



Board of Supervisors Memorandum

October 20, 2020

Resolutions Relating to Debt Issues

Background

There are three Resolutions that will be on the Board of Supervisors October 20, 2020 Agenda relating to the following debt issuances:

- \$21,000,000 of Street and Highway Revenue Bonds. (Attachment 1)
- \$60,000,000 of Sewer System Revenue Obligations. (Attachment 2)
- \$70,000,000 of Certificates of Participation. (Attachment 3)

Street & Highway Revenue Bonds

This Resolution would authorize staff to sell additional Street & Highway Revenue Bonds in an amount not to exceed \$21,000,000. The proceeds of the debt will be used to fund street and highway projects listed within Transportation's Capital Improvement Program in the FY 2020-21 Adopted Budget. These projects include Houghton Road, I-10 to Golf Links Road; Broadway Boulevard, Euclid Avenue to County Club; and 22nd Street, I-10 to Tucson Boulevard. These bonds will be repaid within 15 years by Transportation Fund Revenues.

Sewer System Revenue Obligations

This Resolution would authorize staff to sell additional Sewer System Revenue Obligations not to exceed \$60,000,000 and to refinance existing debt provided it is financially advantageous and does not extend the final maturity. The proceeds of the debt will be used to fund treatment and conveyance projects listed within the Regional Wastewater Reclamation Fund's Capital Improvement Program in the FY 2020-21 Adopted Budget and planned projects for FY 2021-22. Pima County routinely pays for the capital costs of its sewer system by financing them over time. This allows the capital asset costs to be better spread throughout the period of time the assets are providing benefits to the system's users. Unlike other Sewer Revenue Obligations, which are repaid within 15 years, these obligations are currently projected to be paid off by FY 2030-31 from Wastewater revenues.

Certificates of Participation

Due to expenditure limitations restricting the use of cash reserves, we are required to fund projects through issuing debt, such as Certificates of Participation. This Resolution would authorize staff to sell additional Certificates of Participation not to exceed \$70,000,000 and to refinance existing debt provided it is financially advantageous and does not extend the final maturity. \$50,000,000 of the proceeds of the debt will be used to fund the Road Repair Program included in the FY 2020-21 Budget, to be repaid within five years using the annual road repair allocation of General Fund PAYGO revenues per Board of Supervisors policy D22.12 approved by the Board November 5, 2019. \$20,000,000 will be used for various

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Resolutions Relating to Debt Issues**
October 20, 2020
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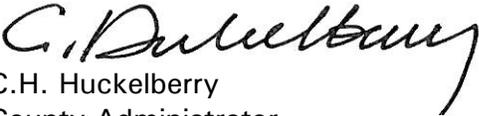
Facilities Management projects along with the aircraft and surveillance cameras the Board approved for the Sheriff's Department.

While these three issuances represent \$151 million of new debt, approximately \$67 million of it will be repaid by the end of fiscal year 2026. In addition to that repayment, Pima County's repayment of existing debt this fiscal year totals approximately \$118 million and, by the end of Fiscal Year 2025-26 the County will have repaid \$751 million. Pima County continues to repay its debt on a very short term basis compared to most jurisdictions that issue debt for 25, 30 or even 40 year terms.

Recommendation

I recommend the Board of Supervisors approve the attached Resolutions authorizing the issuance of Street & Highway Revenue Bonds, Sewer Revenue Obligations, and Certificates of Participation debt.

Sincerely,


C.H. Huckelberry
County Administrator

Attachments

CHH/mp – October 6, 2020

c: Jan Leshar, Chief Deputy County Administrator
Michelle Campagne, Director, Finance and Risk Management

ATTACHMENT 1



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: October 20, 2020

Title: RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REVENUE BONDS, IN ONE OR MORE SERIES, FOR THE PURPOSE OF IMPROVING, CONSTRUCTING, RECONSTRUCTING, ACQUIRING RIGHTS OF WAY FOR AND MAINTAINING COUNTY STREETS AND HIGHWAYS AND FOR REFUNDING CERTAIN OUTSTANDING STREET AND HIGHWAY REVENUE BONDS; PROVIDING FOR THE PAYMENT OF BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF DOCUMENTS AND FURTHER ACTIONS RELATING TO THE ISSUANCE OF THE BONDS AND THE REDEMPTION OF REFUNDED BONDS; APPOINTING AN INITIAL BOND REGISTRAR AND PAYING AGENT FOR THE BONDS; AND APPROVING AND RATIFYING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

Introduction/Background:

In November 1997, voters authorized Pima County to sell \$350,000,000 of Street and Highway Revenue Bonds for improving, constructing, reconstructing, acquiring rights of way for, and maintenance of County streets and highways.

Discussion:

This resolution authorizes staff to sell up to \$21,000,000 of Pima County Street and Highway Revenue Bonds to fund a variety of Transportation projects, including, but, not limited to, Broadway Boulevard, Euclid Avenue to Country Club; Houghton Road, I-10 to Golf Links; and 22nd Street, I-10 to Tucson Blvd.

Conclusion:

Voters approved the issuance of bonds for Transportation capital projects. Issuing these Street and Highway Revenue Bonds will provide bond funding for these projects.

Recommendation:

Staff recommends that the Board of Supervisors approve this resolution authorizing the sale of the Street and Highway Revenue Bonds.

Fiscal Impact:

The bond funding will be made available for the County's Transportation capital projects. These bonds will be repaid within 15 years by Transportation Fund Revenues

Board of Supervisor District:

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All

Department: Finance and Risk Management

Telephone: 724-8410

Contact: Michelle Campagne

Telephone: 724-8410

Department Director Signature/Date:

Michelle Campagne 10/1/2020

Deputy County Administrator Signature/Date:

John 10/1/2020

County Administrator Signature/Date:

C. Rubertsky 10/5/20

RESOLUTION NO. 2020-____

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REVENUE BONDS, IN ONE OR MORE SERIES, FOR THE PURPOSE OF IMPROVING, CONSTRUCTING, RECONSTRUCTING, ACQUIRING RIGHTS OF WAY FOR AND MAINTAINING COUNTY STREETS AND HIGHWAYS AND FOR REFUNDING CERTAIN OUTSTANDING STREET AND HIGHWAY REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF DOCUMENTS AND FURTHER ACTIONS RELATING TO THE ISSUANCE OF THE BONDS AND THE REDEMPTION OF REFUNDED BONDS; APPOINTING AN INITIAL BOND REGISTRAR AND PAYING AGENT FOR THE BONDS; AND APPROVING AND RATIFYING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

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”), and a special bond election held in and for Pima County, Arizona (the “County”), on November 4, 1997 (the “Bond Election”), a majority of the qualified electors of the County voting at the election authorized the issuance and sale by the County of \$350,000,000 aggregate principal amount of bonds for improving, constructing, reconstructing, acquiring rights of way for, and maintenance of County streets and highways (“County Street and Highway Projects”).

