Board of Supervisors Memorandum

April 1, 2014

Resolution No. 2014-____, Issue Refunding Bonds to Refund up to $16,000,000 in Street and Highway Bonds

Background

The Finance and Risk Management Department is requesting authorization to issue up to $16,000,000 of Refunding Bonds to refund outstanding Highway User Revenue Fund (HURF) debt to achieve interest savings. Refunding is the process of issuing new debt to pay off existing debt but with more beneficial terms. When Pima County refunds debt, we do not extend the term of the debt and require that the principal is repaid on the same schedule as originally issued or, in some situations, on a more accelerated schedule.

Under the authority granted by Resolution 2014-____, existing HURF debt would be retired and replaced with new debt with lower interest rates. As shown on the attached worksheets, it is anticipated this sale would save the County more than $634,000 in interest over the next six years.

Recommendation

I recommend the Board of Supervisors approve Resolution 2014-____ authorizing the issuance of Highway User Revenue Fund Refunding Bonds.

Respectfully submitted,

C.H. Huckelberry
County Administrator

CHH/mjk – March 27, 2014

Attachments

c: Tom Burke, Director, Finance and Risk Management

Proposed Refunding of Street and Highway Bonds, Series 2005

Overview of Street and Highway Revenue Bonds, Series 2005

- The table to the right shows the refunding scenario:
  - Series 2005 is callable on 7/1/2015 at par
- Refunded maturities:
  - Series 2005: 2016, 2019 and 2020

Summary of Refunding Results

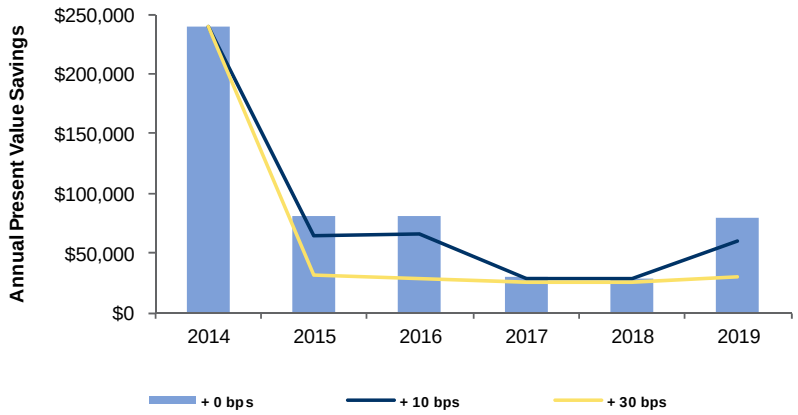
Refunding of Street & Highway Revenue Bonds, Series 2005 Dated Date: 05/15/2014	
Refunding Par:	$14,905,000
Refunded Par:	$14,955,000
True Interest Cost [(1)]:	1.675%
Net Future Value Savings:	$634,393
Net Present Value (NPV) Savings:	$616,216
NPV Savings as % of Refunded Par:	4.12%

Sensitivity Variables:

Value of 10 basis points:	$68,240
Value of Negative Arbitrage:	$237,411

(1) Assumes interest rates based on MMD as of February 5, 2014

Interest Rate Sensitivity



Sensitivity	+ 0 bps	+ 10 bps	+ 30 bps
Net Present Value Savings	$616,216	$546,917	$409,395
Net PV Savings as % of Refunded Par	4.12%	3.66%	2.74%

Debt Service Comparison

Date	Prior Debt Service	Refunding Debt Service	Future Savings	PV Savings at 1.5104%
07/01/2014	$295,275	$54,807	$240,468	$240,006
07/01/2015	590,550	$508,925	81,625	80,852
07/01/2016	5,065,550	4,982,325	83,225	81,199
07/01/2017	366,800	336,225	30,575	29,279
07/01/2018	366,800	336,225	30,575	28,842
07/01/2019	5,486,800	5,401,225	85,575	79,327
07/01/2020	5,547,600	5,465,250	82,350	74,846

RBC Capital Markets®

Savings by Maturity and Refunding Efficiency

Savings and Negative Arbitrage by Maturity

All Callable Bonds with a call date on or before July 1, 2015					PV Savings		Negative Arbitrage	
Series	Maturity		Coupon	Par Amount	Call Date	Amount	Percentage	Amount	Efficiency
2005	07/01/2016		5.000%	$4,475,000	07/01/2015	120,416	2.69%	71,651	62.69%
	07/01/2019		3.500%	5,120,000	07/01/2015	266,351	5.20%	80,983	76.68%
	07/01/2020		3.500%	5,360,000	07/01/2015	229,449	4.28%	84,778	73.02%
Total				**$14,955,000**					

RESOLUTION NO. 2014-___

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING $16,000,000 PRINCIPAL AMOUNT OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REFUNDING REVENUE BONDS, SERIES 2014; PROVIDING FOR THE PAYMENT OF THE 2014 REFUNDING BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE 2014 REFUNDING BONDS; PROVIDING FOR THE SALE OF THE 2014 REFUNDING BONDS; AUTHORIZING AND DIRECTING THE REFUNDING OF CERTAIN OUTSTANDING BONDS AND THE EXECUTION AND DELIVERY OF DOCUMENTS AND FURTHER ACTIONS RELATING TO THE ISSUANCE OF THE 2014 REFUNDING BONDS; APPOINTING AN INITIAL BOND REGISTRAR AND PAYING AGENT FOR THE 2014 REFUNDING BONDS; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, AS FOLLOWS:

Section 1. Recitals, Findings and Conclusions.

