

MINUTES

**BOARD OF DIRECTORS
MUNICIPAL PROPERTY CORPORATION**

Tuesday, February 25, 2025

**City of Scottsdale Aviation Department
Business Administration Office
15000 N. Airport Drive, Suite 100
Scottsdale, AZ 85260**

PRESENT: David Smith, President (arrived at 9:10 a.m.)
John Arnold, Vice-Chair (via MS Teams)
Dennis Robbins, Secretary
Ken Harder, Treasurer
Vacant, Member

STAFF: Anna Henthorn, Assistant City Treasurer/Assistant Chief Financial Officer
Erika Coombs, Division Finance Manager
Joe Padilla, Deputy City Attorney
Sonia Andrews, City Treasurer/Chief Financial Officer
Sarah Delgado, Accounting Director (via MS Teams)
Debora Ramirez, Accountant II (via MS Teams)

GUESTS: Bill Davis, Piper Sandler & Co.
Zach Sakas, Greenberg Traurig, LLP
Fred Socoloff, Candidate

1. Call to order and roll call

President Smith called the meeting to order at 9:10 a.m. A formal roll call confirmed Board Members present as noted.

3. New Business:

a. Board Member Vacancy Update

Anna Henthorn, Assistant City Treasurer/Assistant Chief Financial Officer (CFO), advised the Board that Fred Socoloff, the only applicant, is present to introduce himself. Mr. Socoloff provided an overview of his past and present work experience and reasons for wanting to serve on the Board in addition to fielding questions from Board Members. A discussion ensued.

TREASURER HARDER MOVED TO APPOINT FRED SOCOLOFF FOR THE POSITION OF BOARD MEMBER SUBJECT TO THE APPROVAL OF THE MAYOR AND CITY COUNCIL. SECRETARY ROBBINS SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT SMITH, VICE PRESIDENT ARNOLD, SECRETARY ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

2. Approval of Minutes – Request approval of the following minutes:

- a. Regular Meeting: January 21, 2025

TREASURER HARDER MOVED TO APPROVE THE JANUARY 21, 2025, MUNICIPAL PROPERTY CORPORATION REGULAR MEETING MINUTES. SECRETARY ROBBINS SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT SMITH, VICE PRESIDENT ARNOLD, SECRETARY ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

3. New Business:

- b. Municipal Property Corporation Coverage & Bond Authorization Documents

Erika Coombs, Division Finance Manager, presented and discussed the Municipal Property Corporation (MPC) Coverage & Bond Authorization documents, and provided an overview of the history and project coverage. A comparison of the 2015 and 2020 figures reflects an increase in coverage over the last decade. The outstanding principal amount has decreased over the last decade as well, which increases coverage. Estimated aggregate annual debt service is targeted for a maximum of \$48.9 million.

In response to Board Member questions, Ms. Coombs explained that \$48.9 million is the estimated maximum aggregate debt service included with the potential financing of \$120 million issuance of MPC bonds for water/sewer projects. The debt coverage depends on the pledge revenues received. Ms. Andrews explained the estimated \$332 million pledge coverage will decrease due to the use of FY24 numbers, the loss of the residential rental tax, and a decrease in State-shared revenue. Fluctuating revenues and maintaining debt service at a level that does not impact coverage requires constant management. Mr. Sakas clarified that Ms. Coombs is discussing pledged revenues from sales excise taxes. There is an option to pay debt service using water and aviation enterprise funds. Treasurer Harder commented on the potential need for future rate increases.

Ms. Andrews provided an overview of security with debt being secured by the excise tax as opposed to repayment streams such as water and sewer revenues. A list of all MPC debt was reviewed. The water and sewer revenues are maintained at two times the coverage of the debt service.

President Smith asked staff to prepare a schedule of pledged revenues by component and associated covered debt, including the water, aviation, and bed tax, among others.

In response to President Smith's question, a page of the draft Preliminary Official Statement was reviewed. Ms. Andrews discussed additional reserves needed if the City was selling water and sewer revenue bonds instead of using the MPC. Mr. Davis further discussed the process for selling bonds. The City will be pursuing Water Infrastructure Finance Authority of Arizona (WIFA) loans for water and sewer debts that would become payment obligations secured by utility revenues without the need for voter approval.

Ms. Coombs continued the presentation by reviewing and discussing the memo to be provided to the City Council at their upcoming meeting if the MPC decides to move forward. The memo

speaks of the need for the projects, compliance with mandates, and includes a summary of the coverage and additional financing being pursued.

President Smith and Treasurer Harder presented an overview of the memo going to the City Council and the purpose of their recommendation for consideration of rate adjustments. Staff was asked to make adjustments to the memo.

Vice President Arnold clarified that coverage is improved when debt is paid in full. The coverage ratio will progressively increase without the issuance of new debt.

TREASURER HARDER MOVED TO APPROVE THE ADOPTION OF RESOLUTION NO. MPC 2025-01. SECRETARY ROBBINS SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT SMITH, VICE PRESIDENT ARNOLD, SECRETARY ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

SECRETARY ROBBINS MOVED TO APPROVE THE LETTER TO THE CITY COUNCIL WITH THE ADDITIONS DISCUSSED. TREASURER HARDER SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT SMITH, VICE PRESIDENT ARNOLD, SECRETARY ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

c. Review and Possible Updating of MPC Bylaws

Anna Henthorn, Assistant City Treasurer/Assistant CFO, provided an overview of proposed changes to the bylaws, which have not been updated since 2002. Most of the changes were to reflect Arizona Revised Statutes, changes in technology, clean-up language, and other adjustments. A highlighted amendment is the modification of the three-day public notification of a meeting to 24 hours to allow flexibility for emergency meetings.

Board members were given an opportunity to comment and ask questions.

- President Smith clarified the Board has the authority to adjust the number of members but new members would need to be approved by City Council.
- Treasurer Harder discussed the bylaws laying out specific duties of the treasurer and secretary but noted those duties are being handled by City of Scottsdale staff. Treasurer Harder recommended stating that City staff is responsible for said duties. A lengthy discussion ensued with Ms. Henthorn noting work will continue on the delegation components, and edits will be brought before the Board at the January 2026 meeting.
- Secretary Robbins sought clarification on amending the Corporation's fiscal year from the calendar year to July 1st to June 30th. Ms. Henthorn explained the change was intended to reflect what is occurring. A discussion ensued related to tax returns and when the annual meeting should be scheduled. Ms. Henthorn noted the City will bring edits back in January 2026.

TREASURER HARDER MOVED TO AMEND ARTICLE 4 SECTION 6 OF THE BYLAWS TO REFLECT JULY 1 TO JUNE 30 AS THE FISCAL YEAR FOR THE CORPORATION. SECRETARY ROBBINS SECONDED THE MOTION, WHICH CARRIED FOUR (4) TO ZERO (0). PRESIDENT SMITH, VICE PRESIDENT ARNOLD, SECRETARY ROBBINS, AND TREASURER HARDER VOTED IN THE AFFIRMATIVE. THERE WERE NO DISSENTING VOTES.

d. Update on Bond Counsel RFQ

Anna Henthorn, Assistant City Treasurer/Assistant CFO, provided an update noting the evaluations are being finalized. Once the information is public and available, the Board will be notified.

4. Identification of Future Agenda Items

- a. The next Board meeting will be held in January 2026 to discuss:
- WIFA Presentation
 - Bylaws

5. Public Comment

There were no members of the public present.

6. Adjournment

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

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 10:18 a.m.

Recorded and Transcribed by eScribers, LLC. Respectfully submitted,

Dennis Robbins, Secretary

David Smith, President