(b) Pursuant to the Act and Resolution Nos. 2012-24, 2013-108, 2014-126, No. 2016-30, No. 2017-101 and No. 2019-7 adopted by the Board of Supervisors of Pima County, Arizona (the “Board”) on April 10, 2012, December 3, 2013, December 16, 2014, April 19, 2016, December 19, 2017 and February 5, 2019, respectively (collectively, the “Outstanding Street and Highway Revenue Bond Resolutions”), the County has heretofore issued and has outstanding its Street and Highway Revenue Bonds, Series 2012 (the “2012 Bonds”), Street and Highway Revenue Bonds, Series 2014 (the “2014 Bonds”), Street and Highway Revenue Refunding Bonds, Series 2016 (the “2016 Bonds”), Street and Highway Revenue Bonds, Series 2018, (the “2018 Bonds”) and Street and Highway Revenue Bonds, Series 2019 (the “2019 Bonds” and, collectively with the 2012 Bonds, the 2014 Bonds, the 2016 Bonds and 2018 Bonds, the “Outstanding Street and Highway Revenue Bonds”) to finance or refinance County Street and Highway Projects.

(c) Under authority of the Bond Election and pursuant to the Outstanding Street and Highway Revenue Bond Resolutions, the Board has determined that it is necessary to issue additional Street and Highway Revenue Bonds as authorized in this Resolution (the “2020 Bonds”) in an aggregate principal amount (i) sufficient to provide not exceeding \$21,000,000 for County Street and Highway Projects, plus (ii) sufficient to refund the maturities of the Prior Bonds as described in the hereinafter-described Depository Trust Agreement (the “Bonds to be Refunded”),

in advance of their maturity, plus (iii) an amount to pay costs of issuance of such additional bonds. The Outstanding Street and Highway Revenue Bond Resolutions, as supplemented by this Resolution and as hereafter supplemented and amended, is herein referred to as the “Bond Resolution.”

(d) The 2020 Bonds will be offered and sold either (i) directly to one or more banks submitting a lending proposal to the County (the “Purchaser”), or (ii) through an underwritten offering, to one or more firms then eligible to serve as underwriter for County obligations or to the winning bidder through a sealed bid offering (the “Underwriter”), in either case as determined by the Director of Finance and Risk Management of the County (the “Director of Finance”), to be the most advantageous to the County.

(e) The 2020 Bonds will be sold pursuant to one or more bond purchase agreements (collectively, the “Bond Purchase Agreement”) between the County and the Purchaser or the Underwriter, as applicable, which (a) with respect to the sale of 2020 Bonds to a bank or banks pursuant to a lending proposal, shall be evidenced by the Purchaser’s certificate and receipt, or (b) with respect to the sale of 2020 Bonds to the Underwriter through a negotiated underwritten offering, shall be evidenced by a bond purchase agreement between the County and the Underwriter in a form substantially the same as that used in connection with the sale of the 2019 Bonds or (c) with respect to the sale of 2020 Bonds to the Underwriter through a sealed bid offering, shall be evidenced by a notice of sale disseminated by the County in a form substantially the same as that used in connection with the most recent sealed bid sale of securities by the County, with appropriate changes to reflect the offering of 2020 Bonds.

Section 2. Authorization. The 2020 Bonds are hereby authorized to be issued and sold as “Pima County, Arizona, Street and Highway Revenue Bonds, Series 2020,” in one or more series, bearing tax-exempt interest and/or taxable interest, pursuant to the Act in an aggregate principal amount (i) sufficient to provide not exceeding \$21,000,000 for County Street and Highway Projects, plus (ii) sufficient to refund the Bonds to be Refunded, plus (iii) an amount to pay costs of issuance of the 2020 Bonds. The series designation on the 2020 Bonds may change if they are not issued in calendar year 2020.

Section 3. Terms. The 2020 Bonds will be dated the date of initial delivery thereof and will bear interest at a rate or rates not exceeding the maximum rate authorized at the Bond Election, 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 2020 Bonds and payable on July 1, 2021, 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 2020 Bonds, all as provided in the Bond Purchase Agreement, as executed and delivered. Unless otherwise set forth in the Bond Purchase Agreement, the 2020 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, and if a series of 2020 Bonds is sold to a Purchaser pursuant to a bank lending proposal, redemption or serial principal amounts of less than the full principal amount of a 2020 Bond will be paid, by check mailed by the Paying Agent (as defined herein) to each registered owner of the 2020 Bonds at the address shown on the registration book of the Registrar (as defined herein) on the Record Date (as described in Section 10 hereof), or by wire transfer (a) to any securities depository or, (b) if a series of 2020 Bonds is sold to a Purchaser pursuant to a bank lending proposal, such Purchaser, or, (c) 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

2020 Bonds. Principal of the 2020 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 2020 Bonds will mature on July 1 in any or all of the years not more than twenty (20) years from the date of the 2020 Bonds and in principal amounts, all as provided in the Bond Purchase Agreement, as executed and delivered. The principal amount of the 2020 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 2020 Bonds and the sale of the 2020 Bonds shall be as set forth in the Bond Purchase Agreement, as executed and delivered or approved, 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 2020 Bonds are subject to redemption on any date on or after July 1, 2030, 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 2020 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, notice of redemption will be given by mail to the registered owners of the 2020 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 2020 Bond shall affect the regularity of the proceedings for redemption of any other 2020 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 2020 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2020 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 2020 Bonds or portions of 2020 Bonds so called for redemption shall cease to accrue, such 2020 Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such 2020 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest and such 2020 Bonds shall be deemed paid and no longer outstanding.

(d) Redemption of Less Than All of a 2020 Bond. Unless otherwise provided in the Bond Purchase Agreement, the County may redeem a portion of any 2020 Bond in \$5,000 increments. In that event, the registered owner shall submit the 2020 Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new 2020 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 2020 Bonds.

(a) The 2020 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 2020 Bonds and the execution thereof by such officers shall constitute conclusive evidence of such approval.

(b) The 2020 Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each 2020 Bond shall show the date of its authentication and registration.

Section 6. Book Entry Only System.

(a) The 2020 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 2020 Bonds. One fully registered 2020 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 2020 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 2020 Bonds will not receive certificates representing their interests in the 2020 Bonds and will not be deemed to be registered owners of the 2020 Bonds.

(c) So long as the book entry only system is in operation, principal of and interest on the 2020 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 2020 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 2020 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 2020 Bonds one or more 2020 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.

(e) The provisions of this Section 6 shall not apply to a series of 2020 Bonds sold to a Purchaser pursuant to a bank lending proposal if the Purchaser requests that such 2020 Bonds be registered in its name.