(a) Pursuant to Title 11, Chapter 2, Article 12, Arizona Revised Statutes (the "Act"), Pima County, Arizona (the "County") is authorized to issue street and highway revenue bonds to refund all or any portion of its outstanding street and highway revenue bonds at or prior to maturity. The County has issued and currently has outstanding certain of the below-described 2005 Bonds, 2007 Bonds, 2008 Bonds, 2009 Bonds, 2012 Bonds and the previously issued 2014 Bonds of the County (collectively, the "Prior Bonds") which were issued pursuant to the provisions of the Act. This Board has determined that the best interests of the County will be served by the issuance of the 2014 Refunding Bonds (as defined below) and to use a portion of the proceeds of those 2014 Refunding Bonds to refund portions of the Prior Bonds as described in the hereinafter-described Depository Trust Agreement, as executed and delivered (the "Bonds to be Refunded"), in advance of their maturity.

(b) The Board of Supervisors of the County (the "Board of Supervisors") hereby authorizes its Chair (the "Chair"), as its representative, to either (i) sell the 2014 Refunding Bonds directly to a bank or financial institution as purchaser of the 2014 Refunding Bonds (the "Purchaser") through a private placement by RBC Capital Markets, LLC, as placement agent (the "Placement Agent"), or (ii) if an acceptable offer to directly purchase the 2014 Refunding Bonds is not received from a bank or financial institution, to RBC Capital Markets, LLC, as underwriter (the "Underwriter"); provided, however, that the 2014 Refunding Bonds shall be sold at the price the Chair, on behalf of the Board of Supervisors, deems to be the best price available therefor.

(c) By this resolution, the Board of Supervisors approves the entering into of a bond purchase agreement with the Purchaser or the Underwriter, and, if the 2014 Refunding Bonds are sold to a Purchaser, a placement agent agreement with RBC Capital Markets, LLC. Such bond purchase agreement and placement agent agreement, if and as applicable, are to be completed with the final terms of the 2014 Refunding Bonds and entered into between the County and the Underwriter or the Purchaser, and the County and RBC Capital Markets, LLC, as placement agent, if and as applicable, when the final terms of the sale have been determined (as so completed, such bond purchase agreement is hereby referred to as the "Bond Purchase Agreement" and such placement agent agreement is hereby referred to as the "Placement Agreement").

(d) Within and by the parameters set forth in this resolution, the Board of Supervisors authorizes the sale, execution and issuance of the 2014 Refunding Bonds and their delivery to the Underwriter or the Purchaser, as applicable, in accordance with the Bond Purchase Agreement.

Section 2. Authorization. There is hereby authorized to be issued and sold by negotiated sale not exceeding $16,000,000 principal amount of Pima County, Arizona, Street and Highway Refunding Revenue Bonds, Series 2014 (the "2014 Refunding Bonds"), pursuant to the Act for the purpose of (a) refunding the Bonds to be Refunded, and (b) paying the costs of issuance of the 2014 Refunding Bonds. The Bonds to be Refunded will be as designated in the Depository Trust Agreement, which will be approved and executed by the Chair as provided in Section 11 below. Only bonds, the refunding of which will result in no less than a 2.5% present value debt service savings in the aggregate, may be included in the Bonds to be Refunded. The series designation on the 2014 Refunding Bonds may change if they are not issued in calendar year 2014.

Section 3. Terms. The 2014 Refunding Bonds will be dated the date of initial delivery thereof and will bear interest at a rate or rates not exceeding six percent (6%) per annum established and set forth in the Bond Purchase Agreement as executed and delivered, calculated on the basis of a 360-day year of twelve 30-day months, from such date to the maturity or prior redemption of each of the 2014 Refunding Bonds and payable on July 1, 2014, or such other date as provided in the Bond Purchase Agreement as executed and delivered, and semiannually thereafter on January 1 and July 1 during the term of the 2014 Refunding Bonds, all as provided in the Bond Purchase Agreement as executed and delivered. Unless otherwise set forth in the Bond Purchase Agreement, the 2014 Refunding Bonds will be in the denomination of $5,000 each or integral multiples thereof, in fully registered form. Interest will be paid on each interest payment date by check mailed by the Paying Agent to each registered owner of the 2014 Refunding Bonds at the address shown on the registration book of the Registrar on the Record Date (as described in Section 7 hereof), or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of 2014 Refunding Bonds. Principal of the 2014 Refunding Bonds, at maturity or upon redemption prior to maturity, will be payable upon presentation and surrender at the designated office of the Paying Agent. The 2014 Refunding Bonds will mature on July 1 in any or all of the years not more than twenty (20) years from the date of the 2014 Refunding Bonds and in principal amounts, all as provided in the Bond Purchase Agreement as executed and delivered. The principal amount of the 2014 Refunding Bonds, the principal amount maturing in

each year, the interest rates applicable to each maturity, the redemption provisions, and any other final terms of the 2014 Refunding Bonds and the sale of the 2014 Refunding Bonds shall be as set forth in the Bond Purchase Agreement as executed and delivered, and such approval shall be evidenced by the execution and delivery of the Bond Purchase Agreement.

Section 4. Prior Redemption.

