close of business on each Record Date, to and including the day preceding the next Interest Payment Date, but the interest payment on such Interest Payment Date will be payable to and mailed to the registered owner of such Series 2019 MPC Bond on the Record Date. Notwithstanding the foregoing, the Trustee will not be required to transfer any Series 2019 MPC Bond after notice of redemption with respect to such Series 2019 MPC Bond has been mailed, nor during the period of fifteen (15) days next preceding the mailing of any notice of redemption with respect to any Series 2019 MPC Bond.

Security For and Sources of Payment of the Series 2019 MPC Bonds

Pursuant to the terms of the Trust Indenture, the Series 2019 MPC Bonds are special revenue obligations of the MPC, payable by the Trustee solely from: (1) payments received by the MPC from the City pursuant to the Agreement and assigned to the Trustee pursuant to the Trust Indenture, (2) amounts from time to time deposited in the funds created in accordance with the Trust Indenture, and (3) investment earnings on such funds (except for any amounts that are required to be rebated to the United States in order to continue the exclusion of the interest on the Series 2019A MPC Bonds from gross income for federal income tax purposes). See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT AND THE TRUST INDENTURE.”

The MPC will assign to the Trustee, for the benefit of the owners of the Series 2019 MPC Bonds, its right to receive the Payments. The Series 2019 MPC Bonds, the Agreement and the obligation to make Payments do not represent or constitute a general obligation of the City or a pledge of the full faith and credit of the MPC, the City, the State or any of its political subdivisions. The MPC has no taxing power.

The Payments are to be made by the City to the Trustee pursuant to the Agreement and are secured by a pledge by the City of all unrestricted excise, transaction, use, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits and State revenue sharing, now or hereafter validly imposed by the City or contributed to the extent permitted by law, allocated and paid over to the City and not earmarked by the contributor for a contrary or inconsistent purpose (all such taxes and receipts referred to as “Excise Taxes”). Excise Taxes shall include, without limitation, all fines and forfeitures but shall not include the excise tax revenues collected and paid over to the City under the (a) 0.20% transaction privilege (sales) tax approved by the voters of the City on November 7, 1989, the use of which is restricted to funding transportation improvements (the “1989 Transportation Tax”), (b) 0.20% transaction privilege (sales) and use tax approved by the voters of the City on May 23, 1995, the use of which is restricted to acquiring land for the McDowell Sonoran Preserve (the “1995 Preserve Tax”), (c) 0.10% transaction

privilege (sales and use) tax approved by the voters of the City on May 18, 2004, the use of which is restricted to funding public safety services and capital needs (the "Public Safety Tax"), (d) 0.15% transaction privilege (sales) and use tax approved by the voters of the City on May 18, 2004, the use of which is restricted to acquiring land and interests in land and constructing improvements thereto for the McDowell Sonoran Preserve (the "2004 Preserve Tax"), (e) 5% tax upon transient lodging approved by the voters of the City on various dates, including March 9, 2010, 50% of which (2.50%) is restricted for destination marketing to promote tourism and 50% of which (2.50%) is divided among tourism-related event support, tourism research, tourism-related capital projects, and other eligible uses as determined by City ordinance and State law (the "Transient Occupancy Tax"), (f) 0.10% transaction privilege (sales) and use tax approved by the voters of the City on November 6, 2018, the use of which is restricted to providing funds for transportation improvement projects ("the 2018 Transportation Tax"), and (g) any other similar tax restricted as to use. A portion of the revenues generated by the City from building permits and development impact fees are restricted and will not be deemed Excise Taxes for purposes of the Agreement or the Trust Indenture. Revenues received by the City from vehicle license taxes charged by the State will not be deemed Excise Taxes for purposes of the Agreement or Trust Indenture.

The Agreement is intended to create a first lien on and pledge of such Excise Taxes as security for the Series 2019 MPC Bonds. The City's obligation to make Payments pursuant to the Agreement is on a parity with the City's separate obligations to make payments from Excise Taxes in connection with its other agreements with the MPC related to the MPC's other bonds, currently outstanding in the aggregate principal amount of \$464,530,000 (not including the Series 2019 MPC Bonds), and any additional obligations issued or incurred in the future by the MPC and made payable from the same source (collectively, "Parity Bonds"). The City's obligation to make Payments pursuant to the Agreement is not secured by any security interest in or lien upon any Parity Bonds or any other property, funds or revenues of either the MPC or the City other than the Payments and the Excise Taxes, as described herein. The Series 2019 MPC Bonds are not subject to acceleration under any circumstances.

Covenant to Maintain Debt Service Coverage

In the Agreement, the City covenants and agrees that the Excise Taxes which it presently imposes will be retained and maintained so that the amount of Excise Taxes, all within and for the preceding fiscal year, will be equal to at least three (3) times the total of principal of and interest payable on the Series 2019 MPC Bonds and all Parity Bonds to the extent outstanding in any such current fiscal year. The City further covenants and agrees that if such receipts for any such preceding fiscal year are not equal to at least three (3) times such principal and interest requirements of any current fiscal year, or if at any time it appears that the current receipts will not be sufficient to meet such payment requirements, it will, subject to any limitations imposed by law, use its best efforts to either impose additional Excise Taxes, or to increase the rates of such taxes currently imposed so that (i) the current fiscal year's receipts will be sufficient to meet all such current requirements, and (ii) it can be reasonably calculated that the current fiscal year's receipts will be sufficient to meet the succeeding fiscal year's principal and interest requirements. See "CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION OUTSTANDING PARITY BONDS, PROJECTED REVENUES, ESTIMATED DEBT SERVICE AND PROJECTED COVERAGE" herein.

Note, however, that the City's Charter provides that transaction privilege (sales) taxes imposed by the City (which are included in the Excise Taxes) may not be levied at a rate in excess of 1.00% unless approved by a majority of the qualified voters of the City at an election. The current rate is 1.75%. Therefore, any increase in the transaction privilege (sales) tax rate above the current level would require voter approval at a general or special election and be subject to any legal and constitutional restrictions.

Additional Parity Bonds

In the Agreement, the City covenants and agrees that, so long as any of the Series 2019 MPC Bonds remain outstanding and the principal and interest thereon is unpaid or unprovided for, it will not further encumber the Excise Taxes on a parity basis unless the Excise Taxes collected in the preceding fiscal year have amounted to at least three (3) times the combined interest and principal requirements for the succeeding 12-month period for all Series 2019 MPC Bonds and other Parity Bonds then outstanding together with any other parity bonds or parity obligations so proposed to be secured by a pledge of the Excise Taxes.

Excise Taxes

Recent Legislative Changes Regarding Municipal Excise Taxes.

Chapter 255, Laws of Arizona 2013 (commonly referred to by its original bill number, “HB 2111”), made changes to the collection process for transaction privilege (sales) taxes, including City sales taxes, as well as modifying certain categories of business activity, as described below.

Effective as of January 1, 2017, the Arizona Department of Revenue (“ADOR”) became the single point of administration for licensing, filing and payment of all State, county and municipal transaction privilege taxes. ADOR maintains and administers a single online portal so that taxpayers can pay all State, county or municipal transaction privilege taxes online. The City began receiving remittances of transaction privilege taxes from the ADOR in February, 2017 and weekly thereafter. The City then makes semi-annual transfers of Excise Taxes to the MPC to pay the Payments under the Agreement, which the MPC deposits with the Trustee pursuant to the Indenture.

The law allows ADOR, subject to statutory guidelines, to disclose confidential information related to transaction privilege taxes collected by the department from any jurisdiction to any county, city, or town official if it relates to a taxpayer who is subject to an ADOR audit. The law stipulates that taxpayers are subject to a single audit, eliminating possible subsequent or joint audits by cities and towns. The law also stipulates a variety of requirements for the audit, most of which generally require ADOR’s active involvement.

In addition, effective January 1, 2015, HB 2111 also exempts from the “prime” construction contracting classification certain service contractors and design phase and professional services and modifies provisions regarding sourcing of certain transactions involving tangible personal property by providing that the sale of a motor vehicle to a nonresident delivered and intended for use outside of Arizona is exempt from state and municipal transaction privilege taxes, and removing an exemption for personal tangible property shipped or delivered directly to a location outside of the United States that is to be used in that location.

While no specific assurance can be given, the City does not expect the changes due to HB 2111 to have a significant impact on the administration, collection or enforcement of the City’s transaction privilege taxes or amounts to be collected therefrom as the ADOR currently collects transaction privilege (sales) taxes for the State and many political subdivisions in the State. The Arizona cities and towns affected by this legislation are working cooperatively with the ADOR to help achieve a smooth transition of tax administration. Additional information is available at <http://www.azdor.gov/TPTSimplification.aspx>.

Beginning June 30, 2015, the ADOR started assessing and collecting fees to recover a portion of the administrative program and other operating costs incurred in providing administrative and collection services to local governments. A onetime fee was assessed to the City for the initial implementation of reform. In addition, an annual fee will be assessed to each jurisdiction, such as the City, to pay for ongoing ADOR operations and additional collection staff. This annual fee will be calculated in proportion to each jurisdiction’s share of state-shared revenues distributed in the preceding fiscal year. Local governments can pay these obligations from any revenue source and these fees are not expected to reduce the City’s state-shared revenues. The City will pay ADOR \$667,708 in fiscal year 2019-20 for administration charges.

The City’s Excise Taxes will be used to pay the Payments under the Agreement. No assurances can be given that the amount of State-shared sales taxes or State revenue sharing will not be reduced or eliminated by the State legislature at some future time. The major categories of such revenues pursuant to existing law are discussed more fully below.

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City Transaction Privilege (Sales) Taxes. The City's transaction privilege (sales) tax is levied upon persons on account of their business activities within the City. The amount of tax due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in the table below.

TRANSACTION PRIVILEGE TAXES BY CATEGORY

Advertising	Rental, Leasing and Licensing for
Amusements	Use of Real Property
Construction Contracting	Rental, Leasing and Licensing for
Feed at Wholesale	Use of Tangible Personal Property
Hotel/Motel	Restaurant and Bars
Jet Fuel Sales	Retail (including food sales)
Job Printing	Telecommunication Services
Manufactured Buildings	Timber and Other Extractions
Mining	Transporting for Hire
Publishing	Utility Services
	Wastewater Removal Services

DEDICATED PURPOSES OF TRANSACTION PRIVILEGE TAXES

Year Approved	Transaction Privilege Tax Rate	Dedicated Purpose	Transient Occupancy Tax ⁽¹⁾
1988	1.00%	General Purposes	3.00%
1989	0.20	Transportation Improvements	
1995	0.20	Land Acquisition for the McDowell Sonoran Preserve	
2004	0.10	Public Safety	
2004	0.15	Land Acquisition and Improvements for the McDowell Sonoran Preserve	
2010			2.00%
2018	0.10	Transportation Improvements	
	<u>1.75%</u>		<u>5.00%</u>

⁽¹⁾ 50% (2.50%) of the Transient Occupancy Tax is restricted for purposes related to destination marketing; and the remaining 50% (2.50%) of the Transient Occupancy Tax is divided among tourism-related event support, tourism research, tourism-related capital projects and other eligible uses. The Transient Occupancy Tax does not secure the Payments or the Series 2019 MPC Bonds.

Certain limitations exist on the City's ability to levy City transaction privilege (sales) tax on certain business activities, as well as the ability to increase tax. Proposition 126, approved by Arizona voters at the November 6, 2018 general election, added Article IX, Section 25 to the Arizona Constitution, which now provides, "The state, any county, city, town, municipal corporation, or other political subdivision of the state ... shall not impose or increase any sales tax, transaction privilege tax, luxury tax, excise tax, use tax, or any other transaction-based tax, fee, stamp requirement or assessment on ... any service performed in this state." Article IX, Section 25's prohibition on the taxation of services applies only to a tax or tax increase imposed after December 31, 2017. Because Proposition 126 does not define

“service,” the scope of Article IX, Section 25’s prohibition on the taxation of services is uncertain and remains subject to legislative and judicial interpretation.

State-Shared Sales Taxes

Pursuant to statutory formula, cities and towns in Arizona receive a portion of the State-levied transaction privilege (sales) tax. The State transaction privilege (sales) tax is levied against the same categories of business activity as the City’s transaction privilege (sales) tax with the exception of food sales, which the State exempts from tax. As the table on the following page indicates, the rate of taxation varies among the different types of business activities taxed, with the most common rate being five percent (5.600%) of the amount or volume of business transacted.

An increase in the rate of the privilege (sales) tax – general tax levied by the State in the amount of six-tenths of one percent (0.600%) was approved by the voters in November 2000 and is dedicated exclusively for education. The revenues from this additional 0.600% tax are not subject to distribution to Arizona cities and towns. The effective dates for this additional sales tax are June 1, 2001 through June 30, 2041. As a consequence, the total sales tax currently levied by the State is 5.600%.

Under current State law, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the “distribution share” of revenues attributable to each category of taxable activity. Each city’s or town’s allocation of the revenues available to all cities and towns is based on its population relative to the aggregate population of all cities and towns as shown by the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns.

As noted above, the distribution of State-shared sales taxes is set forth in Arizona law. As such, these statutory provisions may be modified, by State legislative enactment or by an initiative measure enacted by the voters of the State, to eliminate or alter the distribution amount of State-shared sale taxes.

STATE SALES TAX Taxable Activities, Tax Rates and Distribution Share FY 2018-19

<u>Taxable Activities</u>	<u>State Tax Rate</u>	<u>Education Tax Rate (a)</u>	<u>Distribution Share</u>
Transporting	5.600%	0.600%	20.00%
Utilities	5.600	0.600	20.00
Telecommunications	5.600	0.600	20.00
Railroads	5.600	0.600	20.00
Publication	5.600	0.600	20.00
Printing	5.600	0.600	20.00
Contracting	5.600	0.600	20.00
Restaurant	5.600	0.600	40.00
Amusement	5.600	0.600	40.00
Personal Property Rental	5.600	0.600	40.00
Retail	5.600	0.600	40.00
Mining	3.125	-	32.00
Transient Lodging	5.500	-	50.00
Pipeline	5.600	0.600	20.00

- (a) Represents the State transaction privilege (sales) tax rate approved by voters of the State in November 2000 (the “Education Tax”) on certain of the categories of business activity at six-tenths of one percent (0.600%).

The Education Tax collections are dedicated exclusively to education and are not distributed to the City or pledged to the payment of debt service with respect to the Series 2019 MPC Bonds. The effective dates for the Education Tax are June 1, 2001 through June 30, 2041.

Source: Arizona Department of Revenue.

State Revenue Sharing

Pursuant to current State law, Arizona cities and towns are preempted by the State from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to receive 15% of net State personal and corporate income tax collections for the two fiscal years preceding the current fiscal year. Distribution of such funds was made monthly based on the proportion of each city's population to the total population of all incorporated cities and towns in the State as determined by the latest census.

Beginning in fiscal year 2017-18, the allocation to each city and town of the revenues available to all cities and towns became based on the most recent population estimates of the U.S. Census Bureau, as opposed to the mid-decade or decennial censuses. This new approach provides a more frequent adjustment to the allocation of the distribution among cities and has had a positive impact on cities, such as the City, that experience faster population growth than cities with slower population growth.

As noted above, the distribution of State-shared income taxes is set forth in Arizona law. As such, these statutory provisions may be modified, by State legislative enactment or by an initiative measure enacted by the voters of the State, to eliminate or alter the distribution and amount of State-shared income tax.

From time to time, bills have been introduced in the Arizona Legislature to change the formula used to allot State-shared transaction privilege (sales) taxes and State-shared income taxes. In addition, initiative measures have been circulated from time to time seeking to place on the ballot changes in Arizona law and changes in legislative actions of the Mayor and Council of the City which modify or repeal State-shared transaction privilege (sales) taxes, State-shared income taxes and the City's sales taxes. The City cannot determine whether any such initiative measures will become law or how they might affect the revenues which comprise the Excise Taxes.

Legislation effective as of August 6, 2016 permits the State to withhold certain State-shared revenues from a city, town or county (a "Local Jurisdiction") if such Local Jurisdiction has passed an ordinance, regulation or order or has taken other official action (a "Local Enactment") that violates State law or the State constitution, in the determination of the State Attorney General. Under the legislation, any member of the State Legislature may ask the State Attorney General to investigate a Local Enactment. On being notified of a determination by the State Attorney General, the Local Jurisdiction will have thirty (30) days to resolve the violation as determined by the State Attorney General, or if not, the State Attorney General is required to notify the State Treasurer to withhold State-shared transaction privilege (sales) taxes and State-shared income taxes from such Local Jurisdiction until the State Attorney General determines that the violation has been resolved. In withholding any such distributions of such State-shared revenues, the State Treasurer may not withhold any amount that the affected Local Jurisdiction certifies to the State Attorney General and the State Treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long-term obligations of such Local Jurisdiction that were issued or incurred before committing the violation.

The City is not aware of any current or proposed Local Enactment of the City that would potentially violate State law. If the City received a determination that an adopted Local Enactment violated State law in the determination of the State Attorney General, the City expects it would take such reasonable and practicable actions as may be necessary to address the issue within the thirty (30) day period permitted by the legislation. Such actions would include notifying the State Attorney General and the State Treasurer of the amounts of State-shared transaction privilege (sales) taxes and State-shared income taxes necessary to make required deposits or debt service payments on the City's long-term obligations secured by such funds issued or incurred before the violation occurred and which could not be withheld.

Other Excise Tax Revenues

Cities and towns in the State have exclusive control over public rights of way dedicated to the municipality and may grant franchise agreements to and impose franchise taxes on utilities using those rights of way. A franchise may be

granted only with voter approval, and only for a term of 25 years or less. The City has granted franchises to and imposed franchise taxes on utility and cable television providers.

The City also imposes and collects fees for licenses and permits to engage in certain activities within the City and for the right to utilize certain City property, and imposes and collects fines and forfeitures for violations of State laws or City ordinances relating to traffic, parking, animal control and other offenses.

The following two tables set forth the City's actual Excise Tax collections for fiscal years 2014-15 through 2018-19 and indicate City-projected collections for the current fiscal year and for future fiscal years through 2023-24. Transaction privilege (sales) tax – general collections represent the general tax of 1.00%. It excludes a 0.30% tax specifically set aside for transportation, a 0.10% tax specifically set aside for public safety, and a 0.35% tax specifically set aside for McDowell Sonoran Preserve open space acquisitions and improvements.

ACTUAL EXCISE TAX COLLECTIONS
City of Scottsdale, Arizona
Fiscal Years 2014-15 through 2018-19
(\$ in thousands)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19 (a)</u>
1% Privilege Tax (General)	\$ 100,560	\$ 104,995	\$ 103,081	\$ 116,679	\$ 122,152
State-Shared Sales Tax	19,867	20,647	21,755	23,719	25,187
State Revenue Sharing	26,316	26,173	28,976	30,549	30,269
Franchise Tax	12,439	12,368	12,310	13,244	12,125
Permits and Fees	25,855	22,586	22,866	24,815	27,390
Fines and Forfeitures	10,000	7,791	7,741	7,636	6,649
Pledged Excise Taxes (b)	\$ 195,037	\$ 194,560	\$ 196,729	\$ 216,643	\$ 223,772
Bed Tax-Transient Occupancy (c)	17,047	17,397	18,951	19,836	22,407
Total Excise Tax Collections (d)	\$ 212,084	\$ 211,957	\$ 215,680	\$ 236,479	\$ 246,179

(a) Unaudited.

(b) A de minimis amount (less than 2%) of the Excise Taxes are pledged to specific purposes per various resolutions adopted by the City Council of the City. Such amounts are included in the table above but are not pledged to the Payments due from the City to the MPC pursuant to the Agreement.

(c) The Series 2019 MPC Bonds are not secured by the Transient Occupancy Tax.

(d) Totals may not add due to rounding.

Source: City of Scottsdale Comprehensive Annual Financial Reports, fiscal years 2014-15 through 2017-18 and City records.