Section 7. Execution of 2020 Bonds.

(a) The 2020 Bonds shall be executed for and on behalf of the County by the Chairman of the Board and attested by the Clerk of the Board by their manual or facsimile signatures.

(b) If an officer whose signature is on a 2020 Bond no longer holds that office at the time the 2020 Bond is authenticated and registered, the 2020 Bond shall nevertheless be valid.

(c) A 2020 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 2020 Bond has been authenticated and issued under this Resolution.

Section 8. Mutilated, Lost or Destroyed 2020 Bonds. In case any 2020 Bond becomes mutilated, destroyed or lost, the County shall cause to be executed and delivered a new 2020 Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated 2020 Bond or in lieu of and in substitution for such 2020 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 2020 Bond destroyed or lost, upon the registered owner filing with the Clerk of the Board and the Registrar evidence satisfactory to the County and the Registrar that such 2020 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 2020 Bonds.

(a) The Chairman of the Board, as the Board's representative, is hereby authorized to sell each series of 2020 Bonds either (i) directly to a Purchaser, or (ii) through to an underwritten offering, to the Underwriter, in either case as determined by the Director of Finance to be the most advantageous to the County, pursuant to the Bond Purchase Agreement.

(b) The Director of Finance or his or her designee is hereby authorized and directed to cause the 2020 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. If a series of 2020 Bonds is sold to a Purchaser pursuant to a bank lending proposal, the Bond Purchase Agreement may provide for additional restrictions on the transfer of such 2020 Bonds.

Section 10. Registrar and Paying Agent.

(a) The County will maintain an office or agency where 2020 Bonds may be presented for registration of transfer (the "Registrar") and an office or agency where 2020 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 2020 Bonds.

(b) Initially, U.S. Bank National Association will act as Registrar and Paying Agent with respect to the 2020 Bonds. The County may change the Registrar or Paying Agent without notice to or consent of owners of the 2020 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 2020 Bonds all money held by the Paying Agent for the payment of principal of and interest and any premium on the 2020 Bonds.

(d) The Registrar may appoint an authenticating agent acceptable to the County to authenticate 2020 Bonds. An authenticating agent may authenticate 2020 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 2020 Bonds, the registered owners of the 2020 Bonds and of transfers of the 2020 Bonds. When 2020 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 2020 Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered 2020 Bonds. Any 2020 Bond or 2020 Bonds may be exchanged at the designated office of the Registrar for a 2020 Bond or 2020 Bonds of the same maturity date and aggregate principal amount as the surrendered 2020 Bond or 2020 Bonds. The "Record Date" for the 2020 Bonds will be the close of business of the Registrar on the 15th day of the month preceding an interest payment date. The 2020 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 2020 Bonds of each series for original issue up to an aggregate principal amount provided in the Bond Purchase Agreement upon the written request of the Director of Finance or his or her designee. The aggregate principal amount of 2020 Bonds outstanding at any time may not exceed that amount except for replacement 2020 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 one or more Depository Trust Agreements (each a "Depository Trust Agreement") with the Depository Trustee. The Chairman of the Board is hereby authorized and directed to execute and deliver the Depository Trust Agreement in a form substantially the same as that used in connection with the sale of the 2016 Bonds 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. 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.

Section 13. Payment of the 2020 Bonds:

(a) The 2020 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 42-6107, Arizona Revised Statutes, and amounts received by the County

from the State of Arizona vehicle license tax pursuant to Subsections (A)(2)(b) and (B)(2)(b) of Section 28-5808, Arizona Revised Statutes, or any successor or replacement statutes that restrict the use of such amounts to street and highway or transportation purposes (the “Pledged Revenues”), on a parity with the Outstanding Street and Highway Revenue Bonds and such additional bonds or other obligations (“Additional Parity Bonds” and, collectively with the Outstanding Street and Highway Revenue Bonds and the 2020 Bonds, the “Parity Bonds”) hereafter issued on a parity therewith. The 2020 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 2020 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 2020 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 2020 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.

(b) On or before the third Monday of each month, commencing with the month following the month in which the 2020 Bonds are issued and delivered unless otherwise set forth in the Bond Purchase Agreement, 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.

(c) 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.

(d) 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.

(e) 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 2020 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 2020 Bonds then outstanding.

Section 15. Additional Parity Bonds.

(a) The County covenants and agrees with the holders of the 2020 Bonds that, so long as any 2020 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 2020 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 Director of Finance 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 2020 Bonds and other Parity Bonds.

Section 16. Amendments.

(a) The County may, without the consent of or notice to any of the owners of 2020 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 2020 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 2020 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 2020 Bonds in book entry form not evidenced by physical certificates, or 2020 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 2020 Bonds to become includable in gross income for purposes of federal income taxes; (vi) to

preserve the exclusion of the interest on 2020 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 2020 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 2020 Bond; (viii) to provide for the refunding or advance refunding of any 2020 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 2020 Bonds sold or remarketed on the basis of the effectiveness of those provisions or amendments with respect to those 2020 Bonds, or applicable only to 2020 Bonds the owners of which are given reasonable notice of the proposed provisions or amendments and have the opportunity to tender their 2020 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 2020 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 2020 Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any 2020 Bond without the consent of the owner of such 2020 Bond; (ii) prefer or give a priority to any 2020 Bond over any other 2020 Bond without the consent of the owner of each 2020 Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of 2020 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 2020 Bonds then outstanding; (iv) reduce the redemption price of any 2020 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 2020 Bond; or (v) reduce the tender price payable or extend the time of payment of the purchase price of any 2020 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 2020 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 2020 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 2020 Bond, whether or not such owner shall have consented thereto. Consent of owners of 2020 Bonds may be evidenced by such 2020 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 2020 Bonds remain outstanding, the consent of the owners of such 2020 Bonds shall not be required and such 2020 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 2020 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 2020 Bond giving such consent and upon any subsequent owner of such 2020 Bond and of any 2020 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 2020 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 2020 Bonds outstanding shall have consented to and approved the execution of such amendment, supplement or modification as herein provided, no owner of any 2020 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 2020 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 2020 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 2020 Bonds shall cease. The County may at any time surrender to the Registrar for cancellation any 2020 Bonds previously authenticated and delivered which the County may have acquired in any manner whatsoever and such 2020 Bonds upon such surrender and cancellation shall be deemed to be paid and retired. Any 2020 Bond or portion thereof in authorized denominations may be deemed paid and defeased in accordance with this Section. Any 2020 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 issued by or guaranteed by 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 2020 Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption, and (ii) if such defeased 2020 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 2020 Bond or portion thereof is to be redeemed and as to the giving of notice of such redemption. 2020 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 2020 Bonds shall be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such 2020 Bonds.