(a) Optional Redemption. Unless otherwise specified in the Bond Purchase Agreement, the 2014 Refunding Bonds are subject to redemption on any date on or after July 1, 2024, or such other date specified in the Bond Purchase Agreement as executed and delivered, at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot by the payment of a redemption price equal to the principal amount of each 2014 Refunding Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

(b) Notice of Redemption. Unless otherwise provided in the Bond Purchase Agreement or waived by the Purchaser of the 2014 Refunding Bonds, notice of redemption will be given by mail to the registered owners of the 2014 Refunding Bonds at the address shown on the bond register maintained by the Registrar not less than 30 days nor more than 60 days prior to the specified redemption date. Neither failure to give such notice, nor any defect therein, with respect to any 2014 Refunding Bond shall affect the regularity of the proceedings for redemption of any other 2014 Refunding Bond. If moneys for the payment of the redemption price and accrued interest are not held in a separate account by the County or by a paying agent or depository trustee prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

(c) Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2014 Refunding Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2014 Refunding Bonds on such date, and, if moneys for payment of the redemption price and accrued interest are held in separate accounts by the Paying Agent, interest on such 2014 Refunding Bonds or portions of 2014 Refunding Bonds so called for redemption shall cease to accrue, such 2014 Refunding Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such 2014 Refunding Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest and such 2014 Refunding Bonds shall be deemed paid and no longer outstanding.

(d) Redemption of Less Than All of a 2014 Refunding Bond. The County may redeem a portion of any 2014 Refunding Bond in $5,000 increments. In that event, the registered owner shall submit the 2014 Refunding Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new 2014 Refunding Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

Section 5. Form of 2014 Refunding Bonds.

(a) The 2014 Refunding Bonds shall be in substantially the form of Exhibit A, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Bond Purchase Agreement and are approved by those officers executing the 2014 Refunding Bonds and the execution thereof by such officers shall constitute conclusive evidence of such approval.

(b) The 2014 Refunding Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each 2014 Refunding Bond shall show the date of its authentication and registration.

Section 6. Book Entry Only System.

(a) Unless otherwise provided in the Bond Purchase Agreement, the 2014 Refunding Bonds will initially be issued to and registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), an automated clearinghouse for securities transactions, which will act as securities depository for the 2014 Refunding Bonds. One fully registered 2014 Refunding Bond, in the aggregate principal amount of each maturity, will initially be registered in the name of and held by Cede & Co., as nominee for DTC.

(b) So long as the book entry only system is in effect, beneficial ownership interests in the 2014 Refunding Bonds will be available in book entry form only through direct or indirect participants in DTC, in the principal amount of $5,000 or any integral multiple thereof. Beneficial owners of the 2014 Refunding Bonds will not receive certificates representing their interests in the 2014 Refunding Bonds and will not be deemed to be registered owners of the 2014 Refunding Bonds.

(c) So long as the book entry only system is in operation, principal of and interest on the 2014 Refunding Bonds will be payable by the Paying Agent to Cede & Co., as nominee of DTC, which organization consequently bears sole responsibility for remitting such principal and interest to its direct and indirect participants for subsequent credit or disbursement to the beneficial owners of the 2014 Refunding Bonds.

(d) In the event the County determines not to continue the DTC book entry only system or DTC determines to discontinue providing its services with respect to the 2014 Refunding Bonds and the County does not select another qualified securities depository, the County shall cause the Registrar to deliver to DTC for redistribution to beneficial owners of the 2014 Refunding Bonds one or more 2014 Refunding Bonds in such principal amount or amounts, in denominations of $5,000 and any integral multiple thereof, and registered in such name or names, as DTC shall designate.

Section 7. Execution of 2014 Refunding Bonds.

(a) The 2014 Refunding Bonds shall be executed for and on behalf of the County by the Chair and attested by the Clerk of the Board of Supervisors by their manual or facsimile signatures.

(b) If an officer whose signature is on a 2014 Refunding Bond no longer holds that office at the time the 2014 Refunding Bond is authenticated and registered, the 2014 Refunding Bond shall nevertheless be valid.

(c) A 2014 Refunding Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the 2014 Refunding Bond has been authenticated and issued under this Resolution.

Section 8. Mutilated, Lost or Destroyed 2014 Refunding Bonds. In case any 2014 Refunding Bond becomes mutilated, destroyed or lost, the County shall cause to be executed and delivered a new 2014 Refunding Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated 2014 Refunding Bond or in lieu of and in substitution for such 2014 Refunding Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the County in connection therewith and, in the case of a 2014 Refunding Bond destroyed or lost, upon the registered owner filing with the Clerk of the Board of Supervisors and the Registrar evidence satisfactory to the County and the Registrar that such 2014 Refunding Bond was destroyed or lost, and furnishing the County with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 9. Sale of 2014 Refunding Bonds; Award of 2014 Refunding Bonds; Limitation of Transfer.

(a) The County anticipates receiving proposals from the Underwriter and/or Purchasers for the purchase of the 2014 Refunding Bonds. Such proposal as the Chair determines to result in the best price available for the 2014 Refunding Bonds shall be accepted, provided that the 2014 Refunding Bonds shall not be sold for less than 99% of the principal amount thereof. When the final terms of the 2014 Refunding Bonds are known, the Bond Purchase Agreement will be finalized. The Chair or the Director of Finance of the County is each authorized and directed to cause the Bond Purchase Agreement to be completed and executed; provided that the parameters of this resolution shall govern the Bond Purchase Agreement and provided further that no terms or conditions may be inserted in the Bond Purchase Agreement which would be contrary to this resolution. Upon the completion, execution and delivery of the Bond Purchase Agreement, the 2014 Refunding Bonds are ordered sold to the Underwriter or the Purchaser, as determined by the Chair, pursuant to the Bond Purchase Agreement. The execution and delivery of the Bond Purchase Agreement as completed shall be conclusive evidence of such approval of the final terms and provisions thereof.