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PROJECTED EXCISE TAX COLLECTIONS (a)

**City of Scottsdale, Arizona
Fiscal Years 2019-20 through 2023-24
(\$ in thousands)**

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
1% Privilege Tax (General)	\$ 124,534	\$ 121,844	\$ 121,089	\$ 122,535	\$ 124,133
State-Shared Sales Tax	26,267	25,689	25,535	25,841	26,177
State Revenue Sharing	33,083	34,472	35,886	35,096	34,886
Franchise Tax	12,780	12,897	13,015	13,135	13,177
Permits and Fees	27,049	27,331	27,596	28,106	28,332
Fines and Forfeitures	7,169	7,219	7,276	7,334	7,410
Pledged Excise Taxes (b)	\$ 230,882	\$ 229,453	\$ 230,397	\$ 232,047	\$ 234,116
Bed Tax-Transient Occupancy (c)	21,530	21,466	21,337	22,148	22,148
Total Excise Tax Collections (d)	\$ 252,412	\$ 250,919	\$ 251,733	\$ 254,195	\$ 256,264

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- (a) Fiscal years 2019-20 through 2023-24 are based upon projections made by the City Treasurer's Office. The fiscal year 2019-20 projections have been adopted by the City. No assurance can be given that the projected Excise Tax collections will be realized at the times or in the amounts shown. Each revenue source is independently projected based on its historical performance.
- (b) See footnote (b) to Actual Excise Tax Collections table.
- (c) See footnote (c) to Actual Excise Tax Collections table.
- (d) Totals may not add due to rounding.

Source: City Treasurer's Office.

ESTIMATED SOURCES AND USES OF FUNDS*

Sources of Funds	Series 2019A MPC Bonds	Series 2019B MPC Bonds	Series 2019 Bonds
Principal Amount	\$	\$	\$
[Net] Original Issue Premium			
Total Sources of Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>
 Uses of Funds			
Deposit to Project Fund			
Costs of Issuance (a)			
Deposit to Bond Fund			
Total Uses of Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>

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- (a) Includes Bond Counsel fees, Underwriters' Discount, Trustee fees, Bond Registrar and Paying Agent fees, Financial Advisor fees, printing costs, rating agency fees and other related costs.

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* Preliminary, subject to change.

The following schedule sets forth (i) the annual debt service requirements on the MPC's outstanding Parity Bonds, the payment of which is secured by a pledge of the Excise Taxes, (ii) the total estimated annual debt service requirements of the Series 2019 MPC Bonds, (iii) the combined estimated annual debt service requirements on Parity Bonds following the issuance of the Series 2019 MPC Bonds, (iv) the debt service requirements of the Parity Bonds less the annual debt service on Parity Bonds that have another source of payment other than Excise Taxes, and (v) the projected debt service coverage provided by the Excise Taxes.

**CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION OUTSTANDING PARITY BONDS, PROJECTED REVENUES,
ESTIMATED DEBT SERVICE AND PROJECTED COVERAGE (a) ****

Excise Tax Revenues (b)	Outstanding MPC Debt Service Requirements	Plus:		Plus:		Aggregate Outstanding MPC Debt Service Requirements	Projected Debt Service Coverage (d)(e)	Less:	Less:	Less:	Less:	Less:	Annual Net MPC Debt Service Requirements	Projected Net Debt Service Coverage
		Series 2019A MPC Bonds *		Series 2019B MPC Bonds *				Water & Sewer Supported MPC Debt Service (f)	Aviation Supported MPC Debt Service (g)	Sports & Tourism Authority Supported MPC Debt Service (h)	Transient Occupancy Tax (Hotel) Supported MPC Debt Service (i)	Stormwater Supported MPC Debt Service (j)		
		Principal (c)	Interest	Principal	Interest									
\$223,771,005	\$53,617,375	\$240,000	\$280,095	\$1,000,000	\$606,478	\$55,743,948	4.01x	\$28,573,694	\$1,721,244	\$5,844,313	\$5,206,478	\$520,095	\$13,878,125	16.12x
	48,317,875	340,000	373,800	1,390,000	812,300	51,233,973		28,605,444	1,720,494		5,802,300	713,800	14,391,938	15.55x
	46,674,425	350,000	360,200	1,415,000	786,780	49,586,405		28,664,044	1,722,744		5,801,780	710,200	12,687,638	
	46,685,575	365,000	346,200	1,440,000	761,126	49,597,961		28,580,494	1,717,744		5,801,126	711,200	12,787,338	
	46,940,675	380,000	331,600	1,470,000	733,823	49,856,098		28,718,044	1,720,744		5,803,823	711,600	12,901,888	
	41,483,125	395,000	316,400	1,500,000	704,482	44,399,067		23,151,444	1,721,244		5,804,482	711,400	13,010,438	
	41,793,475	410,000	300,600	1,530,000	673,492	44,707,567		23,332,444	1,719,244		5,803,492	710,600	13,141,788	
	42,183,363	425,000	284,200	1,560,000	640,352	45,092,915		23,491,694	1,719,744		5,800,352	709,200	13,371,925	
	42,828,938	445,000	267,200	1,595,000	605,268	45,741,405		23,802,944	1,717,494		5,800,268	712,200	13,708,500	
	40,012,494	460,000	249,400	1,635,000	567,801	42,924,695		24,243,144	1,717,394		5,802,801	709,400	10,451,856	
	40,304,513	480,000	231,000	1,675,000	527,760	43,218,273		24,471,294	1,719,494		5,802,760	711,000	10,513,725	
	33,957,900	500,000	211,800	1,715,000	485,064	36,869,764		18,254,194	1,719,744		5,800,064	711,800	10,383,963	
	31,008,144	520,000	191,800	1,760,000	430,492	33,920,435		18,474,544	1,722,088		5,800,492	711,800	7,211,513	
	23,697,694	540,000	171,000	1,810,000	393,869	26,612,563		11,106,106	1,721,263		5,803,869	711,000	7,270,325	
	20,894,581	560,000	149,400	1,855,000	345,017	23,803,998		11,328,494	1,718,975		5,800,017	709,400	4,247,113	
	15,289,713	585,000	127,000	1,910,000	294,023	18,205,736		10,206,113	1,718,350		2,804,023	712,000	2,765,250	
	12,369,550	610,000	103,600	1,960,000	240,562	15,283,712		10,650,450	1,719,100		2,200,562	713,600	0	
	4,538,475	635,000	79,200	2,020,000	184,722	7,457,397		2,825,550	1,712,925		2,204,722	714,200	0	
		660,000	53,800	2,075,000	126,162	2,914,962					2,201,162	713,800	0	
		685,000	27,400	2,140,000	64,970	2,917,370					2,204,970	712,400	0	
	\$612,597,888	\$9,585,000	\$4,455,695	\$33,455,000	\$9,994,544	\$690,088,127		\$368,480,131	\$30,950,125	\$5,844,313	\$98,049,544	\$14,040,695	\$172,723,318	

** Totals may not add due to rounding.

* Preliminary, subject to change.

- (a) Prepared by the Financial Advisor.
- (b) Excise Tax collections shown are actual and unaudited for fiscal year 2018-19 and exclude the Transient Occupancy Tax.
- (c) The City intends to pay a portion of the debt service on the Series 2019A MPC Bonds (the “Stormwater Revenues Supported MPC Bonds”) from City stormwater revenues (“Stormwater Revenues”). In the event that these revenues prove insufficient to pay such amounts due for debt service on the Series 2019 MPC Bonds or if the City decides not to pay such amounts from Stormwater Revenues, amounts due for debt service on the Stormwater Revenues Supported MPC Bonds will then be paid from Excise Taxes. In the event that the City pays amounts representing debt service on the Stormwater Revenues Supported MPC Bonds from Excise Taxes, projected net debt service coverage would be less than shown.
- (d) Pursuant to the Agreement, the City agrees that the Excise Taxes presently imposed will be maintained so that the amount of Excise Taxes for preceding fiscal year is equal to at least three (3) times the total debt service payable pursuant to the Agreement and with respect to any Parity Bonds in the succeeding fiscal year. See “Security for and Sources of Payment of the Series 2019 MPC Bonds – Excise Taxes” herein. The actual and unaudited Excise Tax collections for fiscal year 2018-19 demonstrate that this requirement is being met.
- (e) This represents the debt service coverage ratio at the maximum annual debt service level on the MPC’s Parity Bonds as compared to the City’s actual and unaudited Excise Tax collections for fiscal year 2018-19.
- (f) The City is paying and intends to continue to pay amounts representing debt service on the following MPC bond issues:
 - Excise Tax Revenue Bonds, Series 2010
 - Excise Tax Revenue Refunding Bonds, Series 2017
 - Excise Tax Revenue Bonds, Tax-Exempt Series 2017A (Water Improvements Project),
 and a portion of:
 - Excise Tax Revenue Refunding Bonds, Series 2006
 - Excise Tax Revenue Bonds, Tax-Exempt Series 2015A
 - Excise Tax Revenue Refunding Bonds, Series 2015

(collectively, the “Water and Sewer Revenue Supported MPC Bonds”), from revenues of the water and sewer utility enterprise fund (the “Water and Sewer Fund”). In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds or if the City decides not to pay such amounts from revenues of the Water and Sewer Fund, amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds, will then be paid from Excise Taxes. In the event that the City pays amounts representing debt service on the Water and Sewer Revenue Supported MPC Bonds from Excise Taxes, projected net debt service coverage would be less than shown.
- (g) The City is paying and intends to continue to pay amounts representing debt service on the following MPC bond issue:
 - Excise Tax Revenue Bonds, Tax-Exempt Series 2017B (Aviation Improvements Project)

(the “Aviation Revenues Supported MPC Bonds”) from revenues of the City’s aviation agreements (the “Aviation Fund”). In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Aviation Revenues Supported MPC Bonds or if the City decides not to pay such amounts from revenues of the City’s Aviation Fund, amounts due for debt service on the Aviation Revenues Supported MPC Bonds will then be paid from Excise Taxes. In the event that the City pays amounts representing debt service on the Aviation Revenues Supported MPC Bonds from Excise Taxes, projected net debt service coverage would be less than shown.

- (h) The City is paying and intends to continue to pay amounts representing debt service on a portion of the following MPC bond issue:

- Excise Tax Revenue Refunding Bonds, Series 2015

(the “Authority Payment Supported MPC Bonds”), from payments provided by The Arizona Tourism and Sports Authority d/b/a The Arizona Sports and Tourism Authority, a corporate and political body having all the rights, powers and immunities of a municipal corporation (the “Authority”). In the event that these payments prove insufficient to pay the contemplated portions of amounts due for debt service on the Authority Payment Supported MPC Bonds, or if the City decides not to pay such amounts from revenues received from the Authority, including excess revenues, amounts due for debt service on the Authority Payment Supported MPC Bonds will then be paid from Excise Taxes. In the event that the City pays amounts representing debt service on the Authority Payment Supported MPC Bonds from Excise Taxes, projected net debt service coverage would be less than shown.

- (i) The City is paying and intends to continue to pay amounts representing debt service on the following MPC bond issues:

- Excise Tax Revenue and Refunding Bonds, Series 2013
- Excise Tax Revenue Bonds, Taxable Series 2015A, and a portion of:
- Excise Tax Revenue Bonds, Tax-Exempt Series 2015A
- Excise Tax Revenue and Refunding Bonds, Series 2015

- (j) The City is paying and intends to continue to pay amounts representing debt service on a portion of the following MPC bond issue from Stormwater Revenues:

- Excise Tax Revenue Bonds, Series 2019A

(collectively, the “Transient Occupancy Tax Supported MPC Bonds”), from revenues the City collects from the Transient Occupancy Tax, but the City may, at any time, decide not to make such payments from the Transient Occupancy Tax and such tax is not pledged to the repayment of the Series 2019 MPC Bonds. In the event these revenues prove insufficient to pay the contemplated portions of amounts outlined above for debt service on the Transient Occupancy Tax Supported MPC Bonds or if the City decides not to pay such amounts from revenues of the Transient Occupancy Tax, amounts due for debt service on the Transient Occupancy Tax Supported MPC Bonds will then be paid from Excise Taxes. In the event that the City pays amounts representing debt service on the Transient Occupancy Tax Supported MPC Bonds from Excise Taxes, projected net debt service coverage would be less than shown.

TAX EXEMPTION

Federal Tax Exemption Regarding Series 2019A MPC Bonds

In the opinion of Ballard Spahr LLP, Bond Counsel, interest on the Series 2019A MPC Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2019A MPC Bonds, assuming the accuracy of the certifications of the MPC and the City and continuing compliance by the MPC and the City with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Series 2019A MPC Bonds is not a specific preference item for purposes of federal alternative minimum tax. Bond Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2019A MPC Bonds.

Original Issue Discount. Certain of the Series 2019A MPC Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Series 2019A MPC Bond accrues periodically over the term of the Series 2019A MPC Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the Series 2019A MPC Bond for

determining taxable gain or loss upon sale or redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

Original Issue Premium. Certain of the Series 2019A MPC Bonds may be offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Series 2019A MPC Bond through reductions in the holder’s tax basis for the Series 2019A MPC Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

State Tax Exemption Regarding the Series 2019A MPC Bonds

Bond Counsel is also of the opinion that interest on the Series 2019A MPC Bonds is exempt from Arizona state income tax. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Series 2019A MPC Bonds, including whether interest on the Series 2019A MPC Bonds is exempt from taxation under the laws of any jurisdiction other than the State of Arizona.

General

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019A MPC Bonds and the Series 2019B MPC Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Series 2019A MPC Bonds and the Series 2019B MPC Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

Federal Tax Treatment of Series 2019B MPC Bonds

In the opinion of Bond Counsel, interest on the Series 2019B MPC Bonds is not excludable from gross income for federal income tax purposes.

Interest on the Series 2019B MPC Bonds is taxable as ordinary income for federal income tax purposes at the time the interest accrues or is received in accordance with a bond owner’s method of accounting for federal income tax purposes. Prospective purchasers of Series 2019B MPC Bonds who are not United States persons, as defined for federal tax purposes, may be subject to special rules and should consult their tax advisors.

See Appendix D hereto for the proposed Form of Bond Counsel Opinion.

LITIGATION

On October 22, 2013, two citizens filed a lawsuit against the City in the Superior Court of Arizona, Maricopa County (Case No. CV 2013-014458) alleging that the Sixth Amendment to the management contract between the City and the Tournament Players Club, Inc. (“TPC”) and the PGA Tour (the “PGA”) resulted in an illegal “gift” of public funds in violation of the gift clause of the Constitution of the State of Arizona and the City Charter. Under the original 1985 agreement, the TPC manages two City controlled golf courses (the “TPC Golf Courses”), one of which (the “Stadium Course”) has been the site of a PGA Tour Event since 1987. Generally, the Sixth Amendment provides that the City will make approximately \$15 million of improvements to the Stadium Course and Clubhouse while the PGA Tour committed to hold a Tour Event at the facility for an additional ten years and the TPC agreed to increase the City’s share of gross revenue from course operations.

In March, 2014, the Plaintiffs applied to the court requesting a temporary restraining order and preliminary injunction to prevent the City from paying for the improvements to the Stadium Course and Clubhouse. The temporary restraining order was denied and on May 6, 2014, the Superior Court also denied the request for a temporary injunction after a

two day hearing. At the hearing, the Plaintiffs did not challenge the public purpose of the City's expenditure but rather only challenged the adequacy of consideration the City was receiving. In that regard, the court held that the plaintiffs were unlikely to prevail on the merits. In doing so, the Court also concluded that the evidence did not establish that the Sixth Amendment to the management contract violates the gift clause of the Constitution of the State of Arizona or the City Charter. Following the Court's denial of the request for a preliminary injunction in May, 2014, the case went through an extensive discovery phase. The complaint was amended to add several additional claims but each of those new claims was dismissed by the Court in a ruling in 2015. The matter proceeded to trial in October, 2017. On November 1, 2017, the trial court issued a ruling in favor of the City. Nevertheless, the complaint did not seek to enjoin the issuance of the Series 2019 MPC Bonds or challenge the control of the TPC Golf Courses by the City.

After various unsuccessful post-trial motions, the remaining Plaintiff ultimately filed an appeal of the trial court's dismissal of the claims. That appeal remains pending with the Arizona Court of Appeals. However, the appeal has been temporarily stayed by the court due to a bankruptcy filing by the Plaintiff.

At the time of delivery of the Series 2019 MPC Bonds, an officer of the MPC will certify, among other things, that there is no litigation pending or overtly threatened before any judicial, quasi-judicial or administrative forum (a) to restrain or enjoin the MPC's entry into or performance of the Agreement or the Trust Indenture, (b) in any way contesting or affecting the authority for, or the validity of the resolution adopted by the Board of Directors on August 21, 2019, the Agreement, the Trust Indenture, or the MPC's application of the proceeds of the Series 2019 MPC Bonds, or (c) in any way contesting the existence or powers of the MPC.

At the time of the delivery of the Series 2019 MPC Bonds, the City Treasurer will certify, among other things, that there is no action, suit or proceeding, inquiry or investigation at law or in equity or before or by any judicial, quasijudicial or administrative forum pending or overtly threatened against the City that questions its right to levy and collect the Excise Taxes required to pay the Payments or questions the proceedings and authority pursuant to which the Excise Taxes are collected or questions the City's right to enter into and perform its obligations pursuant to the Agreement, or to restrain or enjoin the issuance, offer, sale or delivery of the Series 2019 MPC Bonds by the MPC or that in any way affects or contests the authority for or the validity of the resolution adopted by the City Council on September 17, 2019, the Trust Indenture, the Agreement, the Series 2019 MPC Bonds or the MPC's application of the proceeds of the Series 2019 MPC Bonds in the manner contemplated herein and in the Trust Indenture, or in any way contests the existence or powers of the City or, if resolved adversely to the City or its interests, individually or in the aggregate, would have (a) a material adverse effect upon the financial condition, assets, properties or operations of the City, or (b) a material adverse effect on the transactions contemplated by this Official Statement.

LEGAL MATTERS

Legal matters relating to the validity of the Series 2019 MPC Bonds under Arizona law, and with regard to the tax-exempt status of the interest on the Series 2019A MPC Bonds herein will be passed upon by Bond Counsel. See "TAX EXEMPTION" herein. The signed legal opinion of Bond Counsel dated and premised on the law in effect only as of the date of delivery of the Series 2019 MPC Bonds, will be delivered to the City at the time of issuance.

The proposed text of the legal opinion is set forth as APPENDIX D – "FORM OF APPROVING LEGAL OPINION." The legal opinion to be delivered may vary from the text of APPENDIX D, if necessary, to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Series 2019 MPC Bonds subsequent to the delivery of the Series 2019 MPC Bonds.

Such legal opinion express the professional judgment of Bond Counsel as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the performance of parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

RATINGS

Fitch Ratings (“Fitch”), Moody’s Investors Service (“Moody’s”) and S&P Global Ratings, A Division of Standard & Poor’s Ratings Services (“S&P”) have assigned the ratings of “___”, “___” and “___” respectively, to the Series 2019 MPC Bonds. Such ratings reflect only the respective views of Fitch, Moody’s and S&P. An explanation of the significance of the rating given by Fitch may be obtained at 33 Whitehall Street, New York, New York 10004. An explanation of the significance of the rating given by Moody’s may be obtained from at 250 Greenwich Street, New York, New York 10007. An explanation of the significance of the rating given by S&P may be obtained at 55 Water Street, New York, New York 10041. The MPC and the City furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement relating to the Series 2019 MPC Bonds, the MPC and the City. Generally, rating agencies base their ratings on such information and materials, in addition to their own investigation, studies and assumptions.