Section 18. Use of Proceeds.

(a) Premium received for the 2020 Bonds shall be deposited in the Bond Fund in an amount specified by the Director of Finance or his or her designee.

(b) If any of the Bonds to be Refunded are to be refunded with proceeds from the sale of the 2020 Bonds, as determined by the Director of Finance or his or her designee, such amount as shall be required by the Depository Trust Agreement shall be deposited with the Depository Trustee and applied in the manner provided in the Depository Trust Agreement in connection with the refunding of the Bonds to be Refunded

(c) The balance of the proceeds from the sale of the 2020 Bonds shall be set aside in a separate special fund and used, to the extent not paid by the Depository Trustee, solely for the purpose approved by the electors of the County at the Bond Election.

(d) 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 2020 Bonds in the State Treasurer's Local Government Investment Pool (LGIP); provided, however, that the County, acting through the Director of Finance or his or her designee, 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 any 2020 Bonds intended by the County to be issued bearing tax-exempt interest (the "Tax-Exempt 2020 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 Tax-Exempt 2020 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 Tax-Exempt 2020 Bonds in such manner and to such extent as may be necessary so that (i) the Tax-Exempt 2020 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 Tax-Exempt 2020 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 Tax-Exempt 2020 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 Tax-Exempt 2020 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 Tax-Exempt 2020 Bonds (the “Tax Compliance Certificate”) relating to the Tax-Exempt 2020 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 or his or her 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 Tax-Exempt 2020 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 Tax-Exempt 2020 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 Tax-Exempt 2020 Bonds; and (iii) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the Tax-Exempt 2020 Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the Tax-Exempt 2020 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 Tax-Exempt 2020 Bonds.

(d) The County authorizes the creation by the Director of Finance or his or her 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 or his or her 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 of the Tax-Exempt 2020 Bonds herein authorized or 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 Tax-Exempt 2020 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 Tax-Exempt 2020 Bonds are delivered. In this connection, the County agrees that it will not take any action to permit the Tax-Exempt 2020 Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the Tax-Exempt 2020 Bonds to be included in gross income for federal income tax purposes.

Section 20. Continuing Disclosure Undertaking. If the 2020 Bonds are the subject of an underwritten offering, the County recognizes that the Underwriter of the 2020 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 2020 Bonds as an underwriter. In order to assist the Underwriter in complying with the Rule, the County will enter into a Continuing Disclosure Undertaking with respect to the 2020 Bonds, and a Continuing Disclosure Undertaking, which will be in substantially the form entered into by the County in connection with the issuance of the 2019 Bonds with such changes as are approved by the Director of Finance, is hereby approved. The Director of Finance or his or her 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. If the 2020 Bonds are sold through an underwritten offering, the Director of Finance or his or her 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 2020 Bonds, which will be in substantially the form distributed by the County in connection with the sale of the 2019 Bonds with such changes as are approved by the Director of Finance or his or her designee, and a final Official Statement (the “Official Statement”) relating to the original issuance of the 2020 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 or his or her designee. If and to the extent applicable, the Director of Finance or his or her 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 2020 Bonds is hereby authorized, ratified, confirmed and approved. The Chairman or any member of the Board, the County Administrator of the County and the Director of Finance or his or her 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 2020 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. Other Actions. From and after the execution and delivery of the Bond Purchase Agreement in definitive form by the County and the other parties thereto, as required, the officers, agents and employees of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such agreements, documents, instruments and certificates as may be necessary to carry out and comply with the provisions thereof, including but not limited to the execution of tax compliance certificates or any other such document necessary in relation to the tax-exempt status of any series of Tax-Exempt 2020 Bonds intended by the County to be executed and delivered bearing tax-exempt interest or otherwise required by the Bond Purchase Agreement.

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 not affect the validity of the remaining portions of this Resolution. The Board 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 2020 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 2020 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.

[Remainder of page left blank intentionally.]

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on _____, 2020.

PIMA COUNTY, ARIZONA

By: _____
Chairman, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP
Bond Counsel

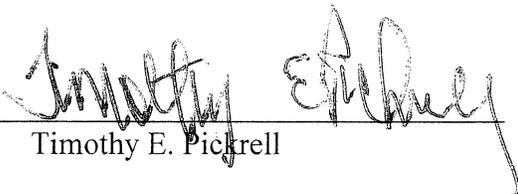
By: 
Timothy E. Pickrell

EXHIBIT A TO RESOLUTION NO. 2020-

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 REVENUE BONDS
SERIES 2020

Number: _____ Denomination: \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
	July 1, 20__	_____, 2020	721882 ____

Registered Owner: CEDE & CO.

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 _____ 1, 20__, 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 certain outstanding street and highway revenue bonds of the County and to provide funds to make those certain street and highway improvements approved by a majority vote of qualified electors voting an election duly called and held in and for the County on November 4, 1997 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 on April 10, 2012, December 3, 2013, December 16, 2014, April 19, 2016, December 19, 2017, February 5, 2019 and October 20, 2020 (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 returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-6107, Arizona Revised Statutes, and amounts received by the County from the State of Arizona vehicle license tax pursuant to Subsections (A)(2)(b) and (B)(2)(b) of Section 28-5808, Arizona Revised Statutes, or any successor or replacement statutes that restrict the use of such amounts to street and highway or transportation purposes (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__ are 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 Chairman of the Board of Supervisors and attested by the Clerk of the 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)
Chairman, Board of Supervisors

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2020, described in the Bond Resolution mentioned herein.

Date of Authentication: _____, 2020

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	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

		(State)

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

ATTACHMENT 2



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: October 20, 2020

Title: RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, PROVIDING FOR THE EXECUTION, DELIVERY AND SALE OF (A) SEWER SYSTEM REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO PROVIDE UP TO \$60,000,000 TO PURCHASE PROPERTY CONSTITUTING ADDITIONS AND IMPROVEMENTS TO THE SEWER SYSTEM OF THE COUNTY, TO FUND A DEBT SERVICE ACCOUNT AND TO PAY COSTS OF DELIVERY, AND (B) SEWER SYSTEM REVENUE REFUNDING OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO ACCOMPLISH THE REFINANCING OF OUTSTANDING SEWER REVENUE OBLIGATIONS BEING REFUNDED THEREBY, TO FUND A DEBT SERVICE ACCOUNT AND TO PAY COSTS OF DELIVERY; AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE OBLIGATION INDENTURES IN CONNECTION THEREWITH AND THE EXECUTION AND DELIVERY OF ONE OR MORE PURCHASE AGREEMENTS PROVIDING FOR INSTALLMENT PAYMENTS BY THE COUNTY FOR THE PURCHASE OR REFINANCING OF SAID PROPERTY TO BE MADE FROM REVENUES OF THE SEWER SYSTEM OF THE COUNTY; AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY OF ALL NECESSARY OR APPROPRIATE AGREEMENTS OR DOCUMENTS AND THE TAKING OF ALL ACTIONS AND MATTERS IN CONNECTION THEREWITH.