(b) The Director of Finance of the County or his designee is hereby authorized and directed to cause the 2014 Refunding Bonds to be delivered to the Purchaser or the Underwriter, as applicable, upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the Bond Purchase Agreement.

(c) If the 2014 Refunding Bonds are sold directly to one or more Purchasers, the County may place such restrictions on the transfer of the 2014 Refunding Bonds by such Purchasers as are set forth in the Bond Purchase Agreement as executed and delivered.

Section 10. Registrar and Paying Agent.

(a) The County will maintain an office or agency where 2014 Refunding Bonds may be presented for registration of transfer (the "Registrar") and an office or agency where 2014 Refunding Bonds may be presented for payment (the "Paying Agent"). The County may appoint one or more co-Registrars or one or more additional Paying Agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the 2014 Refunding Bonds.

(b) Initially, U.S. Bank National Association will act as Registrar and Paying Agent with respect to the 2014 Refunding Bonds. The County may change the Registrar or Paying Agent without notice to or consent of owners of the 2014 Refunding Bonds and the County may act in any such capacity.

(c) Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the owners of the 2014 Refunding Bonds all money held by the Paying Agent for the payment of principal of and interest and any premium on the 2014 Refunding Bonds.

(d) The Registrar may appoint an authenticating agent acceptable to the County to authenticate 2014 Refunding Bonds. An authenticating agent may authenticate 2014 Refunding Bonds whenever the Registrar may do so. Each reference in this Resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

(e) The Registrar shall keep a register of the 2014 Refunding Bonds, the registered owners of the 2014 Refunding Bonds and of transfers of the 2014 Refunding Bonds. When 2014 Refunding Bonds are presented to the Registrar or a co-Registrar with a request to register a transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more 2014 Refunding Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered 2014 Refunding Bonds. Any 2014 Refunding Bond or 2014 Refunding Bonds may be exchanged at the designated office of the Registrar for a 2014 Refunding Bond or 2014 Refunding Bonds of the same maturity date and aggregate principal amount as the surrendered 2014 Refunding Bond or 2014 Refunding Bonds. The "Record Date" for the 2014 Refunding Bonds will be the close of business of the Registrar on the 15th day of the month preceding an interest payment date. The 2014 Refunding Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

(f) The Registrar shall authenticate 2014 Refunding Bonds for original issue in up to $16,000,000 aggregate principal amount upon the written request of the Director of Finance of the County or his designee. The aggregate principal amount of 2014 Refunding Bonds outstanding at any time may not exceed that amount except for replacement 2014 Refunding Bonds as to which the requirements of the Registrar and the County are met.

Section 11. Depository Trustee; Depository Trust Agreement. U.S. Bank National Association is hereby appointed as the depository trustee (the "Depository Trustee") for the Bonds to be Refunded. In connection with the refunding of the Bonds to be Refunded, the County will enter into a Depository Trust Agreement (the "Depository Trust Agreement") with the Depository Trustee. The Chair is hereby authorized and directed to execute and deliver the Depository Trust Agreement and to do all such acts and things necessary to carry out the terms and intent of the Depository Trust Agreement.

Section 12. Call for Redemption of Bonds to be Refunded.

(a) The County does hereby exercise its right to redeem, and does hereby call for redemption (subject to the delivery of the Bonds) on the first available redemption dates, each maturity of the Bonds to be Refunded, as provided in the Depository Trust Agreement, as executed and delivered.

(b) The 2014 Refunding Bonds and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-6106 (the "Pledged Revenues") on a parity with the 2005 Bonds, the 2007 Bonds, the 2008 Bonds, the 2009 Bonds, the 2012 Bonds and the previously issued 2014 Bonds and such additional bonds or other obligations ("Additional Parity Bonds" and, collectively with the 2005 Bonds, the 2007 Bonds, the 2008 Bonds, the 2009 Bonds, the 2012 Bonds, the previously issued 2014 Bonds and the 2014 Refunding Bonds, the "Parity Bonds") hereafter issued on a parity therewith. The 2014 Refunding Bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the 2014 Refunding Bonds or interest or redemption premiums thereon be enforceable out of any funds other than the revenues pledged to such payment nor shall any owner of any 2014 Refunding Bond have the right to compel any exercise of the taxing power of the County to make such payment. The County shall comply with any requirements imposed by law to maintain its eligibility for and right to receive such funds. During each year in which any of the 2014 Refunding Bonds or any Parity Bonds remain outstanding and not fully paid or provided for, there shall be set aside in a separate fund designated the "Pima County Street and Highway Revenue Bond Fund" (the "Bond Fund") established in the 1998 Bond Resolution and continued herein, from the Pledged Revenues received during such year, an amount sufficient to pay the interest and principal upon the Parity Bonds next due. The Bond Fund shall be held as a special trust fund, the beneficial interest in which shall be in the holders from time to time of the Parity Bonds then outstanding.