The MPC and the City expect to furnish the rating agencies with the information and materials that they request. The MPC and the City, however, assume no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2019 MPC Bonds.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include a certificate confirming, to the best knowledge, information and belief of an officer of the MPC and the City Treasurer, that the descriptions and statements contained in this Official Statement were at the time of the sale, and, at the time of closing, true, correct and complete in all material respects and did not contain an untrue statement of a material fact or omit a material fact required to be stated herein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended, the foregoing confirmation will also encompass such supplements or amendments.

FINANCIAL ADVISOR

The Financial Advisor has been engaged by the City and the MPC for the purpose of advising the City and MPC as to certain debt service structuring matters specific to the Series 2019 MPC Bonds and on certain matters relative to the MPC’s overall debt financing program. The Financial Advisor has assisted in the assembly and preparation of this Official Statement at the direction and on behalf of the City and the MPC. No person is entitled to rely on the Financial Advisor’s participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of the information contained herein.

RELATIONSHIP BETWEEN PARTIES

Bond Counsel has acted as bond counsel or represented the Financial Advisor in other financing transactions underwritten by the Financial Advisor and may do so in the future.

CONTINUING DISCLOSURE CERTIFICATE

The City will covenant for the benefit of the owners of the Series 2019 MPC Bonds to provide certain financial information and operating data relating to the City by not later than January 31 in each year commencing January 31, 2020 (the “Annual Reports”), and to provide notices of the occurrence of certain listed events (the “Notices”). The Annual Reports and the Notices and any other documentation or information required to be filed by such covenants will be filed by the City with the MSRB through the MSRB’s EMMA system, all as described in APPENDIX G - “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein. The specific nature of the information to be contained in the Annual Report and the Notices is set forth in APPENDIX G - “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein. These covenants will be made in order to assist the underwriters of the Series 2019 MPC Bonds in complying with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”). The form

of the certificate which describes the content of the Annual Reports and the Notices and method of their dissemination is included as APPENDIX G hereto. A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2019 MPC Bonds in the secondary market. Absence of continued disclosure may adversely affect the transferability and liquidity of the Series 2019 MPC Bonds and their market price.

The City timely filed Annual Reports for all of its bonds, however, the Projected Excise Tax Collection operating data was not included for the fiscal years ended June 30, 2017 and 2018. The City has since filed such data and associated notice.

CITY FINANCIAL STATEMENTS

The audited financial statements of the City as of June 30, 2018, and for the fiscal year then ended, excerpts of which are included in APPENDIX F – “CITY OF SCOTTSDALE, ARIZONA – EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018” of this Official Statement, have been audited by Heinfeld, Meech & Co., P.C., as stated in its report included in APPENDIX F – “CITY OF SCOTTSDALE, ARIZONA – EXCERPTS FROM AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018” herein. The City neither requested nor obtained the consent of Heinfeld, Meech & Co., P.C. to include its report in this Official Statement, and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its opinion on the audited financial statements. These are the most recent audited financial statements of the City and may not represent the City’s current financial position.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been provided by the MPC and the City from official and other sources and is believed by the MPC and the City to be accurate and reliable. Information other than that obtained from official records of the MPC and the City has not been independently confirmed or verified by the MPC and the City and its accuracy is not guaranteed.

It is anticipated that CUSIP numbers will be placed on the Series 2019 MPC Bonds, but neither the failure to print such numbers on any Series 2019 MPC Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2019 MPC Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be part of any Series 2019 MPC Bond or of the contract evidenced thereby.

Neither this Official Statement nor any statement that may have been or may be made orally or in writing with respect to the Series 2019 MPC Bonds is to be construed as a part of a contract with the underwriters or subsequent owners of the Series 2019 MPC Bonds.

All of the summaries of the opinions, contracts, agreements, financial and statistical data, and other related documents described in this Official Statement are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are publicly available for inspection during normal business hours at the offices of the Financial Advisor in Phoenix, Arizona.

This Official Statement has been prepared by the MPC and the City and executed for and on behalf of the MPC and the City by their respective officers indicated below.

CITY OF SCOTTSDALE
MUNICIPAL PROPERTY CORPORATION,
an Arizona nonprofit corporation

By _____
Fredda Bisman
President

CITY OF SCOTTSDALE, ARIZONA,
a municipal corporation

By _____
Jeffery M. Nichols
City Treasurer/Chief Financial Officer

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT AND THE TRUST INDENTURE

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT

The following is a summary of certain provisions of the Agreement, dated as of October 1, 2019 (the "Agreement"), between the City of Scottsdale Municipal Property Corporation, an Arizona nonprofit corporation (the "MPC"), and the City of Scottsdale, Arizona (the "City"). This summary does not purport to be complete and reference is made to the Agreement for a full and complete statement of its provisions. Capitalized terms used in this summary and defined in the Agreement have the meaning given in the Agreement unless the context requires some other meaning.

Construction of the Project. The MPC agrees to provide the City sufficient moneys to (i) acquire and construct certain capital improvements to the City's drainage and flood control system, (ii) acquire and construct certain capital improvements to, and renovations of, Scottsdale Stadium, and (iii) acquire and construct other capital improvements with a public purpose (collectively, the "Project").

Means of Financing. As a means of financing the Project and costs of issuance related to the Series 2019 MPC Bonds, the MPC will issue and sell the Series 2019 MPC Bonds, to be issued pursuant to the Trust Indenture, and will apply the proceeds thereof to acquire and construct the Project.

Transfer to the City. The parties acknowledge and agree that, with respect to the Project, subject to the terms and conditions hereof, the MPC will sell, assign, transfer and convey all of its right, title and interest in and to the Project to the City.

Term. The Agreement will terminate concurrently with the City's payment or prepayment of all amounts due pursuant to the Agreement; provided, however, that such termination shall not relieve any party of any obligation or duty arising, or liability for any amount due and payable, pursuant to the terms of the Agreement prior to such termination. Any and all of the MPC's right, title and interest in and to the Project will transfer to the City upon the termination of the Agreement.

Title to and Encumbrance of Interests. For the purposes hereof, the improvements to the City's drainage and flood control system and Scottsdale Stadium shall be deemed to be affixed to real property. During the term of the Agreement, the MPC shall not cause or permit any lien, claim, charge or encumbrance of any nature or description whatsoever to attach to or encumber its interest in the Project or any part thereof, without the City's prior written consent in its sole discretion; provided, however, that the City acknowledges and consents to the MPC's pledge and assignment to the Trustee of its right, title and interest in and to the City's payments pursuant to the Agreement as security for the Series 2019 MPC Bonds issued pursuant to the Trust Indenture, provided that such pledge and assignment shall in no event be construed or deemed to convey to the Trustee any fee title, leasehold or beneficial interest or other rights in the Project.

Surrender. Upon the expiration or termination of the Agreement, the MPC shall, if required by the City, immediately transfer any interest it may have in the title and surrender peaceable possession of any and all of the MPC's interest in the Project to the City free and clear of all liens and encumbrances except (i) conditions, reservations, exceptions, rights-of-way and easements of record on the date hereof or (ii) liens or encumbrances attaching to the Project as a result of action or inaction on the part of the City.

Environmental Matters. To the extent permitted by law, the City agrees to indemnify and hold the MPC and the Trustee, their respective successors and assigns, harmless for, from and against any and all liabilities, obligations, losses, damages, fines, penalties, claims, actions, suits, costs and expenses, including reasonable attorneys' fees and expenses, imposed on, incurred by or levied against the MPC or the Trustee, or the successors and assigns of the MPC or the Trustee, as the case may be, in any way relating to or arising from the City's, or its predecessors' in interest, use, generation, transportation, maintenance, discharge, release, removal, storage or disposal of any Regulated Substances (as defined herein) in, on, under or from the Project, including without limitation, those arising from any

violations of applicable federal, state or local environmental laws, rules, regulations or ordinances, or from damages to any property or death or injury to any person.

The term "Regulated Substances" refers to any pollutants, contaminants, residues, wastes or other substances subject to or defined as regulated or hazardous substances in applicable federal, state or local environmental laws, rules, regulations or ordinances.

Acquisition of the Project. To the extent the MPC has any interest in the Project, the MPC transfers the right to use the Project to the City during the term of the Agreement.

Installment Payments. The aggregate amount of installment payments owed pursuant to the Agreement (the "Installment Payments") shall be payable by the City to the MPC in installments of such amounts at such times as necessary to permit the MPC to make timely payment of the debt service on the Series 2019 MPC Bonds, and the periodic fees and expenses of the Trustee, Bond Registrar and Paying Agent. The City's payments in accordance with the Agreement shall be paid directly to the Trustee, for and on behalf of the MPC, at least one business day in advance of the date on which the related payment is to be made to the owners of Series 2019 MPC Bonds. It is further declared to be the intention of the parties that the City's obligation to make Installment Payments shall be coextensive with the MPC's obligation to pay debt service on the Series 2019 MPC Bonds and Trustee, Bond Registrar and Paying Agent obligations pursuant to the Trust Indenture, and that, when the Series 2019 MPC Bonds, the Trustee's, Bond Registrar's and Paying Agent's fees and expenses, and all other amounts due pursuant to the Agreement have been fully paid or provided for, the City shall have no further obligation to make Installment Payments pursuant to the Agreement.

Assignment of Installment Payments. All Installment Payments and all other payments to be made by the City pursuant to the Agreement, except as otherwise provided therein, shall be paid to the Trustee, or to such other agent as the MPC may from time to time designate. The MPC shall cause the Trustee to apply the Installment Payments made by the City in the manner and for the purposes expressed in the Trust Indenture.

Additional Installment Payments. If the Installment Payments set forth in the Agreement are insufficient to meet the MPC's requirements pursuant to the Trust Indenture, then, upon notice from either the MPC or the Trustee, the City shall pay pursuant thereto such other amounts as may be required from time to time to cure any such deficiency.

Other Costs and Expenses. The City shall pay (i) all fees, expenses (including closing fees and expenses) and indemnities of the Trustee, Bond Registrar and Paying Agent pursuant to the Trust Indenture to the extent, if any, that such fees, expenses and indemnities are not met by the scheduled Installment Payments, (ii) the reasonable expenses of the MPC approved by the City and not otherwise required to be paid by the City pursuant to the Agreement, (iii) losses on investments made by the Trustee at the direction of the City pursuant to the terms of the Trust Indenture, but only to the extent necessary to meet the Series 2019 MPC Bond requirements and to pay the Trustee's, Bond Registrar's and Paying Agent's fees and expenses in accordance with the Trust Indenture, (iv) fees for maintaining the MPC's corporate existence, and (v) all other expenses of the MPC incurred at the written request of the City or the Trustee in accordance with the provisions of the Agreement. The City shall pay the amounts specified in (i) directly to the Trustee, Bond Registrar or Paying Agent as they become due and within twenty (20) days after the receipt by the City of invoice therefor, in (ii) either to the MPC or its creditors, upon evidence that the expenses or fees have been incurred by it, and within twenty (20) days after receipt by the City of an invoice therefor, in (iii) to the Trustee, and in (iv) and (v) to the MPC, upon evidence that such expenses have been incurred.

Excess Money in Bond Fund. Unless otherwise requested by the City pursuant to the Agreement, any money in the Bond Fund created pursuant to the Trust Indenture which exceeds the amount necessary for the current debt service on the Series 2019 MPC Bonds then outstanding (including administrative costs and expenses) shall, no less frequently than annually, so long as the City is not in default under the Agreement, constitute a credit to the City on the next succeeding installment payment or payments due or coming due pursuant thereto.

Sources for Installment Payments. City shall remit to Trustee from Excise Taxes all amounts due under the Agreement in the amounts and at the times and for the purposes as required therein. City's obligation to make payments of any amounts due under the Agreement, including amounts due after default or termination hereof, is limited to payment from Excise Taxes and shall in no circumstances constitute a general obligation of, or a pledge of

the full faith and credit of, City, the State of Arizona, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes.

Net Return to the MPC. The City agrees that the aggregate amount payable by the City for the acquisition of the Project shall be an absolute net return to the MPC, free from any expenses and charges with respect to the Project or the income therefrom, except that certain expenses described in the Agreement must first be approved by the City.

Payment of Governmental Charges by the City. The City shall pay or cause to be paid, punctually, when due and payable, all real property and personal property taxes, income taxes, gross receipt taxes, business and occupation taxes, occupational license taxes, water charges or sewer charges, assessments (including but not limited to, assessments for public improvements or benefits), and all governmental taxes and charges of every kind and nature which at any time prior to the termination of the Agreement shall be or become due and payable by the MPC or the City, and which shall be levied, assessed or imposed:

(a) Upon or with respect to the MPC, or which shall be or become liens upon the Project, or any interest of the MPC or the City therein or pursuant to the Agreement; or

(b) Upon this transaction or any document to which the City is a party creating or transferring an interest or an estate in or to the Project.

Payment of Utility Charges by the City. The City shall pay or cause to be paid all charges for gas, water, sewer, electricity, light, heat, power, telephone or other utility service furnished to or used in connection with the Project from the time the City takes possession of such property until the completion of payment of the aggregate amount payable pursuant to the provisions of the Agreement. The MPC shall not be required to furnish to the City or any other occupant any gas, water, sewer, electricity, light, heat, power, telephone or other utility service of any kind, nor shall the MPC be required to pay for such charges or services.

Limited Sources for Installment Payments. It is understood and agreed by and between the MPC and the City that all payments made in accordance herewith shall be made only from Excise Taxes.

Use of Other Funds at Option of the City. The City may, at the City's sole option, make such payments from its other funds as may be permitted by law and as the City shall determine from time to time, but the MPC acknowledges that it has no claim under the Agreement to such other funds. Notwithstanding any other provision hereof, no part of the Installment Payments payable pursuant to the Agreement shall be payable out of any ad valorem taxes imposed by the City or from bonds or other obligations, the payment of which is secured by a pledge of the City's general taxing authority, unless (i) the same shall have been duly budgeted by the City according to law, (ii) such payment or payments shall be within the budget limitations set forth in the statutes of the State of Arizona (the "State"), and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Pledge of Excise Taxes. The City pledges for the payment of the amounts payable pursuant to the Agreement its Excise Taxes, as defined in the Agreement. The City intends that this pledge shall be a first lien pledge upon such amounts of said Excise Taxes, as will be sufficient to make the payments pursuant thereto. The City agrees and covenants to make said payments from such Excise Taxes, except to the extent that it chooses to make the payments from other sources as permitted by the Agreement. Said pledge of, and said lien on, the Excise Taxes is irrevocably made and created for the prompt and punctual payment of the Installment Payments according to the terms hereof, and to create and maintain the funds as specified in the Agreement or as may be specified in the Trust Indenture. All of the Installment Payments are coequal as to the pledge of and lien on the Excise Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Taxes or security therefor. The rights of the Owners of the Series 2019 MPC Bonds to payment from Excise Taxes are on a parity with the rights to payment from such Excise Taxes of the holders of Existing Parity Bonds and any other obligations hereafter issued on a parity therewith pursuant to the Trust Indenture and the Agreement.

City to Maintain Excise Taxes Coverage of Three Times Debt Service. The City covenants and agrees that the Excise Taxes which it presently imposes will be retained and maintained so that the amount of Excise Taxes, all within and for the preceding Fiscal Year, shall be equal to at least three (3) times the total of principal and interest payable with respect to the Series 2019 MPC Bonds and the MPC's Existing Parity Bonds and any additional parity obligations

issued in accordance with the Agreement, to the extent outstanding in any such current Fiscal Year. The City further covenants and agrees that if such receipts for any such preceding Fiscal Year shall not equal three (3) times such principal and interest requirements of any current Fiscal Year, or if at any time it appears that the current receipts will not be sufficient to meet such payment requirements, it will, subject to any limitations imposed by law, use its best efforts to either impose additional Excise Taxes, or to increase the rates of such taxes currently imposed, so that (i) the current Fiscal Year's receipts will be sufficient to meet all such current requirements and (ii) it can be reasonably calculated that the current Fiscal Year's receipts will be sufficient to meet the succeeding Fiscal Year's principal and interest requirements.

Surplus and Deficiency of Excise Taxes. Subject to the right with respect to the Excise Taxes of the owners of the 2006 Refunding Bonds, 2010 Bonds, 2013 Bonds, 2014 Refunding Bonds, 2015A Tax-Exempt Bonds, 2015A Taxable Bonds, 2015 Refunding Bonds, 2017 Refunding Bonds and 2017A and 2017B Bonds (collectively, the "Existing Parity Bonds") and any other obligations issued on a parity herewith pursuant to the Trust Indenture and the Agreement with respect to the Excise Taxes, all Excise Taxes in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under the Agreement, the Trust Indenture shall constitute surplus revenues and may be used by City for any lawful purpose for the benefit of City, including the payment of junior lien obligations to which such Excise Taxes may from time to time be pledged. If at any time the moneys in the funds and accounts held for payment of amounts due under the Agreement or the Trust Indenture are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of the Agreement and, with respect to payment from Excise Taxes, pro rata, as applicable, with amounts due with respect to obligations on a parity with respect to the Excise Taxes, and the transfer of any such sum or sums to said fund or accounts as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant thereto.

The City shall impose all necessary Excise Taxes, shall collect and receive the proceeds of sufficient Excise Taxes, and pay such proceeds to Trustee in such amounts and at such times as will be fully sufficient, in conjunction with any other legally available moneys (but not proceeds of ad valorem taxes, except in compliance with the Agreement) which City may from time to time lawfully choose to pay to Trustee, to assure the punctual performance of all duties requiring the payment or expenditure of money by City under the terms of the Agreement. Such payments shall be made on the dates specified during the term of the Agreement and shall be sufficient to meet all requirements for the Bonds.

Enforcement by Trustee. In the event of any default by the City under the Agreement, the remedies of the MPC with respect to the enforcement of the lien and pledge set forth in the Agreement and with respect to the covenants and agreements contained in the Agreement shall be as provided in the Agreement. The Trustee, on behalf of the holders of the Series 2019 MPC Bonds, may enforce the lien and pledge and the aforesaid covenants and agreements in place of the MPC in accordance with the terms and conditions of the Trust Indenture.

Additional Parity Bonds. The City, for itself, its successors and assigns, covenants and agrees with the holders of the Series 2019 MPC Bonds that, so long as any Series 2019 MPC Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, it will not further encumber the Excise Taxes pledged thereunder on a basis equal to the pledge thereunder unless the Excise Taxes collected in the preceding Fiscal Year shall have amounted to at least three (3) times the combined interest and principal requirement for the succeeding twelve (12) month period for all Series 2019 MPC Bonds and Existing Parity Bonds then outstanding together with any parity bonds or parity obligations then proposed to be issued and secured by a pledge of the Excise Taxes. Subject to the foregoing, and to other terms and conditions set forth in the Agreement and in the Trust Indenture, the City shall have the right to incur future obligations payable from and secured by the Excise Taxes on a parity with the payments due pursuant to the Agreement.

City to Maintain the Project. During the term of the Agreement and until all payments due thereunder are completed, all maintenance of and repairs to the Project shall be the responsibility of the City, and the City covenants and agrees that it will maintain the Project or cause the same to be maintained in as good of a condition as when the City takes possession, ordinary wear and tear excepted.

Alterations by the City. The City shall have the right during the term of the Agreement to make any alterations or to attach fixtures to the Project if the same are deemed by the City to be necessary or beneficial for its use; provided, however, that any such alterations shall maintain the integrity of the Project and shall not decrease the value thereof.

General Liability Insurance. The City will purchase and maintain at all times a commercial general liability insurance policy or cause a self-insurance program to be established and maintained, with coverage and limits appropriate for the nature and use of the Project and the activities conducted in connection with the Project, which shall include coverage for bodily injury and property damage, occurring on, in, around or by use of the Project. The City's commercial general liability policy or self-insurance program, as the case may be, shall afford protection to the MPC, its directors, officers, agents and employees by naming the MPC as an additional insured. The City shall furnish evidence of such insurance to the Trustee prior to the issuance of the Series 2019 MPC Bonds and promptly upon the revision, modification or renewal of any such insurance.