Introduction/Background:

Pima County routinely pays for the capital costs of its sewer system by financing them over time. In this way, the costs of the capital assets are better spread throughout the period of time the assets are providing benefits to the system's users. When adopting the fiscal year 2020-21 budget the Board of Supervisors approved the Regional Wastewater Reclamation Department's capital improvement program.

Discussion:

The Regional Wastewater Reclamation Department budgeted \$40 million in debt proceeds to fund the fiscal year 2020-21 sewer system capital improvement program. By issuing up to \$60 million in sewer system revenue obligations for fiscal year 2020-21 and part of 2021-22, the cost of capital assets will be better spread over time to the existing and future sewer system users. This resolution will also allow the County to refinance existing debt provided it is financially advantageous and does not extend the final maturity.

Conclusion:

Issuing up to \$60 million of sewer system revenue obligations and refinancing existing debt, when financially advantageous to the County, is an effective way to finance the purchase of sewer system capital assets.

Recommendation:

Staff recommends that the Board of Supervisors approve this resolution authorizing the sale of sewer system revenue obligations to finance the Regional Wastewater Reclamation Department's fiscal year 2020-21 capital improvement program along with part of the fiscal year 2021-22 program.

Fiscal Impact:

The funding will be made available for the Regional Wastewater Reclamation Departments capital improvement program. The obligations will be repaid over a 10 year period spreading the cost of the capital assets to existing and future system users that benefit from the use of the capital assets.

Board of Supervisor District:

- 1 2 3 4 5 All

Department: Finance & Risk Management Telephone: 724-8410

Contact: Michelle Campagne Telephone: 724-8410

Department Director Signature/Date: *Michelle Campagne* 10/1/2020

Deputy County Administrator Signature/Date: *[Signature]* 10/1/2020

County Administrator Signature/Date: *C. DeLuca* 10/5/20

RESOLUTION NO. 2020- ____

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, PROVIDING FOR THE EXECUTION, DELIVERY AND SALE OF (A) SEWER SYSTEM REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO PROVIDE UP TO \$60,000,000 TO PURCHASE PROPERTY CONSTITUTING ADDITIONS AND IMPROVEMENTS TO THE SEWER SYSTEM OF THE COUNTY, TO FUND A DEBT SERVICE ACCOUNT AND TO PAY COSTS OF DELIVERY, AND (B) SEWER SYSTEM REVENUE REFUNDING OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO ACCOMPLISH THE REFINANCING OF OUTSTANDING SEWER REVENUE OBLIGATIONS BEING REFUNDED THEREBY, TO FUND A DEBT SERVICE ACCOUNT AND TO PAY COSTS OF DELIVERY; AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE OBLIGATION INDENTURES IN CONNECTION THEREWITH AND THE EXECUTION AND DELIVERY OF ONE OR MORE PURCHASE AGREEMENTS PROVIDING FOR INSTALLMENT PAYMENTS BY THE COUNTY FOR THE PURCHASE OR REFINANCING OF SAID PROPERTY TO BE MADE FROM REVENUES OF THE SEWER SYSTEM OF THE COUNTY; AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY OF ALL NECESSARY OR APPROPRIATE AGREEMENTS OR DOCUMENTS AND THE TAKING OF ALL ACTIONS AND MATTERS IN CONNECTION THEREWITH

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 4, Arizona Revised Statutes, as amended (the “Act”), Pima County, Arizona (the “County”), is authorized to purchase, construct or operate a sewer system (the “System”), including the collection, transportation, pumping, treatment and disposal of sewage and to charge fees therefor.

(b) In order to finance or refinance the purchase, construction and operation, additions and improvements to the System (the “Existing Property”), the County authorized the execution and delivery of the various series of sewer system revenue obligations and sewer system revenue refunding obligations, more fully-described in paragraph (d) below (the “Outstanding Obligations”), pursuant to each series’ respective obligation indenture (each, an “Outstanding Obligation Indenture”) with a trustee thereunder, which Outstanding Obligations evidence proportionate interests of the holders thereof in installment payments of the purchase price for the applicable Existing Property to be paid by the County pursuant to an applicable purchase agreement (each, an “Outstanding Purchase Agreement”), between the County and the trustee under the related Outstanding Obligation Indenture, in such trustee’s separate capacity as seller.

(c) Each Outstanding Purchase Agreement provides that the County may incur obligations ranked on a parity with the payments due thereunder that share pro rata in payments to be made by the County from the Pledged Revenues (as defined in each Outstanding Purchase Agreement) (“Additional Obligations”) if certain requirements are met as provided therein.

(d) In order to finance or refinance the purchase, construction and operation of the Existing Property, the County has incurred the following Outstanding Obligations, all of which are titled as Sewer System Revenue Obligations or Sewer System Revenue Refunding Obligations:

<u>Series Designation</u>	<u>Original Aggregate Amount</u>	<u>Dated Date</u>
Series 2011B	\$189,160,000	December 13, 2011
Series 2012A	128,795,000	December 6, 2012
Series 2014	48,500,000	February 12, 2014
Series 2016	211,595,000	July 7, 2016
Series 2017	45,000,000	February 9, 2017
Series 2018	38,205,000	April 12, 2018
Series 2019	21,245,000	April 24, 2019
Series 2020A	35,295,000	March 5, 2020

(e) The Board has determined that it is the best fiscal interest of the County (i) that Additional Obligations should be executed, delivered and sold, and the proceeds thereof be used to purchase, construct and operate other additions and improvements to the System (the “New Money Property” and, collectively with the Existing Property and any property financed with Additional Obligations, the “Property”), such acquisition being financed through the sale, execution and delivery of securities representing proportionate interests (the “New Money Obligations”) in the hereinafter-described applicable Series Purchase Agreement; and (ii) to authorize the refinancing from time to time of some or all of the Outstanding Obligations, the New Money Obligations and any future Additional Obligations (collectively, the “Obligations to be Refunded”) through the sale, execution and delivery of one or more series of Sewer System Revenue Refunding Obligations (the “Refunding Obligations”) and, together with the Outstanding Obligations, the New Money Obligations and future Additional Obligations, the “Obligations”), in order to achieve a present value debt service savings net of all costs of issuance of at least 2.0% of the par amount of Obligations to be Refunded thereby (such savings level being the “Savings Threshold”).