Section 13. Payment of the 2014 Refunding Bonds:

(a) On or before the third Monday of each month, commencing with the month following the month in which the 2014 Refunding Bonds are issued and delivered, there shall be transferred from the Pledged Revenues received to the Bond Fund moneys in an amount necessary to accumulate in equal monthly amounts the interest due on the next January 1 or July 1, as applicable, and thereafter in each month an amount equal to one-sixth (1/6) of the next ensuing semi-annual interest payment on the Parity Bonds until the amount in the Bond Fund

and available to pay interest is sufficient to pay the next ensuing interest payment on the Parity Bonds.

(b) On or before the third Monday of each month there shall be transferred from the Pledged Revenues received to the Bond Fund moneys in an amount necessary to accumulate in equal monthly amounts equal to one-twelfth (1/12) of the principal amount becoming due on the next principal payment date on the Parity Bonds until the amount in the Bond Fund and available to pay principal is sufficient to pay the next ensuing principal payment on the Parity Bonds.

(c) Amounts in the Bond Fund shall be used solely for the payment of principal of and interest on the Parity Bonds when due. It shall be the duty of the County to cause to be transferred to the Paying Agent prior to the date or dates on which such principal or interest fall due, such amount as, to the extent of the money in the Bond Fund, will be sufficient to pay all principal and interest falling due on such date or dates, and it shall be the duty of the Paying Agent to assure, to the extent of the money so transferred to the Paying Agent, prompt payment of the principal of and interest on the Parity Bonds.

(d) After all payments and transfers shall have been made to the Bond Fund as provided in this Section and any deficiencies in any such transfer or transfers which may exist from any previous year have been remedied, all remaining Pledged Revenues shall constitute available revenues and may be used by the County for any lawful purpose. If at any time the moneys in the Bond Fund are not sufficient to make the transfers required, any such deficiency shall be made up from the first Pledged Revenues thereafter received and available for such transfers under the terms of the Bond Resolution, 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 to the Bond Resolution.

Section 14. Resolution a Contract. This Resolution shall constitute a contract between the County and the registered owners of the 2014 Refunding Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the 2014 Refunding Bonds then outstanding.

Section 15. Additional Bonds.

(a) The County covenants and agrees with the holders of the 2014 Refunding Bonds and any Parity Bonds that, so long as any Parity Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, it will not further encumber the Pledged Revenues on a basis equal to the pledge for payment of Parity Bonds payable from the Pledged Revenues unless (i) the amount of Pledged Revenues received by the County in the twelve (12) month period immediately preceding the issuance of the proposed Additional Parity Bonds, as shown by a certificate of the chief administrative officer of the County (currently the Director of Finance of the County) or his or her designee, equals not less than two times the maximum annual debt service on all such Parity Bonds then outstanding and the Additional Parity Bonds proposed to be issued; (ii) all payments and deposits with respect to the Parity Bonds then outstanding are current; and (iii) no obligation payable from the Pledged Revenues is in default as to either principal or interest.

(b) Subject to the foregoing, and to the other terms and conditions set forth herein, the County shall have the right to issue Additional Parity Bonds. This Resolution does not place any restriction on the County incurring additional payment obligations payable from the Pledged Revenues so long as those payment obligations are subject and subordinated to the County's payment obligations with respect to the 2014 Refunding Bonds and other Parity Bonds.

Section 16. Amendments.

(a) The County may, without the consent of or notice to any of the owners of Parity Bonds, amend, supplement or modify the provisions of this Resolution or the Bond Resolution for one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission herein or to correct or supplement any provision herein which may be inconsistent with any other provision herein; (ii) to grant or confer upon the owners of Parity Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon. them; (iii) to secure additional revenues or provide additional security or reserves for payment of the Parity Bonds; (iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder; (v) to permit, if lawful, the issuance of Parity Bonds in book entry form not evidenced by physical certificates, or Parity Bonds in bearer form if, in the opinion of nationally recognized bond counsel received by the County, such action will not cause the interest on any Parity Bonds to become includable in gross income for purposes of federal income taxes; (vi) to preserve the exclusion of the interest on Parity Bonds from gross income for purposes of federal or State income taxes and to preserve the power of the County to continue to issue bonds or other obligations (specifically not limited to the 2014 Refunding Bonds authorized hereby) the interest on which is likewise exempt from federal and State income taxes; (vii) to make any other change or amendment hereto which does not materially adversely affect the interests of any owner of any Parity Bond; (viii) to provide for the refunding or advance refunding of any Parity Bonds, including the right to establish and administer an escrow fund and to take related action in connection therewith; (ix) to provide for the issuance of Parity Bonds as permitted by the provisions of this Resolution or the Bond Resolution; and (x) to make provisions and amendments applicable only to Parity Bonds sold or remarketed on the basis of the effectiveness of those provisions or amendments with respect to those Parity Bonds, or applicable only to Parity Bonds the owners of which are given reasonable notice of the proposed provisions or amendments and have the opportunity to tender their Parity Bonds for purchase prior to the effective date of the provisions or amendments.