Additional Insurance. The City's obligations pursuant to the Agreement shall not affect its right to carry additional insurance solely for its own account. Any insurance required by the Agreement may be carried in conjunction with any other insurance carried by the City, and may be provided by self-insurance by the City. Any claims arising pursuant to the policies of insurance described by the Agreement shall be adjusted by and at the cost of the City, provided that the proceeds from such insurance shall be applied pursuant to the terms of the Agreement.

Enforcement Expenses. The City agrees to pay and indemnify the MPC and Trustee for, from and against all lawful and reasonable costs and charges, including reasonable counsel fees, in enforcing any covenant or agreement of the City contained in the Agreement.

Proceeds to the MPC or Trustee. In the event of the taking or condemnation of the Project, in whole or in part, by any authority through the exercise of the power of eminent domain, or the sale of any portion of the Project pursuant to threat of condemnation, any award or payment therefor shall be paid to the MPC. The MPC and the City assign all their right, title and interest in and to such award to the Trustee if any of the Series 2019 MPC Bonds remain outstanding and unprovided for, subject to the terms of the Trust Indenture.

New Improvements. If the City desires to construct new improvements of the same use and purpose as those condemned, then the condemnation proceeds may be used therefor; provided, however, that there shall be no abatement of the Installment Payments accruing thereunder as long as any of the Series 2019 MPC Bonds remain outstanding and not provided for.

Assignment to the Trustee. All rights of the MPC to receive the City's payments pursuant to the Agreement are to be assigned and pledged to the Trustee as security for the Series 2019 MPC Bonds, but subject to the City's rights in accordance with the Agreement. The rights of the Trustee or any party or parties on behalf of whom the Trustee is acting shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever, whether arising out of any breach of any obligation of the MPC, or by reason of any other indebtedness or liability at any time owing by the MPC to the City.

Remedies Upon Event of Default. Upon the nonpayment of the whole or any part of the aforesaid Installment Payments at the time when the same is to be paid as provided in the Agreement and Trust Indenture, or upon violation by the City of any other covenant or provision of the Agreement (together an "Event of Default"), and if such Event of Default has not been cured (i) in the case of nonpayment of Installment Payments, within five (5) days; and (ii) in the case of the breach of any other covenant or provision of the Agreement, within fifteen (15) days, after notice in writing from the MPC specifying such Event of Default, then the MPC may bring an action for the recovery of any of the Installment Payments due or accruing, or for damages for the breach of said Agreement.

Appointment of Receiver. Upon bringing suit to collect any Installment Payment in default, the MPC may request foreclosure of the pledges and liens set forth in the Agreement, in which event the MPC, as a matter of right, without notice and without providing indemnity to the City or anyone claiming in accordance with the City, may have a receiver appointed of all the Excise Taxes which are so pledged for the payment of the Installment Payments, with such powers as the court making such appointment shall confer; and the City irrevocably consents to such appointment.

Recovery of Costs and Attorneys' Fees. In any such suit to enforce the terms of the Agreement, the MPC (and the Trustee, if a party) shall recover its costs, as well as reasonable attorneys' fees, as the court shall approve.

Accumulation of Remedies. Each right, power and remedy of the MPC or the City provided for in the Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in the Agreement, or, unless prohibited by the terms thereof, now or hereafter existing at law or in equity or by statute or otherwise, to be enforced; and the exercise or beginning of the exercise by the MPC or the City of any one or more of the rights, powers or remedies provided for in the Agreement shall not preclude the simultaneous or later exercise by the MPC or the City of any or all of such other rights, powers or remedies provided for in the Agreement.

Nonwaiver. The failure to insist upon a strict performance of any of the covenants or agreements therein set forth shall not be considered or taken as a waiver or relinquishment for the future of the MPC's or the City's rights to insist upon a strict compliance by the City or the MPC with all the covenants and conditions hereof.

Nonabatement until Series 2019 MPC Bonds Paid. Except as in the Agreement expressly provided, the Agreement shall not terminate or be affected in any manner by reason of the condemnation, destruction or damage, in whole or in part of, the Project, and except as is expressly provided in the Agreement, the Installment Payments, as well as additional Installment Payments payable thereunder, shall be paid by the City in accordance with the terms, covenants and conditions of the Agreement without abatement, diminution or reduction.

Redemption or Refunding. Upon notice to the MPC, the City may request that the MPC refinance the indebtedness evidenced by the Series 2019 MPC Bonds by refunding or redeeming the Series 2019 MPC Bonds then outstanding, subject to the provisions of the Trust Indenture, and issuing new bonds or other obligations. The MPC will use its best efforts to refinance the indebtedness evidenced by the Series 2019 MPC Bonds in response to such request.

Supplemental Agreement. Prior to the issuance of any new bonds or other obligations for the purpose of refinancing its indebtedness, the MPC and the City shall enter into a written supplement to the Agreement increasing or decreasing, as the case may be, the Installment Payments to be paid by an amount at least sufficient to enable the MPC to fully pay the principal and interest, when due, on such new bonds or other obligations and all other usual and ordinary costs and expenses relating thereto.

Purchasing or Redeeming Bonds Prior to Maturity. The City shall have the right to pay Installment Payments in advance and may specify that they be placed in the Bond Fund created pursuant to the Trust Indenture. At the City's request, the MPC shall cause the amount of money contained in the Bond Fund from time to time to be used on any redemption date authorized in the Trust Indenture to retire all or any portion of the outstanding Series 2019 MPC Bonds pursuant to the provisions of the Trust Indenture; or if, before Series 2019 MPC Bonds are callable, they may be obtained in the open market at a cost equal to or below par, or, after Series 2019 MPC Bonds are callable, they may be so obtained at a price below the cost of redemption, then, upon the City's request, the MPC shall cause money contained in the Bond Fund to be used to purchase Series 2019 MPC Bonds in the open market for the purpose of cancellation. At such time or times as Series 2019 MPC Bonds are redeemed or purchased pursuant thereto, the Installment Payments to be paid by the City in accordance with the Agreement hereof shall be adjusted in such manner as to provide for the debt service on the remaining Series 2019 MPC Bonds.

Release of Trust Indenture. Upon payment or provision for payment of all Series 2019 MPC Bonds, by means of refunding, redemption and/or purchase pursuant to the provisions of the Agreement, and upon payment of any remaining administrative costs and expenses or other amounts due thereunder or pursuant to the Trust Indenture, the MPC shall cause the Trustee to release the lien of the Trust Indenture on the City's payments pursuant to the Agreement, and both the Agreement and the Trust Indenture shall terminate.

Providing for Installment Payment. City may provide for the payment of any installment payment in any one or more of the following ways:

(a) by paying such installment payment as and when the same becomes due and payable at its scheduled due date pursuant to the Agreement or on a date on which it can be prepaid;

(b) by depositing with a Depository Trustee (as defined below), in trust for such purposes, money which, together with the amounts then on deposit with Trustee and available for such installment payment is fully sufficient to make, or cause to be made, such installment payment at its scheduled due date or on a date on which it can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Government Obligations which are noncallable, in such amount as shall be certified to MPC and City, by a national firm of certified public accountants acceptable to both MPC and City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with MPC and available for such installment payment, to make, or cause to be made, such installment payment at its scheduled due date or on a date on which it can be prepaid.

A Depository Trustee shall be any bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State of Arizona authority who holds money and securities in trust for the purposes set forth in the Agreement (a "Depository Trustee").

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SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of October 1, 2019 (the "Trust Indenture"), between the MPC and U.S. Bank National Association, as the trustee (the "Trustee"). This summary does not purport to be complete and reference is made to the Trust Indenture for a full and complete statement of its provisions. Capitalized terms used in this summary and defined in the Trust Indenture have the meaning given in the Trust Indenture unless the context hereof requires some other meaning.

Pledge and Security

By the Trust Indenture, the MPC authorizes and directs the Trustee to receive and to hold as security for the Owners of the Series 2019 MPC Bonds, and grants a security interest in, releases, assigns, transfers, pledges, mortgages, grants and conveys to the Trustee and its successors and assigns the following:

(a) All right, title and interest of the MPC in and to the MPC's right to receive the Installment Payments and all other payments from the City pursuant to the Agreement, except payments to indemnify the MPC for certain expenses as set forth in the Agreement; provided that the MPC shall remain liable to observe and perform all of the conditions and covenants in the Agreement provided to be observed and performed by it;

(b) All right, title and interest of the MPC in and to amounts on deposit from time to time in the funds and accounts created pursuant to the Trust Indenture, subject to the provisions of the Trust Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein; and

(c) All property which is by the express provisions of the Trust Indenture required to be subject to the lien hereof and any additional property that may, from time to time, by delivery or by writing of any kind, be subjected to the lien of the Trust Indenture by the MPC or by anyone on its behalf; and the Trustee is authorized to receive the same at any time as additional security thereunder; provided, however, that in no event shall the Trustee receive as additional security any fee title, leasehold or beneficial interest or other rights in the Project.

Issuance and Delivery of Additional Parity Bonds.

(a) The MPC may issue Additional Parity Bonds from time to time for any purpose permitted in the Trust Indenture. The Series 2019 MPC Bonds are not considered Additional Parity Bonds for any purpose of the Trust Indenture.

(b) Additional Parity Bonds shall be on a parity with the Series 2019 MPC Bonds and any Additional Parity Bonds hereafter issued and then Outstanding, as to the assignment to the Trustee of the right, title and interest of the MPC in the Agreement and moneys in the accounts of the funds created pursuant to the Trust Indenture; provided, that nothing therein shall prevent payment of principal, interest and premium, if any, on any series of Additional Parity Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2019 MPC Bonds and any one or more series of Additional Parity Bonds or (ii) not being secured or protected from sources or by property or instruments applicable to the Series 2019 MPC Bonds or one or more series of Additional Parity Bonds.

(c) The issuance of such Additional Parity Bonds is subject to the following specific conditions which are conditions precedent to the issuance of such Additional Parity Bonds:

(i) such additional bonds shall have been authorized to aid the City in financing the construction of new municipal facilities upon real property, or to lease or acquire property and construct other facilities upon the request of the City for other governmental, civic and community purposes, or to refund obligations incurred for those purposes, and the issuance thereof shall have been determined and declared by the MPC, by appropriate resolution, to be necessary for that purpose;

(ii) the MPC shall be in compliance with all covenants and undertakings set forth in the Agreement and in the Trust Indenture, as either or both may have been supplemented or amended;

(iii) the resolution authorizing issuance of such additional bonds shall require that the proceeds of the sale thereof shall be applied solely (a) for one or more of the purposes set forth in (i) above and expenses and costs incidental thereto, including costs and expenses incident to the issuance and sale of such additional bonds, (b) if desired, to establish a reasonable debt service reserve fund for the protection of the Owners of the additional bonds, and (c) to pay interest on such additional bonds during the actual period of any construction of such facilities, and for a period of not to exceed twelve (12) months thereafter;

(iv) such additional bonds shall be equally and ratably secured with the Series 2019 MPC Bonds, without preference or priority of any of the Series 2019 MPC Bonds over any other bonds, except as expressly provided in the Trust Indenture, as supplemented;

(v) the MPC shall have entered into a revised agreement with the City, or shall have amended the Agreement, in and by which the City obligates itself in the manner therein provided to increase the Installment Payments or to make such payments to the MPC at the times and in the amounts sufficient to provide for the payment of principal and interest on such additional bonds as such principal and interest may become due; and

(vi) the City must be in compliance with the terms of the Agreement.

Creation of Funds to be Held by Trustee. The Trust Indenture establishes a Series 2019A Bond Fund, a Series 2019B Bond Fund, and a Project Fund, and within the Project Fund the Trust Indenture establishes a Series 2019A Acquisition and Construction Account, a Series 2019B Acquisition and Construction Account, a Series 2019A Costs of Issuance Account, and a Series 2019B Costs of Issuance Account. The money deposited in such funds and accounts shall be held by the Trustee in trust for the purposes set forth in the Trust Indenture.

Installment Payments; Credit of Excess Money. The Installment Payments to be paid by the City pursuant to the terms of the Agreement have been assigned by the MPC to the Trustee so that such moneys shall be paid by the City directly to the Trustee at least one day prior to the date the Trustee is required to make a payment on the Series 2019 MPC Bonds; and the Trustee shall credit such moneys to the Series 2019A Bond Fund or the Series 2019B Bond Fund, as applicable. If at any time the money in the Series 2019A Bond Fund or the Series 2019B Bond Fund exceeds, in the sole opinion of the Trustee, the amount necessary for the current debt service on all Series 2019A MPC Bonds or Series 2019B MPC Bonds, as applicable, then Outstanding, including administration costs and expenses, and the City is not then in default pursuant to the Agreement, such excess shall constitute a credit to the City on the next succeeding Installment Payment or Installment Payments due or to become due pursuant to the Agreement; provided, however, that the City may exercise its prepayment and redemption rights in accordance with the Agreement, in which event such excess funds shall be applied in accordance with the Agreement. The aforesaid credit or transfer shall be made by the Trustee no less frequently than annually.

Project Fund.

(a) Moneys in the Project Fund will be used to pay Project costs and Issuance Costs of the Series 2019 MPC Bonds. Disbursements from the Series 2019A Acquisition and Construction Account and the Series 2019B Acquisition and Construction Account of the Project Fund for Project costs will be made by the Trustee upon receipt of a written requisition signed by the Authorized Representative, which identifies the cost related to the Project for which payment or reimbursement is due, gives the name, address or wire instructions and amount due to that person. All investment earnings on the Project Fund will be retained therein.

(b) Disbursements from the Series 2019A Costs of Issuance Account and the Series 2019B Costs of Issuance Account of the Project Fund for payment of Issuance Costs of the Series 2019 MPC Bonds will be made by the Trustee upon receipt of a written requisition signed by the Authorized Representative, which identifies the Issuance Costs for which payment or reimbursement is due, and gives the name, address or wire instructions and amount due to that person.

(c) In the event that the Series 2019 MPC Bonds are declared due and payable prior to maturity for any reason, moneys in the Project Fund, other than funds held pursuant to a redemption notice with respect to Series 2019 MPC Bonds to be redeemed, which will be paid in accordance with such notice, will be immediately transferred to

the Series 2019A Bond Fund and the Series 2019B Bond Fund, as applicable, to the extent needed to pay unpaid interest and then to pay unpaid principal.

(d) Moneys in the Project Fund from time to time shall be invested in Permitted Investments as directed by an Authorized Representative and all income and gain on any such investments shall be retained in the Project Fund until the earlier of completion of the Project or October __, 2022.

(e) The Trustee agrees to keep adequate records pertaining to all the accounts in the Project Fund and, upon completion of the Project, to file an accounting for the Project Fund with the MPC.

(f) Any moneys remaining in the Series 2019A Acquisition and Construction Account and the Series 2019B Acquisition and Construction Account of the Project Fund on the earlier of the completion of the Project or October __, 2022, shall be transferred to the Series 2019A Bond Fund and the Series 2019B Bond Fund, as applicable, and used to pay the next ensuing interest and principal payments due on the Series 2019A MPC Bonds and the Series 2019B MPC Bonds, as applicable.

(g) Any moneys remaining in the Series 2019A Costs of Issuance Account and the Series 2019B Costs of Issuance Account of the Project Fund on April __, 2020 shall be transferred to the Bond Fund and used to pay the next ensuing interest and principal payments due on the Series 2019A MPC Bonds and the Series 2019B MPC Bonds, as applicable.

Separate Funds and Accounts. Monies and investments properly paid into and held in the funds and accounts established in accordance with the Trust Indenture shall not be subject to the claims of the owners of any Parity Bonds other than the Series 2019 MPC Bonds and the Owners of the Series 2019 MPC Bonds shall have no claim or lien upon any monies or investments properly paid into and held in the funds and accounts established under the proceedings for any other Parity Bonds.

Pledge. Installment Payments and all other amounts due under the Agreement by the City are payable from a pledge of, and secured by a lien on, the Excise Taxes as may be necessary for their prompt and punctual payment. Said pledge of, and said lien on, the Excise Taxes is irrevocably made and created by the City pursuant to the Agreement for the prompt and punctual payment of amounts due under the Agreement according to its terms, and to create and maintain the funds as specified therein and in the Trust Indenture. None of the Series 2019 MPC Bonds shall be entitled to priority or distinction one over the other in the application of the Excise Taxes thereby pledged to the payment thereof, regardless of the delivery of any of the Series 2019 MPC Bonds prior to the delivery of any other of the Series 2019 MPC Bonds or regardless of the time or times the Series 2019 MPC Bonds mature or are called for redemption prior to maturity. All of the Series 2019 MPC Bonds are co-equal as to the pledge of and lien on the Excise Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Taxes or security therefor.

Protection of Lien. The Trustee, the MPC and the City agree not to make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien hereof upon the interests granted or any part thereof. The Trustee, the MPC and the City agree that no obligations the payment of which is secured by an equal claim on or interest in property or revenues pledged will be issued or delivered by either except (a) in lieu of, or upon transfer of registration or exchange of, (i) any Series 2019 MPC Bond or (ii) any Existing Parity Bonds, and (b) obligations issued on a parity herewith pursuant to the Trust Indenture. No obligation with a subordinate lien on Excise Taxes may be accelerated so long as any Series 2019 MPC Bond is Outstanding.

Existing Parity Pledge. The pledge of Excise Taxes under the Agreement is on a parity with the pledge of the Excise Taxes to payment due on or with respect to the Existing Parity Bonds.

Additional Parity Bonds. So long as any of the Series 2019 MPC Bonds remain Outstanding and the principal and interest thereon shall be unpaid or unprovided for or any other amounts remain unpaid or unprovided for pursuant to the Trust Indenture, City will not further encumber the Excise Taxes pledged on a basis equal to the pledge pursuant to the Trust Indenture unless the Excise Taxes collected in the preceding Fiscal Year shall have amounted to at least three (3) times the combined interest and principal requirement for the succeeding twelve (12) month period for all Series 2019 MPC Bonds and Existing Parity Bonds then Outstanding together with any parity bonds or parity

obligations then proposed to be issued and secured by a pledge of the Excise Taxes. Subject to the foregoing, and to other terms and conditions set forth in the Agreement and in the Trust Indenture, City shall have the right to incur future obligations payable from and secured by the Excise Taxes on a parity with the Installment Payments due pursuant to the Trust Indenture.

Additional Indebtedness Limit. Except as to indebtedness permitted in accordance with the Trust Indenture, the MPC covenants that it will not incur indebtedness of any kind except for the indebtedness evidenced by the Series 2019 MPC Bonds issued pursuant thereto or any indebtedness issued to refund or refinance the Series 2019 MPC Bonds, or indebtedness which is to be paid out of available proceeds from the sale of Series 2019 MPC Bonds issued pursuant thereto, or indebtedness which the City is required to pay pursuant to the terms of the Agreement.

Permitted Additional Indebtedness. The MPC may incur additional indebtedness on a parity with the Series 2019 MPC Bonds by means of the issuance of bonds pursuant the Trust Indenture or otherwise, subject to an agreement with the City whereby the City agrees to pay from and grants a lien on its Excise Taxes to secure the prompt payment of the principal and interest in respect of such new indebtedness of the MPC and, provided, further, the City is then in compliance with the Agreement.

Held in Trust. Except or otherwise provided in the Trust Indenture, moneys and investments held by the Trustee under the Trust Indenture are irrevocably held in trust for the benefit of the Owners of the Series 2019 MPC Bonds, and for the purposes specified in the Trust Indenture, and such moneys, and any income or interest earned thereon, shall be expended only as provided in the Trust Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the MPC, the City, the Trustee or any Owner of Series 2019 MPC Bonds.