(f) In connection with the execution and delivery of the New Money Obligations and Refunding Obligations, the Board intends to execute and deliver one or more Purchase Agreements (each a “Series Purchase Agreement”), by which the County will agree to purchase or refinance the purchase of the applicable Property. Each Series Purchase Agreement shall be in a form that is substantially similar to the Series 2020A Purchase Agreement, dated March 1, 2020, between the County and the seller thereunder.

(g) The acquisition or refinancing of the Property will be financed or refinanced through the sale, execution and delivery of securities representing proportionate interests in the applicable Series Purchase Agreement pursuant to, and secured by, an obligation indenture (each a “Series Obligation Indenture”), by and between the County and a financial institution selected by the Director of Finance and Risk Management of the County (the “Director of Finance”) to serve in its separate capacity as trustee thereunder (including any successor thereto, the “Series Trustee”), in a form that is substantially similar to the Series 2020A Obligation Indenture, dated March 1, 2020, between the County and trustee thereunder.

(h) Upon execution and delivery of each series of the New Money Obligations or Refunding Obligations, all the conditions for the execution and delivery of Additional Obligations under the Outstanding Purchase Agreements and each Series Purchase Agreement will have been met for such series.

(i) The County will offer and sell each series of New Money Obligations and Refunding Obligations either (i) directly to one or more banks submitting a lending proposal to the County (the “Purchaser”), or (ii) through an underwritten offering, to one or more firms then eligible to serve as underwriter for County obligations or to the winning bidder through a sealed bid offering (the “Underwriter”), in either case as determined by the Director of Finance and Risk Management of the County (the “Director of Finance”), to be the most advantageous to the County.

(j) New Money Obligations and Refunding Obligations of any series sold through an underwritten offering to the Underwriter, will be offered for sale pursuant to a Preliminary Official Statement (each, a “Preliminary Official Statement”), in a form substantially the same as that used in connection with the sale of the 2020A Obligations which, with conforming changes, will become the Official Statement (the “Official Statement”).

(k) In connection with the execution and delivery of Refunding Obligations it may be necessary or advantageous for the County to execute and deliver one or more depository trust or similar agreements (each, a “Depository Trust Agreement”) with a Series Trustee or another financial institution serving as depository trustee thereunder, providing for the payment of Obligations to be Refunded.

(l) New Money Obligations and Refunding Obligations of any series will be sold pursuant to an obligation purchase contract (each, an “Obligation Purchase Contract”) between the County and the Purchaser or the Underwriter, as applicable, which (a) with respect to the sale of a series of New Money Obligations or Refunding Obligations to a bank or banks pursuant to a lending proposal, shall be evidenced by the Purchaser’s certificate and receipt, or (b) with respect to the sale of New Money Obligations or Refunding Obligations to the Underwriter through a negotiated underwritten offering, shall be evidenced by a purchase agreement between the County and the Underwriter in a form substantially the same as that used in connection with the sale of the 2020A Obligations or (c) with respect to the sale of New Money Obligations and Refunding Obligations to the Underwriter through a sealed bid offering, shall be evidenced by a notice of sale disseminated by the County in a form substantially the same as that used in connection with the most recent sealed bid sale of securities by the County, with appropriate changes to reflect the offering of New Money Obligations and Refunding Obligations.

(m) In connection with the sale of New Money Obligations or Refunding Obligations through an underwritten offering, Securities and Exchange Commission Rule 15(c)2-12 may require the County to make certain agreements for the benefit of holders and beneficial owners from time to time of such Obligations, as evidenced in one or more Continuing Disclosure Undertakings from the County (each a “Continuing Disclosure Undertaking”).

(n) The County has the requisite power and authority to execute and deliver each Series Purchase Agreement and to cause the sale, execution and delivery of each series of New Money Obligations and Refunding Obligations. All requirements of the Constitution, the

laws of the State of Arizona, and the County that are preconditions to the adoption of this Resolution have been met such that each Series Purchase Agreement will be a valid and binding limited, special obligation of the County.

Section 2. Authorization and Execution and Delivery of Documents and Obligations.

(a) For the purpose of providing funds to finance or refinance the purchase, construction and operation of the Property, to fund a debt service reserve account and to pay the related costs of the sale, execution and delivery of the New Money Obligations or Refunding Obligations, as applicable, such Obligations shall be sold, executed and delivered as one or more series of obligations (determined as provided herein). Each series of New Money Obligations and Refunding Obligations shall be dated the date of their initial delivery and shall (i) be in an aggregate principal amount, (ii) bear interest, (iii) be issued in such form and denominations and with such series designation, (iv) be payable as to interest and principal on such dates, (v) be tax-exempt or taxable, (vi) be executed in such manner and (vi) have such other provisions, including, without limitation, provisions with respect to redemption prior to maturity, as set forth in the Series Obligation Indenture and (A) if sold to the Purchaser, as agreed to with the Purchaser, or (B) if sold to the Underwriter, as set forth in each Obligation Purchase Contract. Each series of New Money Obligation and Refunding Obligations shall include additions, deletions and modifications consistent with this Resolution as shall be approved by the officers of the Series Trustee, as evidenced by the execution and delivery of series by the Series Trustee.

(b) The Chairman, Vice Chairman or Acting Chairman of the Board, the County Administrator or the Director of Finance (collectively, the "Authorized Officers") are authorized to determine on behalf of the County and then to take any action, make any modification of documents, enter into any agreements, make any elections or certifications and pay any costs necessary to provide for the sale, execution and delivery of each series of New Money Obligations or Refunding Obligations or such portion thereof in such manner, and to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), for such series executed and delivered on a tax-exempt basis, and the terms of such series and any agreement related thereto, including causing such New Money Obligations and Refunding Obligations to be issued in multiple series, to the extent consistent with this Resolution.

(c) The aggregate principal amount of the New Money Obligations shall not exceed the amount sufficient to provide up to \$60,000,000 to purchase the New Money Property, to fund a debt service reserve account and to pay costs of delivery as provided in the Series Purchase Agreement and the Obligation Purchase Contract, the New Money Obligations shall not mature later than July 1, 2035. Each series of New Money Obligations shall be sold at such prices and shall bear interest at such rates as to result in an effective yield as calculated for federal income tax purposes relative to the issuance of obligations, the interest income on which is excluded from gross income, of not to exceed six percent (6.00%) per annum.

(d) The aggregate principal amount of each series of Refunding Obligations shall not exceed the amount sufficient to accomplish the refinancing of the Obligations to be Refunded and amounts, if any, necessary to fund a debt service reserve account and to pay transaction costs in order to achieve a present value debt service savings net of all costs of issuance of at least the Savings Threshold and each series of Refunding Obligations shall mature over a

period of not more than the final maturity of the Obligations to be Refunded. Each series of Refunding Obligations shall be sold at such prices and shall bear interest at such rates as to result in an effective yield as calculated for federal income tax purposes relative to the issuance of obligations, the interest income on which is excluded from gross income, of not to exceed six percent (6.00%) per annum.