(b) Other than amendments, supplements or modifications referred to in subsection A above and subject to the terms and provisions and limitations contained in this subsection B and not otherwise, the owners of not less than a majority in principal amount of the Parity Bonds then outstanding, shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the effectiveness of such amendments, supplements and modifications to this Resolution or the Bond Resolution as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, that nothing in this subsection B shall permit or be construed as permitting an amendment, supplement or modification which would: (i) extend the stated maturity of or time for paying interest on any Parity Bond or reduce the principal amount of or the redemption premium or rate

of interest payable on any Parity Bond without the consent of the owner of such Parity Bond; (ii) prefer or give a priority to any Parity Bond over any other Parity Bond without the consent of the owner of each Parity Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of Parity Bonds then outstanding the consent of the owners of which is required to authorize such amendment, supplement or modification without the consent of the owners of all Parity Bonds then outstanding; (iv) reduce the redemption price of any Parity Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period without the consent of the owner of such Parity Bond; or (iv) reduce the tender price payable or extend the time of payment of the purchase price of any Parity Bond upon optional or mandatory tender for purchase.

(c) When the County determines that the requisite consents have been obtained for an amendment, supplement or modification requiring consent of the owners of Parity Bonds, the County shall date and file a certificate to that effect in its records and shall notify the registrars and paying agents for all Parity Bonds. Such determination shall be conclusive and no action or proceeding to invalidate the amendment, supplement or modification shall be instituted or maintained unless commenced within 60 days after the filing of such certificate. Upon the filing of such certificate, the amendment, supplement or modification shall become effective without liability or responsibility to any owner of any Parity Bond, whether or not such owner shall have consented thereto. Consent of owners of Parity Bonds may be evidenced by such Parity Bonds being sold or remarketed on the basis of the effectiveness of the proposed amendment, amendment, supplement or modification or modification or in any other manner in accordance with subsection B hereof. If the amendment, supplement or modification will not take effect so long as any particular Parity Bonds remain outstanding, the consent of the owners of such Parity Bonds shall not be required and such Parity 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 of Parity Bonds to approve the particular form of any proposed amendment, supplement or modification, but it shall be sufficient if consent is given to the substance thereof. Any such consent shall be binding upon the owner of the Parity Bond giving such consent and upon any subsequent owner of such Parity Bond and of any Parity Bond issued in exchange therefor, whether or not such subsequent owner thereof has notice thereon, unless such consent is revoked in writing by the owner of such Parity Bond giving such consent or by a subsequent owner thereof by filing such revocation in writing with the County, prior to the effectiveness of such amendment, supplement or modification. If the owners of the required amount or number of the Parity Bonds outstanding shall have consented to and approved the execution of such amendment, supplement or modification as herein provided, no owner of any Parity 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 effectiveness thereof, or to enjoin or restrain the County from taking any action pursuant to the provisions thereof. In making any amendment, supplement or modification permitted by this Section, the County shall be entitled to rely upon an opinion of nationally recognized bond counsel stating that the effectiveness of such amendment, supplement or modification is authorized or permitted hereby. Upon the execution and delivery of any amendment, supplement or modification in accordance with this Section, the provisions hereof shall be modified in accordance therewith and such Amendment, supplement or modification shall form a part hereof for all purposes and every owner of a Parity Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 17. Providing for Payment of Bonds. If payment of all principal of, premium, if any, and interest on all of the Parity Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Section, then the pledge of the Pledged Revenues granted for the Parity Bonds shall cease. The County may at any time surrender to the Registrar for cancellation any Parity Bonds previously authenticated and delivered which the County may have acquired in any manner whatsoever and such Parity Bonds upon such surrender and cancellation shall be deemed to be paid and retired. Any Parity Bond or portion thereof in authorized denominations may be deemed paid and defeased in accordance with this Section. Any Parity Bond or portion thereof shall be deemed paid and defeased: (i) if there is deposited with a bank or comparable financial institution, in trust, moneys or obligations of the United States Government ("Defeasance Obligations") or both which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay the principal of and interest and any premium on such Parity Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption, and (ii) if such defeased Parity Bond or portion thereof is to be redeemed, notice of such redemption has been given in accordance with provisions thereof or the County has submitted to the registrar instructions expressed to be irrevocable as to the date upon which such Parity Bond or portion thereof is to be redeemed and as to the giving of notice of such redemption. Parity Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed outstanding hereunder or secured hereby and thereafter such Parity Bonds shall be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such Parity Bonds.

Section 18. Use of Proceeds.

(a) Premium received for the 2014 Refunding Bonds shall be deposited in the Bond Fund in an amount specified by the Director of Finance of the County or his designee.

(b) Such amount as shall be required by the Depository Trust Agreement shall be deposited with the Depository Trustee and applied for the purposes and in the manner provided in the Depository Trust Agreement, including, but not limited to, the payment of costs of issuance of the 2014 Refunding Bonds.

(c) Pending any disbursement(s) as set forth in subsection A above, the County Treasurer is directed to invest the proceeds from the sale of the 2014 Refunding Bonds in the State Treasurer's Local Government Investment Pool (LGIP); provided, however, that the County, acting through the Director of Finance of the County, may at any time provide other written investment instructions to the County Treasurer and the County Treasurer, to the extent that such investments are lawful, is authorized and directed to invest the monies designated in the written instructions in the investments set forth in the instructions.

Section 19. Tax Covenants.