Supplemental Agreements Not Requiring Consent of Owners. The MPC, when authorized by resolution of its Board of Directors, and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Trust Indenture contained, may enter into an indenture or indentures supplemental thereto, which indenture or indentures thereafter shall form a part of the Trust Indenture, for any one or more or all of the following purposes:

(a) To add to the covenants and agreements of the MPC in the Trust Indenture contained, other covenants and agreements thereafter to be observed or to surrender any right or power reserved to or conferred upon the MPC;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained in the Trust Indenture, or in regard to matters or questions arising pursuant to the Trust Indenture, as the MPC may deem necessary or desirable and not inconsistent with the Trust Indenture and which shall not adversely affect the interests of the Owners of the Series 2019 MPC Bonds;

(c) To describe or redescribe any property subjected to the lien of the Trust Indenture;

(d) To modify, amend or supplement the Trust Indenture or any indenture supplemental thereto in such manner as to permit the qualification hereof and thereof pursuant to the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to the Trust Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or a similar federal statute;

(e) To provide for additional bonds on a parity with the Series 2019 MPC Bonds to the extent permitted by the Trust Indenture;

(f) To make any other change or amendment which the Trustee determines does not materially adversely affect the interests of any Owner; and

(g) To make provisions and amendments applicable only to a single series of bonds sold or remarketed on the basis of the effectiveness of such provisions or amendments with respect to those bonds. Any supplemental agreement authorized by the provisions of the Trust Indenture may be executed by the MPC and the Trustee without the consent of the Owners of any of the Series 2019 MPC Bonds at the time Outstanding, notwithstanding any of the

provisions of the Trust Indenture, but the Trustee shall not be obligated to enter into any such supplemental agreement which affects the Trustee's own rights, duties or immunities pursuant to the Trust Indenture or otherwise.

Supplemental Agreement Requiring Consent of Owners. With the consent of the Owners of not less than a majority in aggregate principal amount of the Series 2019 MPC Bonds at the time Outstanding, the MPC, when authorized by a resolution of its Board of Directors, and the Trustee, may from time to time and at any time enter into an indenture or indentures supplemental thereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Trust Indenture or of any supplemental agreement, provided, however, that copies of such proposed indenture or indentures supplemental thereto shall be received by any rating agency then rating the Series 2019 MPC Bonds at least fifteen (15) days prior to adoption of the same; and provided further, that no such supplemental agreement shall (1) extend the fixed maturity of the Series 2019 MPC Bonds or reduce the rate of interest thereon or extend the time for the payment of interest, or reduce the amount of the principal thereof, without the consent of the Owner of each such Bond so affected, or (2) reduce the aforesaid percentage of Owners' Series 2019 MPC Bonds required to approve any such supplemental agreement, or (3) permit the creation of any lien on the properties pledged and conveyed prior to or on a parity with the lien of the Trust Indenture (except as expressly therein permitted), or deprive the Owners of the Series 2019 MPC Bonds (except as aforesaid) of the lien created by the Trust Indenture upon said properties, without the consent of the Owners of all the Series 2019 MPC Bonds then Outstanding.

Upon receipt by the Trustee of a resolution authorizing the execution of any such supplemental agreement, and upon the filing with the Trustee of evidence of the consent of Owners, as aforesaid, the Trustee shall join with the Board of Directors in the execution of such supplemental agreement unless such supplemental agreement affects the Trustee's own rights, duties or immunities pursuant to the Trust Indenture, or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental agreement.

When the Trustee determines that the requisite number of consents have been obtained for a supplemental agreement requiring consent of the Owners, the Trustee shall date and file a certificate to that effect in its records and shall notify the MPC. Such determination shall be conclusive and no action or proceeding to invalidate the supplemental agreement shall be instituted or maintained unless commenced within sixty (60) days after the filing of such certificate. Upon the filing of such certificate, the supplemental agreement shall become effective without liability or responsibility to any Owner of any Bond, whether or not such Owner shall have consented thereto.

Consent of Owners may be evidenced by Series 2019 MPC Bonds being sold or remarketed on the basis of the effectiveness of the proposed supplemental agreement or in any other manner acceptable to the Trustee. If the supplemental agreement will not take effect so long as any particular Series 2019 MPC Bonds remain Outstanding, the consent of the Owners of such Series 2019 MPC Bonds shall not be required and such Series 2019 MPC Bonds shall not be deemed to be Outstanding for the purpose of determining the required consents. It shall not be necessary for the consent of the Owners pursuant to the Trust Indenture to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if consent is given to the substance thereof. Any such consent shall be binding upon the Owner of the Series 2019 MPC Bond giving such consent and upon any subsequent Owner of such Series 2019 MPC Bond and of any Series 2019 MPC Bond issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof), unless such consent is revoked in writing by the Owner of such Series 2019 MPC Bond giving such consent or by a subsequent Owner thereof by filing written notice of such revocation with the Trustee prior to the execution by the Trustee of such supplemental agreement. If the Owners of the required amount or number of the Series 2019 MPC Bonds Outstanding shall have consented to and approved the execution of such supplemental indenture, no Owner of any Series 2019 MPC Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the MPC from executing the same or from taking any action pursuant to the provisions thereof.

Events of Default. Any one or more of the following events is an "Event of Default" for purposes of the Trust Indenture:

(a) Default in the due and punctual payment of the principal of, or interest on, any Bond when and as the same shall become due and payable, whether by declaration or otherwise, and such default continues until the business day following the due date;

(b) Default by the MPC in the performance or observance of any other of the covenants, agreements or conditions on its part in the Trust Indenture or in the Series 2019 MPC Bonds, and such default continues for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the MPC by the Trustee, or to the MPC and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Series 2019 MPC Bonds at the time Outstanding; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within thirty (30) days after the receipt of such notice, such failure shall not constitute an Event of Default if and so long as corrective action is instituted by the MPC within such thirty (30) day period and is diligently pursued to the satisfaction of the Trustee;

(c) If either the MPC or the City (1) admits in writing its inability to pay its debts generally as they become due, (2) files a petition in bankruptcy or takes advantage of any insolvency act, (3) makes an assignment for the benefit of its creditors, (4) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (5) on a petition in bankruptcy filed against the MPC or the City, is adjudicated as bankrupt;

(d) If either the MPC or the City files a petition or answer seeking reorganization or arrangement in accordance with the federal bankruptcy laws or any other applicable law or statute of the United States of America or of any state thereof; if a court of competent jurisdiction enters an order, judgment or decree appointing, without the consent of the MPC or the City, a receiver of the MPC or the City, or of the whole or any substantial part of its property, or approving a petition filed against the MPC or the City seeking reorganization of the MPC or the City pursuant to the federal bankruptcy laws or any other applicable law or statute of the United States of America or of any state thereof, and such order, judgment, or decree is not vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or if, pursuant to the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the MPC or the City or of the whole or any substantial part of its property, and such custody or control is not terminated or stayed within sixty (60) days from the date of assumption of such custody or control;

(e) If the City defaults in its obligations pursuant to the Agreement and such default is not remedied within the applicable period of time for remedy therein expressed; or

(f) If an event of default occurs with respect to any obligations then Outstanding which are on a parity basis with the Series 2019 MPC Bonds as to the lien upon the Excise Taxes.

Discharge of Indebtedness; Defeasance. If the MPC shall pay and discharge the entire indebtedness on all Series 2019 MPC Bonds Outstanding in any one or more of the following ways, to wit:

(a) By well and truly paying or causing to be paid the principal of and interest on Series 2019 MPC Bonds Outstanding thereunder, as and when the same become due and payable;

(b) By depositing or causing to be deposited with a Depository Trustee that agrees to transfer amounts to the Trustee as required by the Trust Indenture, in trust, at or before maturity, money in the necessary amount to pay or redeem Series 2019 MPC Bonds Outstanding pursuant thereto;

(c) By delivering to the Trustee, for cancellation by it, all the Series 2019 MPC Bonds then Outstanding pursuant the Trust Indenture; or

(d) By depositing or causing to be deposited in escrow with a Depository Trustee or the Trustee, upon its receipt, obligations described in paragraph (a) of the definition of Permitted Investments sufficient in amount, bearing such interest and maturing on such dates as to (according to a certificate to that effect of a firm of certified public accountants acceptable to the Trustee) either, (i) pay the entire principal of and the accruing interest on any Series 2019 MPC Bonds then Outstanding, or (ii) if the MPC elects to provide for the prior redemption of such Series 2019 MPC Bonds as may be redeemed prior to maturity, pay the principal of the Series 2019 MPC Bonds, accrued and accruing interest to their respective dates of maturity or redemption, as the case may be, all premiums on Series 2019 MPC Bonds so called for redemption prior to their maturity and all expenses pertaining to the prior redemption of the Series 2019 MPC Bonds; and if the MPC shall also pay or cause to be paid all other sums payable by the MPC, then and in any such case the Trust Indenture shall cease, determine, and become null and void, and thereupon the Trustee shall, upon written request of the MPC, and upon receipt by the Trustee of a certificate of the MPC and an

opinion of Independent Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Trust Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Trust Indenture. The satisfaction and discharge of the Trust Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the MPC for any expenditures which it may thereafter incur in connection herewith.

The MPC may at any time surrender to the Trustee for cancellation by it any Series 2019 MPC Bonds previously authenticated and delivered which the MPC may have acquired in any manner whatsoever, and such Series 2019 MPC Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Payment of all or any portion (as determined by the MPC) of the Series 2019 MPC Bonds Outstanding from time to time may be made as provided in the Trust Indenture, and any such Series 2019 MPC Bonds so paid or provided for shall be deemed defeased and no longer Outstanding.

Covenant as to Conflict of Interest. A.R.S. Section 38-511 provides that the City may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City from any other party to the contract arising as a result of the contract.

Governing Law. The Trust Indenture shall be construed and governed in accordance with the laws of the State of Arizona.

**CITY OF SCOTTSDALE, ARIZONA
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION**

The City, the sixth largest in the State, is centrally located in Maricopa County, Arizona (the "County") and encompasses an area of approximately 185 square miles. The City is located in the northeastern portion of the "Valley of the Sun" and comprises part of the greater City of Phoenix, Arizona ("Phoenix") metropolitan area, which is the economic, political and population center of the State. The City shares common boundaries with the incorporated communities of Phoenix, the City of Tempe, Arizona ("Tempe"), the Town of Paradise Valley, Arizona ("Paradise Valley"), the Town of Fountain Hills, Arizona and the Town of Carefree, Arizona.

The City was founded in the 1800s when retired Army Chaplain Major Winfield Scott homesteaded what is now the center of the City. The City was incorporated June 25, 1951 and the City Charter, pursuant to which it still operates, was adopted November 16, 1961.

Municipal Government Organization

The City operates pursuant to a Council/Manager form of government as provided by its Charter. The Mayor and six City Councilmembers are elected at large on a non-partisan ballot for four-year terms. The City Council determines the duties and compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal purposes. The City Council appoints the City Manager and City Treasurer.

The City Manager is responsible for executing City Council policies and administering City operations. The City Treasurer is responsible for the financial management of the City. The City government is responsible for furnishing basic municipal services. Primary services delivered by the City's approximately 2,704 full-time and part-time employees include police, City courts, fire protection, parks and recreation, library, sanitation, water, sewer, building safety, public works and general administration. For fiscal year 2018-19, the operating budget is \$576.6 million and the total adopted budget, which includes the operating budget, grants and capital outlay expenditures, is \$1.4 billion.

Administrative Staff

James V. Thompson, City Manager

Jim Thompson joined the City in January 2017 as City Manager. Mr. Thompson served as the city manager of Casa Grande, Arizona from 2003 until early 2016 where he oversaw city operations and a \$175 million budget. He has 20 years' experience as a city manager, previously holding that position in Bothell, Washington, and Bullhead City, Arizona. Mr. Thompson has served on the Arizona State Personnel Board since 2004 and has served as an adjunct professor in Arizona State University's Department of Public Affairs since 2011. Mr. Thompson has a bachelor's degree in accounting from Indiana University and a master's degree in business administration from Regis University.

Jeffery M. Nichols, City Treasurer/Chief Financial Officer

Jeff Nichols joined the City in October 2013 as City Treasurer/Chief Financial Officer. Prior to joining the City, he was Vice President/Chief Financial Officer for the Scottsdale Cultural Council (SCC) and, previously, the Accounting Director for the City. Mr. Nichols earned a Bachelor of Science in Business Administration with an emphasis in Accountancy from Central Michigan University. He is also a Certified Public Accountant (1989) in Arizona.

Gina Kirklin, Enterprise and Finance Director

Gina Kirklin joined the City in May 2006 and became the Enterprise and Finance Director in March 2017. Prior to this time, she was the Enterprise Finance Manager responsible for financial planning and rate preparation for the City's water, sewer, solid waste and aviation enterprise funds. Mrs. Kirklin earned a Bachelor of Science in Communications from Western Michigan University and a Post Baccalaureate in Accounting from Arizona State University. She is also a Certified Public Accountant (2005) in Arizona.

Demographic Information

The City has grown from the 1985 special census population of 108,447 to 245,417 as estimated in 2018 by the State. The following table illustrates the City's growth expressed by population statistics along with the population statistics for the County and the State.

POPULATION STATISTICS

Population	City of Scottsdale	Maricopa County	State of Arizona
2018 Estimate (a)	245,417	4,294,460	7,076,199
2010 Census	217,385	3,817,117	6,392,017
2000 Census	202,705	3,072,149	5,130,632
1995 Special Census	168,176	2,551,765	4,228,900
1990 Census	130,069	2,122,101	3,665,339
1985 Special Census	108,447	1,837,956	3,187,000

(a) Data as of July 2018, released December 2018.

Source: Projections of the Population, the Arizona Department of Economic Security, Research Administration Population and Statistical Unit and U.S. Census Bureau, Arizona Department of Administration.

Following is a list of the City's largest employers.

MAJOR EMPLOYERS (a) City of Scottsdale, Arizona

Employer	Product/Service	Approximate Number of Employees
HonorHealth	Healthcare	6,841
Vanguard	Investment management	3,300
CVS Pharmacy Inc.	Prescription benefit administrator	3,012
City of Scottsdale	Governmental	2,727
General Dynamics	Defense - Commercial/Industrial	2,500
Mayo Clinic (Scottsdale Campus)	Healthcare	2,427
Scottsdale Unified School District No. 48	Education	2,149
Nationwide Insurance	Insurance	1,462
Yelp	Online review site	1,300
GoDaddy	Website Domain Hosting	882

(a) Data may not reflect recent layoffs or company restructuring. Neither the Financial Advisor or its agents or consultants have examined the information set forth in the table above for accuracy or completeness, nor do they assume responsibility for the same.

Source: City of Scottsdale, Economic Development Department communication with employers, August 2019.

The City's diverse economic base is illustrated in the table below which outlines the employment structure for the Phoenix Metropolitan area.

NONFARM EMPLOYMENT STRUCTURE
Phoenix Metropolitan Area (a)
(000's omitted)

	<u>2019</u> <u>% of Total</u>	<u>2019</u> <u>Employment (a)</u>
Mining and Construction	6.52 %	140.8
Information	1.83	39.5
Manufacturing	6.19	133.8
Trade, Transportation and Public Utilities	18.81	406.5
Service Providing	26.52	573.1
Financial, Professional & Business Services	25.63	553.9
Government	11.22	242.4
Other Services	3.29	71.0
Total	<u>100.00 %</u>	<u>2,161.0</u>

(a) Total may not add due to rounding.

Source: US Department of Labor, Bureau of Labor Statistics, Report updated July 2019.

The following table illustrates comparative unemployment rate averages for the United States of America, the State, the County, Phoenix and the City.

AREA UNEMPLOYMENT RATE AVERAGES (a)

<u>Year</u>	<u>United States</u>	<u>State of Arizona</u>	<u>Maricopa County</u>	<u>City of Phoenix</u>	<u>City of Scottsdale</u>
2019 (b)	3.8%	4.8%	4.1%	4.3%	3.5%
2018	3.8	4.8	4.1	4.3	3.5
2017	4.4	4.9	4.2	4.3	3.5
2016	4.9	5.4	4.6	4.7	4.0
2015	5.3	6.1	5.1	5.3	4.2
2014	6.2	6.8	5.8	6.1	4.7

(a) Data through May, 2019.

Source: Arizona Office of Employment and Population Statistics, in cooperation with the U.S. Dept of Labor, Bureau of Labor Statistics. United States and Arizona data, seasonally adjusted; County and City data, seasonally adjusted.

Tourism

Tourism is an important contributor to the City's economy. Over the last ten years, the overall hotel and resort capacity has grown by over 2% and added 354 rooms, bringing the total room inventory to 16, 504. The revenue per available room for the City and the Paradise Valley, Arizona market area was \$140.51 in 2018. This figure represents an increase from \$133.24 in 2017. Numerous public and private golf courses, tennis courts and several resorts also complement the area making it an attractive location for meetings and conventions. There are also many large annual events that attract visitors to the City each year, including the Waste Management Phoenix Open, the Barrett-Jackson Auto Auction, the Scottsdale Arabian Horse Show, San Francisco Giants spring training and nearby the Arizona Diamondbacks and Colorado Rockies spring training. Additionally, the City benefits from national events that occur in the greater Phoenix Metropolitan area such as the annual Fiesta Bowl, the Super Bowl LVII in 2013 and the 2024 Final Four College Basketball Championship.

The following table outlines the City's Bed Tax ("Transient Occupancy Tax") collections for the last five fiscal years.

BED TAX COLLECTIONS
City of Scottsdale, Arizona
(000's omitted)

<u>Fiscal Year</u>	<u>Amount</u>	<u>Percent Change</u>
2018-19(a)	\$22,365	12.96 %
2017-18	19,837	4.68
2016-17	18,951	8.93
2015-16	17,397	2.05
2014-15	17,047	11.40

(a) Unaudited.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City records.

Retail

Retail trade has a significant impact on the City's economy, accounting for 1,579 businesses in the City and 25% of its overall industry. The City also has a median household income of \$81,318. The Promenade, located at Frank Lloyd Wright Boulevard and Scottsdale Road, contains 750,000 square feet of primarily "big box" tenants, including Living Spaces and Lowe's Hardware. Additionally, The Shops at Gainey Village in Gainey Ranch contains 135,000 square feet of upscale boutique retail and dining. The anchor of the City's retail sector continues to be Scottsdale Fashion Square Mall, which offers more than 200 stores throughout approximately two million square feet of shopping space. This includes major department store tenants Nordstrom, Neiman Marcus, Macy's, Dick's Sporting Goods, a Harkins Theatre, and the largest Dillard's in the nation along with the newly opened Apple store and two-story luxury wing. The 27-acre Scottsdale Quarter, located in the Scottsdale Airpark, is a major high-end lifestyle center with over 80 retailers including Restoration Hardware, Pottery Barn, American Girl, and an iPic theater. The shopping activity is supported in part by 18 on site office tenants such as Starwood Hotels & Resorts and Maracay Homes.

Other significant retail areas include the downtown area with over 200 shops and galleries consisting of 870,000 square feet and Hilton Village shopping center, featuring numerous boutique shops and restaurants. The Scottsdale Waterfront, a developed retail project situated alongside 1,800 linear feet of the Arizona Canal, has converted an aging shopping center in the heart of the City's downtown into a waterfront development.

In addition, new service retail is under development in southern portions of the City. Notably, Papago Plaza at the southwest corner of Scottsdale Road and McDowell Road is being redeveloped and just to the east, the Arizona State University Innovation Center, SkySong, continues to be developed. Skysong, a 42-acre mixed use development with 11 planned buildings and a restaurant/retail component, is expected to generate \$28.9 billion in total economic output for the City of Scottsdale over a 30-year period. The first three buildings have been completed and are at 95% capacity

employing more than 1,500 employees at more than 50 companies. The fourth building is scheduled for completion in late summer 2019 and is already more than 70% pre-leased.