(e) The Authorized Officers are authorized to execute each Series Purchase Agreement, each Series Obligation Indenture, each Depository Trust Agreement, each Obligation Purchase Contract and, if sold pursuant to the Obligation Purchase Contract, the Undertaking, which are hereby approved, with such additions, deletions and modifications as shall be approved by the Authorized Officers executing and delivering the same on behalf of the County, the execution and delivery thereof shall be evidence of their approval, and of such additions, deletions and modifications. The Authorized Officers are authorized to approve additions, deletions and modifications to each New Money Obligations or Refunding Obligations, each Series Purchase Agreement and each Series Obligation Indenture to accommodate the sale of the Obligations to the Purchaser instead of the Underwriter, including the form, authorized denominations and method of payment of the Obligations, and to add covenants such as providing certain information as required by the Purchaser.

(f) The Series Trustee is directed to execute and deliver the Obligations, the Series Purchase Agreement and the Series Obligation Indenture to accomplish the purposes of this Resolution.

(g) The Authorized Officers are authorized to:

(i) cause the sale, execution and delivery of each series of New Money Obligations and Refunding Obligations, and are delegated the authority to complete any missing information necessary to consummate the transactions contemplated by each Series Purchase Agreement, each Series Obligation Indenture, each Depository Trust Agreement, each Obligation Purchase Contract and the Undertaking;

(ii) select, and execute and deliver contracts with, appropriate professionals (including outside counsel to the County) to provide professional services with respect to the sale, execution and delivery of each series of New Money Obligations or Refunding Obligations, and to provide for such other matters (including credit enhancement providers) as are necessary to accomplish the purposes of this Resolution; and

(iii) execute and deliver any instruments or documents necessary in connection with the purchase of any credit enhancement, including providing for the repayment of amounts advanced for credit enhancement.

The fees, costs and expenses with respect to the foregoing shall be paid from proceeds of the sale of the Obligations or any other legally available moneys. The Director of Finance is authorized to receive and expend such funds as necessary to accomplish the purposes of this Resolution, including payment of installment payments related to debt service on the Obligations.

Section 3. Acceptance of Proposal. If the terms for a series of New Money Obligations or Refunding Obligations comply with Section 2 hereof, the Authorized Officers are authorized to

determine whether to accept the proposal of the Underwriter pursuant to an Obligation Purchase Contract or the proposal of the Purchaser. Each series shall be prepared, executed and delivered following the adoption of this Resolution, and shall be delivered upon payment therefor to either the Underwriter (in accordance with the terms of the Obligation Purchase Contract) or the Purchaser.

Section 4. Authorization of Official Statement. If a series of New Money Obligations or Refunding Obligations are to be sold to the Underwriter, the Authorized Officers are authorized to:

(a) approve the preparation and dissemination by the Underwriter of one or more Preliminary Official Statements relating to the Obligations; and

(b) execute and approve the preparation and delivery to, and use by, the Underwriter of one or more final Official Statements relating to such series, 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 Authorized Officers.

For purposes of the Rule, if applicable, the Authorized Officers shall certify or represent that each 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. If necessary, the distribution and use of each Preliminary Official Statement and each Official Statement by the County and the Underwriter are authorized, ratified and approved. If necessary, the Authorized Officers are further authorized (i) to use and distribute, or authorize the use and distribution of, any supplements in connection with the original execution and delivery of any series and (ii) to sign and deliver, on behalf of the County, each Official Statement and such certificates in connection with the accuracy of each Official Statement and any amendment thereto.

Section 5. Appointment of Trustee and Depository Trustee. The financial institution to serve as Series Trustee under each Series Obligation Indenture for a series of New Money Obligations and Refunding Obligations shall be designated by the Director of Finance. The Authorized Officers are authorized to appoint a bank or trust company to serve as depository trustee under each Depository Trust Agreement.

Section 6. Severability. This Resolution confers upon the County all powers set forth in the Act, and if any portion hereof shall be deemed invalid by a court of competent jurisdiction, such judgment shall not affect the remaining provisions hereof. All prior resolutions or parts thereof in conflict with this Resolution are repealed.

Section 7. Ratification of Actions. All actions of the officers, employees and agents of the County that conform to the purposes and intent of this Resolution, whether taken before or after adoption of this Resolution, are ratified and approved. The proper officers and agents of the County are authorized and directed to do all such acts 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.

PASSED, ADOPTED, AND APPROVED by the Board of Supervisors of Pima County,
Arizona, on _____, 2020.

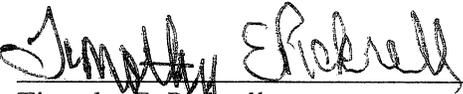
By: _____
Chairman,
Board of Supervisors

ATTEST:

Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US), LLP
Special Counsel

By: 

Timothy E. Pickrell

ATTACHMENT 3



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: October 20, 2020

Title: A RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA AUTHORIZING THE LEASE AND LEASE-PURCHASE BACK OF CERTAIN REAL PROPERTY, INCLUDING BUILDINGS AND STRUCTURES, IN ORDER TO FINANCE AND REFINANCE PROJECTS FOR THE COUNTY; AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS AND SUPPLEMENTS TO A LEASE-PURCHASE AGREEMENT AND A TRUST AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION AND REFUNDING CERTIFICATES OF PARTICIPATION TO PROVIDE THE NECESSARY FINANCING AND REFINANCING THEREFOR; AND AUTHORIZING OTHER ACTIONS AND MATTERS IN CONNECTION THEREWITH.

Introduction/Background:

Pima County issues Certificates of Participation to fund a variety of projects. As with all COPs, the County provides collateral by means of selling or leasing a County Building. In this case, the existing sale/ leaseback of the Public Works Building and parking garage, the Legal Services Building, the Public Service Center and parking garage, the Adult Detention Center and 33 N. Stone will be amended to include this debt.

Discussion:

This Certificates of Participation issue is to fund road repair projects and capital projects approved by the Board of Supervisors and, if financially advantageous to the County, to refinance existing debt provided there is no extension to the final maturity of the issue.

Conclusion:

This resolution authorizes staff to sell up to \$70 million of Pima County Certificates of Participation to fund road repairs and a variety of capital projects approved by the Board of Supervisors and to refinance existing debt when financially advantageous to the County.

Recommendation:

Staff recommends that the Board of Supervisors approve this resolution authorizing the sale of the Certificates of Participation.

Fiscal Impact:

The funding will be made available for road repair projects totaling \$50 million to be repaid over a five year period from the PAYGO allocation for roads and capital projects totaling \$20 million to be repaid over a fifteen year period. The County will transfer monies from the Transportation Fund, General Fund, or any other funds, as appropriate, to repay the Certificates of Participation.