(a) The County recognizes that the purchasers and owners of the 2014 Refunding Bonds will have accepted them on and paid a price for them reflecting the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the 2014 Refunding Bonds are delivered. In this

connection, the County covenants that it will use, and will restrict the use and investment of, the proceeds of the 2014 Refunding Bonds in such manner and to such extent as may be necessary so that (i) the 2014 Refunding Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Section 141, 148 or 149 of the Code, or to be treated other than as bonds to which Section 103(a) of the Code applies, and (ii) the interest on the 2014 Refunding Bonds will not be an item of tax preference under Section 57 of the Code. For purposes of this Section 18, the "Code" means, collectively, the Internal Revenue Code of 1986, as amended, the Treasury Regulations (whether temporary or final) promulgated pursuant thereto, and any amendments or successor provisions thereto, any official rulings, announcements, notices, procedures and judicial determinations regarding any of them.

(b) The County further covenants that (i) it will take or cause to be taken such actions that may be required of it for the interest on the 2014 Refunding Bonds to be and remain excluded from gross income for federal income tax purposes; (ii) it will not take or authorize to be taken any actions that would adversely affect that exclusion; (iii) it, or persons acting for it, will, among other acts of compliance, (a) apply the proceeds of the 2014 Refunding Bonds to the governmental purposes of the borrowing; (b) restrict the yield on investment property acquired with the proceeds; (c) make timely and adequate payments of to the federal government as required under the Tax Compliance Certificate of the County, to be dated as of the date of issuance of the 2014 Refunding Bonds (the "Tax Compliance Certificate") relating to the 2014 Refunding Bonds; (d) maintain books and records and make calculations and reports; and (e) refrain from certain uses of those proceeds, and, as applicable, of property financed with such proceeds all in such manner and to the extent necessary to assure that exclusion of that interest under the Code.

(c) The Director of Finance of the County or his designee is authorized to (i) make or effect any election, selection, designation, choice, consent, approval or waiver on behalf of the County with respect to the 2014 Refunding Bonds as the County is permitted to make or give under the federal income tax laws, including, without limitation, any of the elections provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the 2014 Refunding Bonds or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which actions shall be in writing and signed by that officer; (ii) take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the County, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the 2014 Refunding Bonds; and (iii) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the 2014 Refunding Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the 2014 Refunding Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the 2014 Refunding Bonds.

(d) The County authorizes the creation by the Director of Finance of the County or his designee of a fund that is hereinafter referred to as the "Rebate Fund," and any other such

accounts or sub-accounts as necessary or advisable in order to comply with the foregoing covenants and the Tax Compliance Certificate. The County will comply with the rebate requirements set forth in the Tax Compliance Certificate.

(e) The Director of Finance of the County or his designee is hereby authorized to execute on behalf of the County the Tax Compliance Certificate. The Tax Compliance Certificate shall constitute a certification, representation and agreement of the County and no investment shall be made of the proceeds neither of the 2014 Refunding Bonds herein authorized nor of the money in the accounts established hereunder in violation of the expectations and covenants prescribed by the Tax Compliance Certificate. The Tax Compliance Certificate shall constitute an agreement of the County to follow certain covenants which may require the County to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Compliance Certificate.

(f) The County further recognizes that Section 149(a) of the Code requires the 2014 Refunding Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the County agrees that it will not take any action to permit the 2014 Refunding Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the 2014 Refunding Bonds to be included in gross income for federal income tax purposes.

Section 20. Continuing Disclosure Undertaking. The County also recognizes that the initial purchaser of the 2014 Refunding Bonds may be required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with purchasing or selling the 2014 Refunding Bonds as an underwriter. Unless waived by the Purchaser of the 2014 Refunding Bonds, in order to assist the initial Underwriter or Purchaser in complying with the Rule, the County will enter into a Continuing Disclosure Undertaking with respect to the 2014 Refunding Bonds, and a Continuing Disclosure Undertaking in substantially the form on file with the Clerk of the Board of Supervisors is hereby approved. The Director of Finance of the County or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Undertaking and to do all such acts and things necessary to carry out the terms and intent of the Continuing Disclosure Undertaking.

Section 21. Official Statement. The Director of Finance of the County or his designee is hereby authorized and directed to prepare or authorize to be prepared, and to complete a Preliminary Official Statement (the "Preliminary Official Statement") in connection with the original issuance of the 2014 Refunding Bonds, in substantially the form on file with the Clerk of the Board of Supervisors, and a final Official Statement (the "Official Statement") relating to the original issuance of the 2014 Refunding Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the Director of Finance of the County or his designee. If and to the extent applicable, the Director of Finance of the County or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a

particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the final Official Statement by the County and the original purchaser of the 2014 Refunding Bonds is hereby authorized, ratified, confirmed and approved.

The Chair or any member of this Board of Supervisors, the County Administrator of the County and the Director of Finance of the County or his designee are each further authorized to use and distribute, or authorize the use and distribution of, any supplements in connection with the original issuance of the 2014 Refunding Bonds as may be necessary or appropriate, and to sign and deliver, on behalf of the County, the Official Statement and such certificates in connection with the accuracy of the Preliminary Official Statement and the Official Statement and any amendment thereto as may be necessary or appropriate.

Section 22. Authorization to Purchase Government Obligations. The Depository Trustee is hereby authorized to purchase United States Government Obligations to be purchased and held pursuant to the provisions of the Depository Trust Agreement. The maturing principal of and interest income earned on said United States Government Obligations will be calculated to be sufficient to pay when due all principal of and interest and, where applicable, premium on the Bonds to be Refunded. An opinion of a firm of qualified certified public accountants will be provided as to the arithmetical accuracy of such calculations. The yields on the investments purchased with the proceeds of the 2014 Refunding Bonds held under the Depository Trust Agreement shall not exceed the yield permitted under the Code and the regulations thereunder, as determined by the County's bond counsel upon a report of such certified public accountants.