Source: Greater Phoenix Economic Council

TRANSACTION PRIVILEGE AND USE TAXES BY CATEGORY

The City's Transaction Privilege and Use Tax is levied on persons conducting business activities within the City and those using or consuming tangible personal property within the City that have not already paid the tax. The amount of tax due is calculated by applying the tax rate against the cost of tangible personal property and gross proceeds of sales or gross income derived from the following business activities:

Advertising	Rental, Leasing and Licensing
Amusements	for Use of Real Property
Construction Contracting	Rental, Leasing and Licensing
Feed at Wholesale	for Use of Tangible Personal Property
Hotel/Motel	Restaurants and Bars
Jet Fuel Sales	Retail (Including Food Sales)
Job Printing	Telecommunications Services
Manufactured Buildings	Timber and Other Extractions
Mining	Transporting for Hire
Publishing	Utility Services
	Wastewater Removal Services

TRANSACTION PRIVILEGE AND USE TAX RECEIPTS

City of Scottsdale, Arizona
(000's omitted)

Transaction Privilege and Use Tax Receipts consists of Retail Sales (shown on the following table and consisting of automotive, food store, major department store, miscellaneous retail store and restaurant tax categories) and non-retail sales (construction, hotel/motel, rentals, utilities and other taxable activity categories). Use tax receipts consist of the tax placed on tangible personal property stored or used in the City, where a tax has not previously been paid.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Percent Change</u>
2018-19 (a)	\$203,822	7.04 %
2017-18	190,410	13.12
2016-17	168,320	(1.64)
2015-16	171,118	4.34
2014-15	164,008	5.28

(a) Unaudited

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City records.

RETAIL SALES TAX RECEIPTS
City of Scottsdale, Arizona
(000's omitted)

Retail sales consist of the automotive, food store, major department store, miscellaneous retail store and restaurant tax categories and are included in the Transaction Privilege and Use Tax Receipts shown above. The following chart illustrates retail sales tax receipts by the City for the previous five years.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Percent Change</u>
2018-19 (a)	\$116,987	8.02%
2017-18	108,305	11.95
2016-17	96,746	(0.10)
2015-16	96,845	3.80
2014-15	93,300	7.48

(a) Data through July 2019.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City records.

Educational Facilities

Several institutions of higher learning are available to City residents. Scottsdale Community College, part of the Maricopa County Community College System, located on the eastern border of the City, is a two-year college which offers a wide variety of academic, occupational, developmental, and special interest programs. Located just south of the City, in Tempe, is Arizona State University, one of the major universities in the Southwest. Arizona State University offers its approximately 111,249 students, a choice of 17 colleges and has approximately 4,704 full-time faculty members. Arizona State University offers classes and programs at six different campuses and online. The University of Phoenix also offers graduate and undergraduate programs within the City. The City is served by 25 public elementary and middle schools and 5 public high schools.

Source: ASU Facts, Enrollment Trends and Faculty (2018).

Transportation

The City has access to a number of transportation facilities including Interstates 10 and 17; United States Highways 60, 70, and 89; State Highways 101, 202, 87 and 93; the main lines of the Southern Pacific Railroad, the Atchison, Topeka and Santa Fe Railroad; and a number of transcontinental interstate and intrastate truck lines. The Pima Freeway, representing a portion of State Highway 101, provides freeway connection within the City to Interstates 10 and 17 and State Highways 202 and 303.

The City is served by two airports. Scottsdale Airport, owned and operated by the City, is located approximately nine miles north of the central business district. This general aviation reliever airport is one of the busiest corporate jet facilities in the State. The airport provides an 8,250-foot paved lighted runway with two main parallel taxiways, industrial park access to Scottsdale Airpark as well as on-site U.S. Customs inspection services. Scheduled passenger flights for international, national and regional air service is available at Phoenix Sky Harbor International Airport, located approximately eight miles from the City.

**CITY OF SCOTTSDALE, ARIZONA
FINANCIAL DATA (a)**

The Series 2019 MPC Bonds are limited obligations of the City, secured solely by a pledge of and a lien on the Excise Taxes (as defined herein) and will in no event constitute a general obligation of, or a pledge of the full faith and credit of, the City, the State, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes. To the extent that information in this APPENDIX C concerns property valuations or general obligation indebtedness of the City, such information is included solely as an indicator of the general financial conditions in the City and not as an indicator of the strength of the payment source for the Series 2019 MPC Bonds.

**Property Valuations and Bonded Indebtedness
City of Scottsdale, Arizona**

2019/20 Estimated Net Full Cash Valuation	\$73,315,769,833 (b)
2019/20 Estimated Net Limited Property Valuation	\$59,657,588,265
2019/20 Net Assessed Full Cash Valuation	\$7,701,892,481
2019/20 Net Assessed Limited Property Valuation	\$6,323,119,129
Net General Obligation Bonded Debt Outstanding	\$177,412,109 (c)
Net Water and Sewer Revenue Supported Bonded Debt Outstanding	\$284,845,000 (d)
Net Municipal Property Corporation Bonded Debt Outstanding and to be Outstanding	\$238,900,000*(e)(f)(g)(h)
Scottsdale Preserve Authority Bonded Debt Outstanding	\$306,377,891 (i)
Certificates of Participation Debt Outstanding	\$2,493,145

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- (a) All figures of bonded indebtedness in this Appendix exclude principal amounts of bonds that have been refunded with the proceeds of refunding bonds, but not yet paid. Debt service on such refunded bonds is provided for by obligations issued by or guaranteed by the United States of America, which are held in irrevocable trusts for the benefit of the holders of such refunded bonds.
- (b) Estimated net full cash valuation is the total estimated market value of the property less unsecured personal property and less estimated exempt property within the City, as projected by the Arizona Department of Revenue, Division of Property and Special Taxes.
- (c) Excludes the bonds supported by a pledge of the .20% transaction privilege (sales) and use tax approved by the voters on May 23, 1995, and the .15% transaction privilege (sales) and use tax approved by the voters on May 18, 2004, both of which are restricted to purposes related to the McDowell Sonoran Preserve (the "Preserve Excise Tax Supported GO Bonds"). See the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt Outstanding – City of Scottsdale, Arizona" herein.
- (d) Includes \$268,670,000 in aggregate principal amount of the following MPC bond issues (collectively, the "Water and Sewer Revenue Supported MPC Bonds"):
- Excise Tax Revenue Refunding Bonds, Series 2006
 - Excise Tax Revenue Bonds, Series 2010
 - Excise Tax Revenue Bonds, Tax-Exempt Series 2015A
 - Excise Tax Revenue Refunding Bonds, Series 2015
 - Excise Tax Revenue Refunding Bonds, Series 2017
 - Excise Tax Revenue Bonds, Series 2017A (Water Improvements Project)

The City is paying and intends to continue to pay amounts representing debt service on the Water and Sewer Revenue Supported MPC Bonds from revenues of the Water and Sewer Fund. In the event that these revenues

* Preliminary, subject to change.

prove insufficient to pay the contemplated portions of amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds, or if the City decides not to pay such amounts from revenues of the Water and Sewer Fund, amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds will then be paid from Excise Taxes. See also footnote (a) on the table entitled “MPC BONDED INDEBTEDNESS – Net MPC Bonded Debt Outstanding and to be Outstanding– City of Scottsdale, Arizona” herein.

- (e) Includes \$22,100,000 in aggregate principal amount of the following MPC bond issue:
Excise Tax Revenue Bonds, Series 2017B (Aviation Improvements Project) (the “Aviation Revenues Supported Bonds”)

The City is paying and intends to continue to pay amounts representing debt service on the Aviation Revenue Supported MPC Bonds from revenues of the Aviation Fund. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Aviation Revenue Supported MPC Bonds, or if the City decides not to pay such amounts from revenues of the Aviation Fund, amounts due for debt service on the Aviation Supported MPC Bonds will then be paid from Excise Taxes. See also footnote (d) on the table entitled “MPC BONDED INDEBTEDNESS – Net MPC Bonded Debt Outstanding and to be Outstanding– City of Scottsdale, Arizona” herein.

- (f) Excludes \$268,670,000 in aggregate principal of the Water and Sewer Revenue Supported MPC Bonds. See the table entitled “MPC BONDED INDEBTEDNESS – MPC Bonded Debt Outstanding and to be Outstanding– City of Scottsdale, Arizona” herein.
- (g) Includes \$8,639,207 in aggregate principal amount due at maturity of a portion of the MPC Excise Tax Revenue Refunding Bonds, Series 2015 (the “Authority Payment Supported MPC Bonds”). The City is paying and intends to continue to pay amounts representing debt service on the Authority Payment Supported MPC Bonds from payments provided by the Arizona Sports and Tourism Authority (the “Authority”). Pursuant to an Intergovernmental Agreement, dated March 25, 2005, between the City and the Authority, the Authority has agreed to fund project costs of approximately \$34,002,663.98 (the “Authority Payments”). The schedule of the payments to be made by the Authority are based on estimates of future Authority revenues which may not be realized. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Authority Payment Supported MPC Bonds, or if the City decides not to pay such amounts from the Authority Payments, amounts due for debt service on the Authority Payment Supported MPC Bonds will then be paid from Excise Taxes. See the table entitled “MPC BONDED INDEBTEDNESS – Net MPC Bonded Debt Outstanding and to be Outstanding – City of Scottsdale, Arizona” herein.
- (h) Includes \$8,585,000* in aggregate principal of the Series 2019A MPC Bonds (the “Stormwater Revenues Supported MPC Bonds”) from City Stormwater revenues (“Stormwater Revenues”). In the event that these revenues prove insufficient to pay such amounts due for debt service on the Series 2019 MPC Bonds or if the City decides not to pay such amounts from Stormwater Revenues, amounts due for debt service on the Stormwater Revenues Supported MPC Bonds will then be paid from Excise Taxes. See the table entitled “MPC BONDED INDEBTEDNESS – Net MPC Bonded Debt Outstanding and to be Outstanding – City of Scottsdale, Arizona” herein.
- (i) Includes \$298,967,891 in aggregate principal amount of the Preserve Excise Tax Supported GO Bonds. See footnote (a) of “GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt Outstanding – City of Scottsdale, Arizona” herein for further discussion regarding the calculation of general obligation debt. See the table entitled “SCOTTSDALE PRESERVE AUTHORITY BONDED INDEBTEDNESS – SPA Bonded Debt Outstanding– City of Scottsdale, Arizona” herein.

* Preliminary, subject to change.

GENERAL OBLIGATION BONDED INDEBTEDNESS
Net General Obligation Bonded Debt Outstanding
City of Scottsdale, Arizona

Issue Series	Purpose	Original Principal Amount	Original Principal Maturity Dates	Principal Balance Outstanding
2010	Project of 2000	\$ 50,800,000	07-01-11/30	\$ 2,665,000
2011	Refunding	43,115,000	07-01-11/24	15,575,000
2011	Project of 2004	22,525,000	07-01-12/34	2,725,000
2012	Refunding	83,025,000	07-01-13/25	53,505,000
2012	Project of 2004	50,000,000	07-01-18/34	48,600,000
2013	Project of 2004	75,000,000	07-01-15/34	73,000,000
2014	Project of 2004	14,000,000	07-01-15/34	11,285,000
2014	Refunding	83,150,000	07-01-15/23	46,630,000
2015	Refunding	160,415,000	07-01-16/34	129,495,000
2017	Refunding	39,985,000	07-01-22/34	39,985,000
2017A	Project of 2004	17,410,000	07-01-27/34	17,410,000
2017B	Project of 2004	18,495,000	07-01-21/24	18,495,000
2017C	Projects of 2015	25,500,000	07-01-18/27	17,010,000
Total Direct General Obligation Bonded Debt Outstanding				<u>\$ 476,380,000</u>
Less: Preserve Excise Tax Supported GO Bonds (a)				<u>(298,967,891)</u>
Net Direct General Obligation Bonded Debt Outstanding				<u>\$ 177,412,109</u>

- (a) The City is paying and intends to continue to pay amounts representing general obligation debt service on the Preserve Excise Tax Supported GO Bonds from the Preserve Excise Taxes. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Preserve Excise Tax Supported GO Bonds, or if the City decides not to pay such amounts from revenues of the Preserve Excise Taxes, amounts due for debt service on the Preserve Excise Tax Supported GO Bonds will then be paid from ad valorem taxes.

**Direct General Obligation Bonded Debt, Legal Limitation and Unused Borrowing Capacity
City of Scottsdale, Arizona**

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent (6%) of the net assessed full cash property valuation of the taxable property in that city. In addition to the six percent (6%) limitation for general municipal purpose bonds, cities may issue general obligation bonds in an amount up to an additional twenty percent (20%) of the net assessed full cash property valuation for supplying such city with water, artificial light or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

2016/17 Net Assessed Full Cash Property Valuation: \$7,701,892,481

General Municipal Purpose Bonds		Water, Light, Sewer, Open Space, Public Safety, Transportation, Law Enforcement, Fire and Emergency Services and Park Bonds	
Total 6% General Obligation	\$ 462,113,548	Total 20% General Obligation	\$ 1,540,378,496
Bonding Capacity		Bonding Capacity	
Less: 6% General Obligation		Less: 20% General Obligation	
Bonds Outstanding	(2,250,000)	Bonds Outstanding	(474,130,000)
Less: Original Issue Premium (a)	-	Less: Original Issue Premium (a)	(10,415,231)
Unused 6% General Obligation		Unused 20% General Obligation	
Bonding Capacity	<u>\$459,863,548</u>	Bonding Capacity	<u>\$ 1,055,833,265</u>

(a) The amount reduces the City's borrowing capacity pursuant to State statutes and the Arizona Constitution.

**Net Direct and Overlapping General Obligation Bonded Debt
City of Scottsdale, Arizona
Fiscal Year 2018-19**

	Net General Obligation Bonded Debt (b)	Proportion Allocable to City of Scottsdale (a)	
		Approximate Percent	Net Debt Amount
State of Arizona	-	9.5575 %	-
Maricopa County	-	14.6400	-
Maricopa County Community College District	\$312,450,000	14.6400	\$45,742,680
Maricopa County Special Health Care District	459,125,000	14.6400	67,215,900
Tempe Elementary School District No. 3	153,535,000	0.0003	461
Balsz Elementary School District No. 31	30,550,000	6.1700	1,884,935
Scottsdale Unified School District No. 48	278,536,250	69.7900	194,390,449
Paradise Valley Unified School District No. 69	278,618,545	29.9200	83,362,669
Cave Creek Unified School District No. 93	32,255,000	62.5100	20,162,601
Fountain Hills Unified School District No. 98	8,800,000	3.6100	317,680
Phoenix Union High School District No. 210	389,120,000	0.3678	1,431,183
Tempe Union High School District No. 213	82,925,000	0.0001	83
East Valley Institute of Technology District No. 401	-	20.4418	-
Western Maricopa Education Center District No. 402	116,510,000	6.7946	7,916,388
McDowell Mountain Ranch Community Facilities District	3,845,000	100.0000	3,845,000
DC Ranch Community Facilities District	8,870,000	100.0000	8,870,000
Via Linda Road Community Facilities District	800,000	100.0000	800,000
Scottsdale Waterfront Commercial Community Facilities District	2,810,000	100.0000	2,810,000
City of Scottsdale	177,412,109 (c)	100.0000	177,412,109
Total Net Direct and Overlapping General Obligation Bonded Debt			\$ 616,162,137

- (a) Proportion applicable to the City is computed on the ratio of 2018-19 net assessed limited property valuation for the overlapping jurisdiction within the City to the total net assessed limited property valuation of the overlapping jurisdiction.

Does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is \$0.14 per \$100 of net assessed limited property valuation, the maximum levy permitted by statute. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.)

- (b) Includes total general obligation bonds outstanding, less estimated funds irrevocably pledged for the redemption of general obligations. Does not include presently authorized but unissued general obligation bonds of such jurisdictions listed herein, which may be issued in the future:

<u>Overlapping Jurisdiction</u>	<u>Authorized but Unissued General Obligation Bonds</u>
Maricopa Community College District	\$3,000
Maricopa County Special Health Care District	304,000,000
Scottsdale Unified School District No. 48	74,000,000
Paradise Valley Unified School District No. 69	39,465,000
Phoenix Union High School District No. 210	99,000,000
Scottsdale Mountain Community Facilities District	1,550,000
McDowell Mountain Ranch Community Facilities District	1,140,000
Via Linda Road Community Facilities District	275,000
Scottsdale Waterfront Commerical Community Facilities District	5,195,000
City of Scottsdale, Arizona	None ⁽¹⁾
Western Maricopa Education Center District No. 402	6,100,000
Tempe Elementary School District No. 3	55,000,000

- ⁽¹⁾ Excludes \$256,544,516 of authorized but unissued general obligation bonds that if issued, would be supported from collections of Preserve Excise Taxes. The City has scheduled three (3) ballot propositions for November 5, 2019 to seek voter approval of up to \$319 million of general obligation bonding authority.

- (c) Excludes Preserve Excise Tax Supported GO Bonds. See footnote (b) on the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt Outstanding."

Source: The various entities, Property Tax Rates and Assessed Values, Arizona Tax Research Association, State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the Finance Department of the County.

**Direct and Overlapping General Obligation Bonded Debt Ratios
City of Scottsdale, Arizona**

	Per Capita Bonded Debt Population Estimated @ 245,417 (a)	As a Percentage of	
		Total Net Limited Assessed Property Valuation	Estimated Net Full Cash Value (b)
Net Direct General Obligation Bonded Debt Outstanding (\$177,412,109) (c)	\$722.90	2.81%	0.27%
Total Direct and Overlapping General Obligation Bonded Debt Outstanding (\$616,162,137) (c)	\$2,510.67	9.74%	0.95%

- (a) As of July 2018. Source: The Arizona Department of Economic Security, Research Administration Population and Statistical Unit and U.S. Census Bureau, Arizona Department of Administration.
- (b) Estimated net full cash value is the total estimated market value of the taxable property less estimated exempt property within the City as determined by the Arizona Department of Revenue, Division of Property and Special Taxes.
- (c) Excludes Preserve Excise Tax Supported GO Bonds. See footnote (a) on the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt Outstanding."

**WATER AND SEWER REVENUE SUPPORTED BONDED INDEBTEDNESS
Net Water and Sewer Revenue Supported Bonded Debt Outstanding (a)
City of Scottsdale, Arizona**

<u>Issue Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Original Principal Maturity Dates</u>	<u>Principal Balance Outstanding</u>
2008	Refunding	\$35,290,000	07-01-08/23	\$16,175,000
Total Water and Sewer Revenue Bonded Debt Outstanding				\$16,175,000
Plus: Water and Sewer Revenue Supported MPC Bonds (a)				268,670,000
Net Water and Sewer Supported Revenue Bonded Debt Outstanding				\$284,845,000

- (a) Includes the Water and Sewer Revenue Supported MPC Bonds. The City is paying and intends to continue to pay from revenues of the Water and Sewer Fund. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds, or if the City decides not to pay such amounts from revenues of the Water and Sewer Fund, amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds will then be paid from Excise Taxes.

CERTIFICATES OF PARTICIPATION INDEBTEDNESS
Certificates of Participation Debt Outstanding
City of Scottsdale, Arizona

<u>Issue Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Original Principal Maturity Dates</u>	<u>Principal Balance Outstanding</u>
2010	Acquisition and improvements on Emergency Communication Equipment	\$20,000,000	01-01-12/20	<u>\$ 2,493,145</u>
Total Certificates of Participation Debt Outstanding				<u><u>\$ 2,493,145</u></u>

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MPC BONDED INDEBTEDNESS

The MPC is a nonprofit corporation formed to assist the City in financing the acquisition and construction of certain municipal facilities and structures on behalf of the City. As such, the MPC has entered into certain agreements with the City, pursuant to which the City has agreed to make lease or installment payments to the MPC in amounts sufficient to pay principal of and interest on bonds issued by the MPC to finance various capital facilities. *All of the agreements between the MPC and the City specifically provide that no ad valorem taxes of the City can be used to make the payments required pursuant thereto unless budgeted for that purpose in a particular fiscal year.*

Net MPC Bonded Debt Outstanding and to be Outstanding City of Scottsdale, Arizona

Issue Series	Purpose	Original Principal Amount	Original Principal Maturity Dates	Principal Balance Outstanding
2006 REF	Refunding Bonds (a)	\$165,960,000	07-01-15/34	\$ 130,240,000
2010	W&S Improvement Project (a)	75,000,000	07-01-12/30,29,30	13,940,000
2013	TNEC/Clubhouse/Garage	65,000,000	07-01-14/33	50,355,000
2014	Refunding	22,735,000	07-01-18/27	16,760,000
2015A	Tax-Exempt Museum and Water & Sewer (a)	30,685,000	07-01-15/34	25,645,000
2015A	Taxable - TPC	14,615,000	07-01-15/30-34	11,995,000
2015	Refunding (b)	93,570,000	07-01-16/35	76,840,000
2017	Refunding	79,970,000	07-01-23/36	79,970,000
2017A	Water Improvements Project (a)	39,065,000	07-01-18/37	36,685,000
2017B	Aviation Improvements Project	23,520,000	07-01-18/37	22,100,000
Total MPC Bonded Debt Outstanding				\$464,530,000
Plus:	The Series 2019 MPC Bonds (c)			42,885,000 *
Less:	Water and Sewer Revenue Supported MPC Bonds (a)			(268,670,000)
Net MPC Bonded Debt Outstanding and to be Outstanding (d)				\$238,745,000 *

- (a) The City is paying and intends to continue to pay amounts representing debt service on the Water and Sewer Revenue Supported MPC Bonds, in the amount of \$268,670,000, from revenues of the Water and Sewer Fund. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds, or if the City decides not to pay such amounts from revenues of the Water and Sewer Fund, amounts due for debt service on the Water and Sewer Revenue Supported MPC Bonds will then be paid from Excise Taxes.
- (b) Reflects principal amount due at maturity. The City is paying and intends to continue to pay amounts representing debt service on the Authority Payment Supported MPC Bonds from payments provided by the Authority. Pursuant to an Intergovernmental Agreement dated March 25, 2005, between the City and the Authority, the Authority has agreed to fund the Authority Payments. The schedule of the payments to be made by the Authority are based on estimates of future Authority revenues which may not be realized. In the event that these revenues prove insufficient to pay the contemplated portions of amounts due for debt service on the Authority Payment Supported MPC Bonds, or if the City decides not to pay such amounts from the Authority Payments, amounts due for debt service on the Authority Payment Supported MPC Bonds will then be paid from Excise Taxes.

* Preliminary, subject to change.

- (c) The City intends to pay a portion of the debt service on the Stormwater Revenues Supported MPC Bonds from City Stormwater Revenues. In the event that these revenues prove insufficient to pay such amounts due for debt service on the Stormwater Revenues Supported MPC Bonds or if the City decides not to pay such amounts from Stormwater Revenues, amounts due for debt service on Stormwater Revenues Supported MPC Bonds will then be paid from Excise Taxes.
- (d) Includes the Authority Payment Supported MPC Bonds in the principal amount of \$8,639,207 and the Aviation Revenue Supported MPC Bonds in the principal amount of \$22,100,000. The City is paying and intends to continue to pay amounts representing debt service on the Aviation Revenue Supported MPC Bonds from revenues of the Aviation Fund.

SCOTTSDALE PRESERVE AUTHORITY BONDED INDEBTEDNESS

The Scottsdale Preserve Authority (the "SPA") is a nonprofit corporation formed pursuant to the Arizona Nonprofit Corporation Act, Title 10, Chapter 24 for the purpose of acquiring land, on behalf of the City, for the McDowell Sonoran Preserve. As such, the SPA has entered into certain agreements with the City pursuant to which the City has agreed to make payments to the SPA in amounts sufficient to pay principal of and interest on bonds issued by the SPA for such purpose and to pay other related costs. The City makes and intends to continue to make such payments from collections of the Preserve Excise Taxes. *The City's agreements with the SPA specifically provide that no ad valorem property taxes of the City can be used to make the payments unless budgeted for that purpose in a particular fiscal year.*

SPA Bonded Debt Outstanding City of Scottsdale, Arizona

<u>Issue Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Original Principal Maturity Dates</u>	<u>Principal Balance Outstanding</u>
2010	Refunding	\$32,855,000	7-1-17/24	\$3,565,000
2011	Refunding	12,015,000	7-1-12/22	3,845,000
Total SPA Bonded Debt Outstanding				\$7,410,000
Plus: Preserve Excise Tax Supported GO Bonds (a)				298,967,891
Net SPA Bonded Debt Outstanding				\$306,377,891

- (a) Represents the Preserve Excise Tax Supported GO Bonds. See footnote (a) on the table entitled "GENERAL OBLIGATION BONDED INDEBTEDNESS – Net Direct General Obligation Bonded Debt Outstanding."

OTHER INDEBTEDNESS

Short-Term Indebtedness

The City has no short-term indebtedness other than that normally occurring such as accounts payable, accrued payroll and other related expenses and has current revenues available for the payment thereof.

Other Contracts and Leases

The City has entered into various capital lease agreements for financing the acquisition of field maintenance equipment, printing and imaging equipment, and street sweeping equipment. The outstanding amount as of June 30, 2019 was \$219,973.

The City has entered into service concession agreements for public recreational land use and development of facilities with the Bureau of Reclamation. The outstanding amount as of June 30, 2019 was \$2,221,533.

Pensions

All benefited employees of the City of Scottsdale (the "City"), except public safety personnel and the Mayor and City Council, participate in the Arizona State Retirement System (the "ASRS"), a cost sharing multiple-employer defined-benefit pension plan. Sworn public safety personnel participate in the Public Safety Personnel Retirement System (the "PSPRS"), which is an agent multiple-employer defined-benefit pension plan or the PSPRS defined contribution plan. The Mayor and Council participate in either the Elected Officials' Retirement Plan (the "EORP"), a multiple-employer cost sharing defined-benefit pension plan, or the Elected Officials' Defined Contribution Retirement System (the "EODCRS"), a defined contribution plan. All pension plans are administered by the State of Arizona. For Fiscal Year 2018-19 the City's contribution rate to the ASRS was 11.80 percent (11.18 percent for retirement, 0.46 percent for health insurance premium, and 0.16 percent for long-term disability); to the PSPRS police employees hired before June 30, 2017 was 52.15 percent (51.85 percent for retirement and 0.30 percent for health insurance); to police employees hired July 1, 2017 and after was 46.72 percent (46.53 percent for retirement and 0.19 percent for health insurance premium) for the defined benefit plans or they can elect the defined contribution plan with a City contribution of 47.31 percent (9.00 percent to the defined contribution plan, 36.80 percent to the unfunded defined benefit plan, and 1.51 percent to the long-term disability plan); to fire employees hired before June 30, 2017 was 19.52 percent (19.17 percent for retirement and 0.35 percent for health insurance premium); to fire employees hired July 1, 2017 and after was 17.83 percent (14.63 percent for defined benefit plan, 3.00 percent to the defined contribution plan, and 0.20 percent for health insurance) or they can elect the defined contribution plan with a City contribution of 14.81 percent (9.00 percent defined contribution plan, 4.30 percent to the defined benefit unfunded liability, and 1.51 percent long-term disability); to fire employees hired between July 1, 2012 and July 1, 2017 can opt in for a City contribution to a defined contribution plan of 4.00 percent; to the EORP was 61.50 percent for officials elected before January 1, 2014 and officials elected on or after January 1, 2014 employer contribution rates range from 61.50 to 61.62 percent, depending on the path they choose.

For Fiscal Year 2019-20 the City's contribution rate to the ASRS is 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium, and 0.17 percent for long-term disability); to the PSPRS police employees hired before June 30, 2017 is 53.71 percent (53.42 percent for retirement and 0.29 percent for health insurance); to police employees hired July 1, 2017 and after is 48.31 percent (48.06 percent for retirement and 0.25 percent for health insurance premium) for the defined benefit plans or they can elect the defined contribution plan with a City contribution of 48.90 percent (9.00 percent to the defined contribution plan, 38.39 percent to the unfunded defined benefit plan and 1.51 percent to the long-term disability plan); to fire employees hired before June 30, 2017 is 16.92 percent (16.61 percent for retirement and 0.31 percent for health insurance premium) and for fire employees hired July 1, 2017 or after 15.53 percent for fire (12.35 percent for defined benefit plan, 3.00 percent to the defined contribution plan, and 0.18 percent for health insurance) or they can elect the defined contribution plan with a City contribution of 12.51 percent (9.00 percent defined contribution plan, 2.00 percent to the defined benefit unfunded liability, and 1.51 percent long-term disability); to fire employees hired between July 1, 2012 and July 1, 2017 can opt in for a City contribution to a defined contribution plan of 4.00 percent; to the EORP was 61.50 percent for officials elected before January 1, 2014 and officials elected on or after January 1, 2014 employer contribution rates range from 61.43 to 61.56 percent, depending on the path they choose.

The City is also required to pay an alternate contribution rate ("ACR") for ASRS or PSPRS retirees who return to work with the City. The City began paying the ACR for ASRS effective July 1, 2012 and effective July 1, 2011 for PSPRS. For Fiscal Year 2018-19, the City's ACR to ASRS was 10.53 percent and the ACR for PSPRS police employees was 36.80 percent and for PSPRS fire employees was 8.0 percent. For Fiscal Year 2019-20, the City's ACR to the ASRS is 10.41 percent, for PSPRS police employees is 38.39 percent and for PSPRS fire employees is 8.0 percent.

The ASRS has reported decreases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: <https://www.azasrs.gov/content/annual-reports>

The PSPRS Police has reported increases in its unfunded liabilities, while the PSPRS Fire has reported decreases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at: <http://www.psprs.com/investments--financials/annual-reports>

The most recent annual reports for the EORP may be accessed at: <http://www.psprs.com/investments--financials/cafr-archives>

The Governmental Accounting Standards Board adopted Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which began with fiscal years starting after June 15, 2014, required cost-sharing employers to report their "proportionate share" of the plan's net pension liability and agent employers to report their net pension liability in the government-wide financial statements. GASB 68 also requires that the cost-sharing employer include its proportionate share of the ASRS pension expense, the net effect of annual changes in the employer's proportionate share of the ASRS net pension liability not recorded as a deferred inflow of resources or a deferred outflow of resources, and the annual differences between the employer's actual contributions and its proportionate share paid to the pension plan to separately finance specific liabilities of the individual employer to the pension plan. Agent plans (such as PSPRS) are required to report pension expense as well; however, an agent plan's pension expense, like its net pension liability, is not collective. It is specifically calculated for the particular agent plan. Both the City and each covered employee contribute to the ASRS and PSPRS. As of June 30, 2019, the City reported an unaudited liability of \$147,206,499 for its proportionate share of its net pension liability under ASRS, and an unaudited liability of \$180,055,082 for its net pension liability under PSPRS for both police and fire. Such net pension liabilities were measured as of June 30, 2018. The Mayor and City Council participate in either the EORP (a cost-sharing multiple-employer defined benefit pension plan) or the EODCRS (a defined contribution plan). The City contributes to the Elected Officials' Retirement Plan; however, the plan is not described because of its relative insignificance to the financial statements.

See Note G, H and I in Appendix D – "CITY OF SCOTTSDALE, ARIZONA EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018" – Notes to the Financial Statements – Section V – Other Information for more information concerning the City's obligations to the ASRS, PSPRS and EODCRS.

Other Postemployment Benefits

The City's defined benefit OPEB plan ("the Plan") provides OPEB for eligible retired employees through a single-employer defined benefit medical plan administered by the City. The City Council, by way of resolution, grants itself the authority, on an annual basis, to reestablish and amend the benefit terms and financing requirements of the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Plan offers medical benefits to its eligible retirees and their dependents through the City's self-insured health plan. An eligible retiree is a Public Safety Personnel Retirement System accidental disability retired employee. Eligible retirees can enroll in a City plan up to 60 days after they retire; after that their eligibility for this benefit ceases. The benefit terms are the same as those afforded to active employees; however, retirees participating in the Plan are required to pay 100 percent of the blended actuarial rate, while employees pay less than the full amount. Upon a retiree reaching 65 years of age, the retiree and related dependents are no longer eligible for City coverage. The City's unaudited net OPEB liability of \$2,103,379 as of June 30, 2019 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Employees hired before July 1, 1982 receive cash equal to 50 percent of the first 520 hours of unused medical leave plus 25 percent of all hours in excess of 520. The conversion rate is the employee's average hourly base pay rate for the five years immediately preceding retirement. The medical leave not paid out in cash is applied to a retirement health savings account at the employee's hourly rate of pay at the time of retirement. For shift fire employees with more than 420 hours and all other retirees with 300 or more hours of accumulated medical leave hired on or after July 1, 1982, the City will apply the value of the medical leave to a retirement health savings account. Medical leave balances accumulated through June 30, 2011 will be paid at 100 percent of the employee's hourly rate at the time of retirement. Medical leave balances accumulated July 1, 2011 or after will be paid out at 50 percent of the employee's hourly rate at retirement. Additionally, the payout is limited to the value of 1,200 combined hours for all retirees, except shift fire employees, who are limited to 1,680 hours earned both before and after July 1, 2011, unless more

than 1,200 or 1,680 hours, respectively, were accrued prior to July 1, 2011. Total hours accrued before July 1, 2011 will be paid without limitation. The projected unaudited liability for active employees, as of June 30, 2019, was \$15,684,444.

See Notes H and I in Appendix D – “CITY OF SCOTTSDALE, ARIZONA EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018” – Notes to the Financial Statements – Section V – Other Information for more information concerning the City’s medical leave conversion program and the postemployment healthcare benefits.

For a description of the City’s pension and other post-employment benefit obligations see Notes G, H and I in Appendix D – “CITY OF SCOTTSDALE, ARIZONA EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018” – Notes to the Financial Statements – Section V – Other Information.

Real and Secured Property Taxes Levied and Collected (a)
City of Scottsdale, Arizona

Fiscal Year	City Tax Rate	Adopted City Tax Levy	Collected to June 30 of Initial Fiscal Year		Adjusted City Tax Levy as of 6/30/2019	Cumulative Collection Through June 30, 2019	
			Amount	% of Levy		Amount	% of Levy
2019-20	\$1.0412	\$65,840,266	(b)	(b)			
2018-19	1.1021	66,091,716	\$64,981,904	98.32 %	\$66,170,859	\$65,224,917	98.69 %
2017-18	1.0845	61,803,604	60,720,913	98.25	62,113,735	61,538,422	99.57
2016-17	1.1290	60,953,732	60,056,488	98.53	61,262,731	60,763,054	99.69
2015-16	1.1537	59,552,528	58,713,730	98.59	59,820,778	58,958,936	99.00
2014-15	1.2449	63,380,484	62,233,262	98.19	63,785,861	62,840,554	99.15

(a) Taxes are collected by the County Treasurer. Taxes in support of debt service are levied by the County Board of Supervisors as required by State law. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County General Fund.

(b) In process of collections.

Source: County Treasurer’s Office.

Primary and Secondary Property Tax Rates History
City of Scottsdale, Arizona
(Tax Rates per \$100 Assessed Valuation)

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2019-20	\$0.5198	\$0.5214	\$1.0412
2018-19	0.5316	0.5705	1.1021
2017-18	0.4956	0.5889	1.0845
2016-17	0.5071	0.6219	1.1290
2015-16	0.5293	0.6244	1.1537

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and the County Department of Finance.

**Direct and Overlapping Assessed Valuations and Tax Rates
Per \$100 Assessed Valuation
Fiscal Year 2019-20**

	2019-20 Net Assessed Limited Property Valuation	2019-20 Total Tax Rates Per \$100 Assessed Valuation
State of Arizona	\$ 66,158,541,837	\$ -
Maricopa County	43,194,326,395	1.8575 (a)
Maricopa County Community College District	43,194,326,395	1.3285
Maricopa County Library District	43,194,326,395	0.0556
Maricopa County Fire District (Assistance Tax)	43,194,326,395	0.0095
Maricopa County Flood Control District	39,558,003,840	0.1792
Maricopa County Special Health Care District	42,997,577,641	0.3333
Central Arizona Water Conservation District	42,997,577,641	0.1400
Tempe Elementary School District No. 3	1,567,218,917	4.7072
Balsz Elementary School District No. 31	315,104,979	4.2579
Scottsdale Unified School District No. 48	5,579,885,797	3.6466
Paradise Valley Unified School District No. 69	3,609,207,677	6.3859
Cave Creek Unified School District No. 93	2,097,383,135	1.8189
Fountain Hills Unified School District No. 98	514,251,256	2.3166
Phoenix Union High School District No. 210	5,287,774,088	4.9862
Tempe Union High School District No. 213	3,746,807,002	2.5631
East Valley Institute of Technology District No. 401	19,235,656,399	0.0500 (b)
Western Maricopa Education Center District No. 402	15,894,829,755	0.1634
McDowell Mountain Ranch Community Facilities District	202,527,237	0.6664
DC Ranch Community Facilities District	333,783,422	0.4069
Via Linda Road Community Facilities District	21,309,566	1.0299
Scottsdale Waterfront Commercial Community Facilities District	5,490,999	5.7956
City of Scottsdale	6,323,119,129	1.0412

(a) Includes the "State Equalization Assistance Property Tax." The State Equalization Property Tax in Fiscal Year 2019-20 has been set at \$0.4566 and is adjusted annually pursuant to Arizona Revised Statutes Section 41-1276.

(b) Includes net assessed limited property valuation for the East Valley Institute of Technology District No. 401 within Pinal County, Arizona.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and the County Department of Finance.

**Total Tax Rates Per \$100 Assessed Valuation
Fiscal Year 2019-20**

Inside the City and Inside:	Tax Rate
Tempe Elementary School District No. 3, Tempe Union High School District No. 213 and East Valley Institute of Technology District No. 401	<u>\$12.3785</u>
Balsz Elementary School District No. 31 and Phoenix Union High School District No. 210	<u>14.3523</u>
Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>8.8048</u>
Paradise Valley Unified School District No. 69 and Western Maricopa Education Center District No. 402	<u>11.4941</u>
Cave Creek Unified School District No. 93	<u>6.9271</u>
Fountain Hills Unified School District No. 98 and East Valley Institute of Technology District No. 401	<u>7.4748</u>
Scottsdale Mountain Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>5.1582</u>
McDowell Mountain Ranch Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>5.8246</u>
DC Ranch Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>5.5651</u>
Via Linda Road Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>6.1881</u>
Scottsdale Waterfront Commercial Community Facilities District, Scottsdale Unified School District No. 48 and East Valley Institute of Technology District No. 401	<u>10.9538</u>

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and the County Department of Finance.