Section 23. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will riot affect the validity of the remaining portions of this Resolution. The Board of Supervisors hereby declares that the County would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the 2014 Refunding Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 24. Ratification of Actions. All actions of the officers, employees, and agents of the County which conform to the purposes and intent of this Resolution and which further the issuance and sale of the 2014 Refunding Bonds as contemplated by this Resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. The proper officers and agents of the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County as may be necessary to carry out the terms and intent of this Resolution.

Section 25. Emergency. It is necessary to utilize an emergency clause with this resolution to allow the refunding of the Bonds to be Refunded to proceed as soon as document preparation and market conditions permit, thereby allowing the County to be able to take advantage of lower interest rates and achieve economic savings. The immediate operation of the provisions of this resolution is necessary for the preservation of the public peace, health and safety of the County, an emergency is hereby declared to exist, and this resolution is enacted as

an emergency measure and will be in full force and effect after its passage, adoption and approval by the Board of Supervisors and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on April 1, 2014.

PIMA COUNTY, ARIZONA

By: _____
Chair, Board of Supervisors

ATTEST:

By:_____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP
Bond Counsel

By:_____
Timothy E. Pickrell

EXHIBIT A TO RESOLUTION NO. 2014-__

FORM OF BOND

[UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC'), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF 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.]

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REFUNDING REVENUE BONDS
SERIES 2014

Number:
_____

Denomination:
$_____

Interest Rate	Maturity Date	Original Issue Date	[CUSIP]
	July 1, 20__	_____, 2014	[721882__]

Registered Owner:

Principal Amount: _____ AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay, from such sources, interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing _____, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent

(as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date as explained herein or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated office of U.S. Bank National Association.

This bond is one of an issue of bonds in the total principal amount of $_____ of like tenor except as to maturity date, rate of interest and number, issued by the County to refund outstanding street and highway revenue bonds of the County pursuant to resolutions of the Board of Supervisors of the County (the "Board of Supervisors") duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona.

This bond is issued under the laws of Arizona, including specifically Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes (the "Act"), and Resolutions adopted by the Board of Supervisors of the County on May 19, 1998, May 10, 2005, January 16, 2007, February 12, 2008, November 17, 2009, April 10, 2012, December 3, 2013 and _____, 2014 (collectively, the "Bond Resolution"). Reference is hereby made to the Act and the Bond Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

The bonds and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-6106 of the Arizona Revised Statutes (the "Pledged Revenues") on a parity of lien with certain outstanding bonds of the County and such additional bonds or obligations as may hereafter be issued on a parity therewith. The bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the bonds or interest or redemption premiums thereon be enforceable out of any funds other than the Pledged Revenues nor shall any owner of any bond have the right to compel any exercise of the taxing power of the County to make such payment. The County may issue additional bonds or obligations payable from the Pledged Revenues, on a parity with the bonds, upon satisfaction of the conditions set forth in the Act and the Bond Resolution.

Bonds maturing on or before July 1, 20__re not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 20__re subject to redemption on any date on or after July 1, 20__ at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot 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, without premium.

Notice of redemption will be given by mail to the registered owners of the bonds at the address shown on the bond register maintained by the Registrar not less than 30 days nor more than 60 days prior to the specified redemption date.

The initial Registrar and Paying Agent is U.S. Bank National Association (the "Registrar" and the "Paying Agent," as applicable). The Registrar or Paying Agent may be changed by the County without notice and the County may serve in such capacities.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the Registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the Bond Resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The Registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. The County has chosen the 15th day of the month preceding an interest payment date as the record date for this issue of bonds. Should this bond be submitted to the Registrar 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, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the Registrar's books at the close of business on the record date.

The Registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of 15 days before a selection of bonds to be redeemed. The transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

[Bonds of this issue are issuable only in fully registered form in the denomination of $5,000 each or integral multiples of $5,000]. This Bond may be exchanged at the designated office of the Registrar for a like aggregate principal amount of Bonds of the same maturity in authorized denominations upon the terms set forth in the resolution authorizing issuance of the Bonds.

The County, the Registrar and the Paying Agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona.

The County has caused this bond to be executed by the Chair of its Board of Supervisors and attested by the Clerk of its Board of Supervisors, which signatures may be facsimile signatures.

This bond is not valid or binding upon the County without the manually affixed signature of an authorized signatory of the Registrar.

PIMA COUNTY, ARIZONA

(facsimile)
Chair, Board of Supervisors

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona, Street and Highway Refunding Revenue Bonds, Series 2014, described in the Bond Resolution mentioned herein.

Date of Authentication: _____, 2014

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By:_____
Authorized Representative

ASSIGNMENT AND TRANSFER

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

_____

(Name and Address of Transferee)

_____

(Social Security or other Federal Tax Identification Number 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:_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15 that is a participant in a signature guarantor program recognized by the Trustee.

ABBREVIATIONS

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

TEN COM —	as tenants in common
TEN ENT —	as tenants by the entireties
JT TEN —	as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT--
_____ Custodian _____
(Cust) (Minor)
Under Uniform Gifts/Transfers to Minors Act

_____
(State)

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