Net Assessed Limited Property Valuation By Property Classification (a)
City of Scottsdale, Arizona

Class	2019/20 (b)	2018/19	2017/18	2016/17	2015/16
Commercial, industrial, utilities and mines	\$1,554,624,523	\$1,483,451,321	\$1,422,324,773	\$1,349,392,968	\$1,337,048,820
Agricultural and vacant	214,507,971	213,412,073	207,324,902	248,007,456	221,648,324
Residential (not for profit)	2,868,404,336	2,775,088,050	2,639,662,866	2,476,236,965	2,425,798,320
Residential (rental)	1,684,344,538	1,523,865,204	1,428,277,867	1,324,218,244	1,176,227,052
Historical property	1,184,532	1,091,410	1,063,558	995,914	949,153
Certain Government property improvements	53,229	87,656	84,004	61,839	59,454
Totals (c)	<u>\$6,323,119,129</u>	<u>\$5,996,995,714</u>	<u>\$5,698,737,970</u>	<u>\$5,398,913,387</u>	<u>\$5,161,731,123</u>

- (a) Determined by Net Assessed Limited Property Value.
- (b) Values are preliminary and subject to positive or negative adjustments until approved by the Board of Supervisors of the County on or before August 20, 2019.
- (c) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Net Assessed Limited Property Valuations of Major Taxpayers (a)
City of Scottsdale, Arizona
Fiscal Year 2019-20

Taxpayer	Description	Net Limited Assessed Property Valuation	Percent of Total
Arizona Public Service Company	Gas & Electricity Utility	\$61,408,987	0.971 %
Scottsdale Fashion Square LLC	Mall	27,004,061	0.427
SDQ Fee LLC	Office Building	20,529,275	0.325
Xenia Hotels & Resorts Scottsdale Ranch LLC	REIT Company	16,507,573	0.261
Excel Owner Promenade LLC	Retail Plaza	15,065,559	0.238
Portales Corporate Center LLC	Office Building	15,040,238	0.238
Scottsdale Fashion Square LLC	Mall	14,668,532	0.232
Stockdale Galleria Project Owner LLC	Realty Development	11,988,791	0.190
Southwest Gas Corporation (T&D)	Gas & Electricity Utility	11,521,492	0.182
Henkel Corporation	Chemicals and Consumer Goods Company	11,377,139	0.180
Total		<u>\$205,111,647</u>	<u>3.244 %</u>
Total City Net Assessed Limited Property Valuation		<u>\$6,323,119,129</u>	<u>100.00 %</u>

- (a) Some of the major taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the internet on the Commission's EDGAR data base at <http://www.sec.gov>.

None of the City, the MPC, the Financial Advisor or their agents or counsel have made an independent determination of the financial position of any of the major taxpayers.

Source: Assessor of the County.

SPECIAL NOTE: The assessed valuation of property owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed valuation of the City in the prior table or in any other valuation information set forth in this Official Statement. Because of SRP's quasi-governmental nature, property owned by SRP is exempt from property taxation.

However, SRP may elect each year to make voluntary contributions in lieu of property taxes with respect to certain of its electrical facilities (the "SRP Electric Plant"). If SRP elects to make the in lieu contribution for the year, the full cash value of the SRP Electric Plant and the in lieu contribution amount is determined in the same manner as the full cash value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions.

If SRP elected not to make such contributions, the City would be required to contribute funds from other sources or levy an increased tax rate on all other taxable property to provide sufficient amounts to pay debt service on the Series 2019 MPC Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer of the County and the City have no recourse against the property of SRP and there may be a delay in the payment of that portion of the debt service on the Series 2019 MPC Bonds that would have been paid by SRP's in lieu contribution.

Since 1964, when the in lieu contribution was originally authorized in State statute, SRP has never failed to make that election and contribution. The fiscal year 2019-20 in lieu assessed valuation of SRP within the City is \$20,715,000 which represents approximately 0.33% of the combined net assessed limited property valuation in the City. SRP's contribution in lieu of secondary tax payments was \$215,685 for fiscal year 2019-20.

Source: Salt River Project.

Comparative Net Assessed Limited Property Valuation for Fiscal Year 2015-16 through 2019-20

Fiscal Year	City of Scottsdale	Scottsdale Unified School District No. 48	Maricopa County	State of Arizona
2019-20	\$ 6,323,119,129	\$ 5,579,885,797	\$ 43,194,326,395	\$ 66,158,541,837
2018-19	5,996,995,714	5,306,326,867	40,423,232,421	62,328,357,186
2017-18	5,698,737,970	4,998,095,858	38,251,891,249	59,404,007,785
2016-17	5,398,913,387	4,740,996,146	36,135,494,474	56,589,592,481
2015-16	5,161,731,123	4,520,826,405	34,623,670,323	54,838,548,829

Source: *Abstract of the Assessment Roll*, State of Arizona Department of Revenue.

Estimated Net Full Cash Value (a)
City of Scottsdale, Arizona

Fiscal Year	Estimated Net Full Cash Value
2019-20	\$ 65,195,017,261
2018-19	61,137,900,025
2017-18	58,558,077,264
2016-17	54,609,946,646
2015-16	50,318,662,358

- (a) Estimated net full cash value is the total estimated market value of the taxable property less estimated exempt property within the City as determined by the Arizona Department of Revenue, Division of Property and Special Taxes.

Source: *Abstract of the Assessment Roll*, State of Arizona Department of Revenue.

OTHER REVENUES

Transaction Privilege and Use Tax Receipts
City of Scottsdale, Arizona
(000's omitted)

Fiscal Year	General	Transportation (a)	Preserve Excise Tax	Public Safety Tax	Transient Occupancy Tax	Total
2018-19 (b)	\$122,152	\$27,788	\$41,909	\$11,974	\$22,407	\$226,230
2017-18	116,679	22,044	40,089	11,454	19,837	210,103
2016-17	103,081	19,615	35,489	10,140	18,951	187,276
2015-16	104,995	19,938	36,029	10,294	17,397	188,653
2014-15	100,560	19,097	34,429	9,837	17,047	180,970

- (a) Includes Transaction Privilege Tax collections only.

- (b) Unaudited.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City records.

Franchise Fees

The City has franchise agreements with various utilities within its borders. The following table is a comparative history of franchise fee revenues.

**Franchise Fees
City of Scottsdale, Arizona
(000's omitted)**

Fiscal Year	Amount
2018-19 (a)	\$ 12,125
2017-18	13,497
2016-17	12,551
2015-16	12,642
2014-15	12,439

(a) Unaudited

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City records.

State Revenue Sharing – State Income Tax

Cities throughout Arizona share, in relation to their population as determined by the latest census, fifteen percent (15%) of State personal and corporate income taxes collected two years prior. The table below is a comparative history of State revenue sharing proceeds received by the City.

**State Revenue Sharing Receipts
City of Scottsdale, Arizona
(000's omitted)**

Fiscal Year	Amount
2018-19 (a)	\$30,269
2017-18	30,549
2016-17	28,976
2015-16	26,173
2014-15	26,316

(a) Unaudited.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City Records.

State-Shared Revenues - State Sales Tax

The following table is a comparative history of State-shared sales taxes received by the City.

State-Shared Sales Tax Receipts City of Scottsdale, Arizona (000's omitted)

<u>Fiscal Year</u>	<u>Amount</u>
2018-19 (a)	\$25,187
2017-18	23,719
2016-17	21,755
2015-16	20,647
2014-15	19,867

(a) Unaudited.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City records.

Building Permits

The following table shows a history of building permit revenue over the past five fiscal years.

Building Permit Revenues City of Scottsdale, Arizona (000's omitted)

<u>Fiscal Year</u>	<u>Amount</u>
2018-19 (a)	\$15,885
2017-18	14,594
2016-17	13,498
2015-16	13,219
2014-15	14,779

(a) Unaudited.

Source: City of Scottsdale, Arizona, Comprehensive Annual Financial Reports and City records.

FORM OF APPROVING LEGAL OPINION

[Closing Date]

City of Scottsdale, Arizona

City of Scottsdale Municipal
Property Corporation

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale, and the initial delivery on the date hereof, by the City of Scottsdale Municipal Property Corporation (the "MPC") of \$9,585,000* in aggregate principal amount of its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project) (the "Series 2019A MPC Bonds"), and \$33,455,000* in aggregate principal amount of its Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (the "Series 2019B MPC Bonds" and together, the "Series 2019 MPC Bonds"), issued pursuant to a Trust Indenture, dated as of October 1, 2019 (the "Indenture"), between the MPC and U.S. Bank National Association, as trustee.

In connection with our engagement as bond counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion, including, without limitation, originals or copies identified to our satisfaction as being true copies of the Indenture and the Agreement, dated as of October 1, 2019 (the "Agreement"), between the MPC and the City of Scottsdale, Arizona (the "City").

As to questions of fact, we have relied upon and assumed compliance with the provisions of the documents, and have assumed the accuracy of the certificates and representations furnished to us without undertaking to verify the same by independent investigation. We have assumed and have not verified (i) the genuineness of the signatures on all documents, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies, (ii) the legal capacity of each individual signing the documents and the Series 2019 MPC Bonds, (iii) that the Indenture and the Agreement accurately describe the mutual understanding of the parties thereto, and (iv) that there are no oral or written statements that modify, amend, or vary, or purport to modify, amend, or vary, any of the terms of the Indenture, the Agreement or the Series 2019 MPC Bonds.

Based upon the foregoing, it is our opinion, and we herewith advise you, as follows:

1. The MPC is duly organized and validly existing as a nonprofit corporation pursuant to the laws of the State of Arizona with corporate power to enter into and perform its obligations pursuant to the Indenture and the Agreement and to issue, sell, and deliver the Series 2019 MPC Bonds.
2. The Indenture and the Agreement have been duly authorized, executed and delivered by the MPC and are valid and binding upon and enforceable against the MPC in accordance with their respective terms.
3. The Series 2019 MPC Bonds have been duly authorized and delivered by the MPC and are valid and binding limited obligations of the MPC payable solely from the sources provided for in the Indenture, which include payments to be made by the City pursuant to the Agreement in such amounts and at such times as to provide for the payment when due of all principal of and interest on the Series 2019 MPC Bonds. In the Agreement, the City has agreed to apply, and has granted a lien on, its Excise Taxes (as defined in the Agreement) in amounts sufficient to

* Preliminary, subject to change.

pay the amounts payable pursuant to the Agreement on a parity with the City's obligation to make other payments from the same source as permitted by the Agreement. The City's obligations pursuant to the Agreement are not general obligations of the City, but are special obligations enforceable only against the revenues specified in the Agreement. None of the Series 2019 MPC Bonds, the Indenture or the Agreement represent or constitute a general obligation or pledge of the general credit of the MPC or the City.

4. Interest on the Series 2019A MPC Bonds [(including net original discount)] is excludable from the gross income of the owners of the Series 2019A MPC Bonds for federal income tax purposes under existing laws as enacted and construed on the date hereof. Interest on the Series 2019A MPC Bonds is not a specific item of tax preference for purposes of federal alternative minimum tax.

[Original issue premium on a Series 2019A MPC Bond issued at an issue price that exceeds its principal amount is amortizable periodically over the term of a Series 2019A MPC Bond through reductions in the holder's tax basis for the Series 2019A MPC Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss.]

5. Interest on the Series 2019A MPC Bonds is exempt from State of Arizona state income tax.

6. Interest on the Series 2019B MPC Bonds is not excludable from gross income for federal income tax purposes.

The opinions set forth in paragraph 3 above are subject to the condition that the MPC and the City comply with all requirements and restrictions in the Code that must be satisfied in order for the interest on the Series 2019A MPC Bonds to be excluded from the gross income of the owners for federal income tax purposes, including investment restrictions, periodic payments of arbitrage profits to the United States of America, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters (the "Tax Covenants"). Failure by the MPC or the City to comply with the Tax Covenants could result in the interest on the Series 2019A MPC Bonds being included in gross income for federal income tax purposes retroactive to the date of issuance. The MPC and the City have covenanted and agreed to comply with the Tax Covenants, and this opinion assumes such compliance. We advise you that, as a practical matter, compliance with the Tax Covenants is within the control of the MPC and the City and we have not been engaged, and will not undertake, to monitor such compliance or to inform any person as to whether the MPC and the City are complying with the Tax Covenants.

In addition to the tax consequences resulting from an investment in the Series 2019A MPC Bonds, as described above, other federal, state and local tax consequences may result from an investment in the Series 2019A MPC Bonds, as to which other tax consequences we express no opinion.

The enforceability of the Indenture, the Agreement and the Series 2019 MPC Bonds may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws relating to or affecting the rights of creditors generally and general principles of equity. The enforceability of the Indenture and the Agreement is further subject to the qualification that certain waivers, procedures, remedies and other provisions may be unenforceable pursuant to or limited by the law of the State of Arizona; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Indenture and the Agreement. We are expressing no opinion as to the title to any property described in, or the priority of any lien or security interest created by, the Indenture or the Agreement.

Certain terms, requirements and procedures contained or referred to in the Indenture and the Agreement may be changed and certain actions may be taken under the circumstances and subject to the terms and conditions set forth in the Indenture and the Agreement. We express no opinion as to whether, following any such change or the taking of any such action, interest on the Series 2019A MPC Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes.

The opinions set forth above are based on the analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken or do occur, and we disclaim any obligation to update this letter.

This opinion is intended solely for the use and benefit of the addressees and may not be relied upon by any other person without, in each case, our express written consent.

We express no opinion as to the exemption from federal or State of Arizona state income taxation of any other amounts paid under the Agreement.

As to questions of the fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certificates, covenants and representations furnished to us without undertaking to verify the same by independent investigation.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The description set forth below of the procedures and record-keeping with respect to beneficial ownership interests in the Series 2019 MPC Bonds, payment of principal of, premium, if any, and interest on, the Series 2019 MPC Bonds to Direct Participants, Indirect Participants and Beneficial Owners (each as hereinafter defined), and other information concerning DTC and the book-entry-only system of registration and transfer of beneficial ownership interests in the Series 2019 MPC Bonds is based solely on information furnished by DTC to the City and the MPC for inclusion in this Official Statement. None of the MPC, the City, the Trustee, or the Financial Advisor or their respective agents or counsel make any representations as to the accuracy or completeness thereof.

DTC will act as securities depository for the Series 2019 MPC Bonds. The Series 2019 MPC Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2019 MPC Bond certificate will be issued for each maturity thereof, each in the aggregate principal amount of such maturity and the Series 2019 MPC Bonds will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 MPC Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 MPC Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2019 MPC Bonds, except in the event that use of the book-entry-only system for the Series 2019 MPC Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2019 MPC Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2019 MPC Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners

of the Series 2019 MPC Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 MPC Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2019 MPC Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 MPC Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2019 MPC Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the City or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2019 MPC Bonds purchased or tendered, through its Direct Participant or Indirect Participant, to the Trustee, and shall effect delivery of such Series 2019 MPC Bonds by causing the Direct Participant to transfer the Direct Participant's or Indirect Participant's interest in the Series 2019 MPC Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of the Series 2019 MPC Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2019 MPC Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services with respect to the Series 2019 MPC Bonds at any time by giving reasonable notice to the Trustee and/or to the City and MPC. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 MPC Bonds will be printed and delivered.

The City and MPC may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2019 MPC Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City and MPC believes to be reliable, but the City and MPC take no responsibility for the accuracy thereof.

NONE OF THE MPC, THE CITY, THE TRUSTEE, THE FINANCIAL ADVISOR, THE UNDERWRITERS OR THEIR RESPECTIVE COUNSEL OR AGENTS HAS ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE SERIES 2019 MPC BONDS, (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (III) THE TIMELY OR ULTIMATE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY

BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR OF INTEREST ON THE SERIES 2019 MPC BONDS; (IV) THE TRANSMITTAL BY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (V) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER; OR (VI) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2019 MPC BONDS.

APPENDIX F

**CITY OF SCOTTSDALE, ARIZONA
EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The audited financial statements of the City as of June 30, 2018, and for the fiscal year then ended, excerpts of which are included as APPENDIX F of this Official Statement, have been audited by Heinfeld, Meech & Co., P.C. as stated in its report included in this APPENDIX F. The City neither requested nor obtained the consent of Heinfeld, Meech & Co., P.C. to include their report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering their opinion on the audited financial statements. These are the most recent audited financial statements of the City and may not represent the City's current financial position.

\$9,585,000*
EXCISE TAX REVENUE BONDS,
SERIES 2019A
(FLOOD CONTROL IMPROVEMENTS
PROJECT)

\$33,455,000*
EXCISE TAX REVENUE BONDS,
TAXABLE SERIES 2019B
(STADIUM IMPROVEMENTS PROJECT)

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP Base No. 810489)

This Continuing Disclosure Certificate (this “*Disclosure Certificate*”) is undertaken by the City of Scottsdale, Arizona, an Arizona municipal corporation (the “*City*”), in connection with the issuance by the City of Scottsdale Municipal Property Corporation, an Arizona nonprofit corporation (the “*MPC*”), of \$[PAR-A] in aggregate principal amount of its Excise Tax Revenue Bonds, Series 2019A (Flood Control Improvements Project), and \$[PAR-B] in aggregate principal amount of its Excise Tax Revenue Bonds, Taxable Series 2019B (Stadium Improvements Project) (together, the “*Series 2019 MPC Bonds*”). In consideration of the initial sale and delivery of the Series 2019 MPC Bonds, the City covenants as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (as hereinafter defined).

Section 2. Definitions. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

“*Annual Report*” shall mean the annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Bondholder*” shall mean any registered owner or beneficial owner of the Series 2019 MPC Bonds.

“*Bond Counsel*” shall mean Ballard Spahr LLP or such other nationally recognized bond counsel as may be selected by the City.

“*Dissemination Agent*” shall mean the City or any person designated in writing by the City as the Dissemination Agent.

“*EMMA*” shall mean the Electronic Municipal Market Access system of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Listed Events*” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

* Preliminary, subject to change.

“*Official Statement*” shall mean the final official statement dated [_____], 2019, relating to the Series 2019 MPC Bonds.

“*Participating Underwriter*” shall mean any of the original underwriters of the Series 2019 MPC Bonds required to comply with the Rule in connection with offering of the Series 2019 MPC Bonds.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than January 31 of each year (the “*Filing Date*”), commencing January 31, 2020, provide electronically to EMMA an Annual Report for the fiscal year ending on the preceding June 30 which is consistent with the requirements of Section 4 of this Disclosure Certificate. Should the City’s fiscal year change to something other than July 1 to June 30, then the Annual Report will be provided not later than seven (7) months after the end of such fiscal year. Notice of any such change in the City’s fiscal year will be filed with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

(b) If the City is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the City shall, in a timely manner, send a notice to EMMA not later than the Filing Date.

(c) If the City’s audited financial statements are not submitted with the Annual Report and the City fails to provide to EMMA a copy of its audited financial statements within thirty (30) days of receipt thereof by the City, then the City shall, in a timely manner, send a notice to EMMA.

(d) The Dissemination Agent shall:

(i) Determine each year prior to the date(s) for providing the Annual Report and audited financial statements the proper address of EMMA; and

(ii) If the Dissemination Agent is other than the City, file a report or reports with the City certifying that the Annual Report and audited financial statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the audited financial statements of the City; provided, however, that if the audited financial statements of the City are not available at the time of the filing of the Annual Report, the City shall file unaudited financial statements of the City with the Annual Report and, when the audited financial statements of the City are available, the same shall be submitted to EMMA within thirty (30) days of receipt by the City.

(b) The City’s Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, annual audited financial statements for the City.

(B) Annually updated financial information and operating data of the type contained in the following subsections of the Official Statement:

- 1) Actual Excise Tax Collections; and
- 2) Projected Excise Tax Collections.

(C) In the event of an amendment pursuant to Section 8 hereof not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The annual audited financial statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the City's annual audited financial statements is contained in Note 1 of the audited financial statements included within the Official Statement.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

This Section 5 shall govern the giving of notices by the City of the occurrence of any of the following events with respect to the Series 2019 MPC Bonds, and the City shall, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, provide notice of the following events with EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019 MPC Bonds, or other material events affecting the tax status of the Series 2019 MPC Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2019 MPC Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) The incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

- (16) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

“Materiality” will be determined in accordance with the applicable federal securities laws.

Note to Section 5(12): For the purposes of the event identified in Section 5(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2019 MPC Bonds. Such termination shall not terminate the obligation of the City to give notice of such defeasance or prior redemption.

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the City, or the type of business conducted;

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2019 MPC Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Section 9. Filing with EMMA. The City shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. Additional Information. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondholder may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Series 2019 MPC Bonds or the resolutions authorizing the Series 2019 MPC Bonds.

Section 12. Compliance by the City. The City hereby covenants to comply with the terms of this Disclosure Certificate. The City expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and

that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter, Bond Counsel or the City's financial advisor.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

Section 14. Governing Law. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Date: October [], 2019.

CITY OF SCOTTSDALE, ARIZONA

By: Jeffery M. Nichols
Its: City Treasurer/Chief Financial Officer

PiperJaffray.