Board of Supervisor District:

- 1 2 3 4 5 All
-

Department: Finance and Risk Management Telephone: 724-8410

Contact: Michelle Campagne Telephone: 724-8410

Department Director Signature/Date: *Michelle Campagne*

Deputy County Administrator Signature/Date: *J. Lee* 10/1/2020

County Administrator Signature/Date: *C. Deibel* 10/5/20

RESOLUTION NO. 2020 - ____

A RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA AUTHORIZING THE LEASE AND LEASE-PURCHASE BACK OF CERTAIN REAL PROPERTY, INCLUDING BUILDINGS AND STRUCTURES, IN ORDER TO FINANCE AND REFINANCE PROJECTS FOR THE COUNTY; AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS AND SUPPLEMENTS TO A LEASE-PURCHASE AGREEMENT AND A TRUST AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION AND REFUNDING CERTIFICATES OF PARTICIPATION TO PROVIDE THE NECESSARY FINANCING AND REFINANCING THEREFOR; AND AUTHORIZING OTHER ACTIONS AND MATTERS IN CONNECTION THEREWITH.

WHEREAS, Pima County, Arizona (the “County”), as lessee, previously entered into a Lease-Purchase Agreement, dated as of June 1, 2008 (the “Original Lease-Purchase Agreement”), as amended, most recently by a Tenth Amendment to Lease-Purchase Agreement, dated as of March 1, 2020 (collectively, and as further amended by the Lease Amendments hereinafter described, the “Lease-Purchase Agreement”) with U.S. Bank National Association, as trustee under the below-described Trust Agreement (the “Trustee”), as lessor (in such capacity, the “Lessor”), pursuant to which the Lessor leases to the County, as lessee, certain leased property (the “Leased Property”) as described therein; and

WHEREAS, the Trustee and the County have previously entered into a Trust Agreement, dated as of June 1, 2008 (the “Original Trust Agreement”), as supplemented, most recently by a Tenth Supplement to Trust Agreement, dated as of March 1, 2020 (collectively, and as further supplemented by the Trust Supplements hereinafter described, the “Trust Agreement”), pursuant to which the Trustee executed and delivered the following currently outstanding series of certificates of participation: Certificates of Participation, Series 2013A (the “2013A Certificates”), Certificates of Participation, Series 2014 (the “2014 Certificates”), Certificates of Participation, Series 2016A (the “2016A Certificates”), Certificates of Participation, Taxable Series 2016B (the “Taxable 2016B Certificates”), Certificates of Participation, Series 2019 (the “2019 Certificates”), Certificates of Participation, Series 2019A (the “2019A Certificates”) and Certificates of Participation, Series 2020A (the “2020A Certificates” and, together with the 2013A Certificates, the 2014 Certificates, the 2016A Certificates, the Taxable 2016B Certificates, the 2019 Certificates and the 2019A Certificates, the “Outstanding Certificates”), for the purpose of financing and refinancing the costs of certain projects of the County approved by this Board, and amending and restructuring the County’s lease payments (the “Lease Payments”) under the Lease-Purchase Agreement; and

WHEREAS, the Trust Agreement permits, under certain conditions, the execution and delivery of “Additional Certificates,” on a parity with the “Certificates” then outstanding under the Trust Agreement, and permits the further supplementation and amendment of the Trust Agreement and the Lease-Purchase Agreement to facilitate such an execution and delivery of such Additional Certificates; and

WHEREAS, the County has determined that it will be advantageous to cause the execution and delivery of certain Additional Certificates (the “New Money Certificates”), in one or more series, in a principal amount, net of any original issue discount, which will produce \$70,000,000 in net proceeds for financing projects of the County approved by this Board, plus any amount approved by an Authorized Officer as being necessary to pay the costs associated with the execution and delivery of such New Money Certificates, and to restructure the Lease Payments under the Lease-Purchase Agreement; and

WHEREAS, the County has also determined that it will be advantageous to authorize the execution and delivery of certain Additional Certificates (the “Refunding Certificates”), from time to time, in one or more series, to refinance some or all of the Outstanding Certificates, the New Money Certificates and any Additional Certificates that may be hereafter executed and delivered from time to time (collectively, the “Certificates to be Refunded”), and all necessary actions and agreements in connection with such refinancing which achieves a present value debt service savings net of all costs of issuance of at least 2.0% of the par amount of Certificates to be Refunded thereby (such savings level being the “Savings Threshold”); and

WHEREAS, in connection with the execution and delivery of New Money Certificates and Refunding Certificates, it will be necessary to enter into a supplemental or restated Trust Agreement or amendments or supplements thereto, between the County and the Trustee (collectively, “Trust Supplements”), and a supplemental or restated Lease-Purchase Agreement or amendments or supplements thereto, between the County and the Trustee, as lessor (collectively, “Lease Amendments”); and

WHEREAS, upon execution and delivery of each series of New Money Certificates or Refunding Certificates, as applicable, all the conditions for the execution and delivery of Additional Certificates under the Trust Agreement will have been met for such series; and

WHEREAS, the County will offer and sell each series of New Money Certificates and Refunding Certificates either (i) directly to one or more banks submitting a lending proposal to the County (the “Purchaser”), or (ii) through an underwritten offering, to one or more firms then eligible to serve as underwriter for County obligations or to the winning bidder through a sealed bid offering (the “Underwriter”), in either case as determined by the Director of Finance and Risk Management of the County (the “Director of Finance”), to be the most advantageous to the County; and

WHEREAS, New Money Certificates and Refunding Certificates of any series sold through an underwritten offering to the Underwriter, will be offered for sale pursuant to a Preliminary Official Statement (each, a “Preliminary Official Statement”), in a form

substantially the same as that used in connection with the sale of the 2020A Certificates which, with conforming changes, will become the Official Statement (the “Official Statement”); and

WHEREAS, in connection with the execution and delivery of Refunding Certificates it may be necessary or advantageous for the County to execute and deliver one or more depository trust or similar agreements (each, a “Depository Trust Agreement”) with the Trustee or another financial institution serving as depository trustee thereunder, providing for the payment of Certificates to be Refunded; and

WHEREAS, New Money Certificates and Refunding Certificates of any series will be sold pursuant to a certificate purchase agreement (each, a “Purchase Agreement”) between the County and the Purchaser or the Underwriter, as applicable, which (a) with respect to the sale of a series of New Money Certificates or Refunding Certificates to a bank or banks pursuant to a lending proposal, shall be evidenced by the Purchaser’s certificate and receipt, or (b) with respect to the sale of New Money Certificates and Refunding Certificates to the Underwriter through a negotiated underwritten offering, shall be evidenced by a certificate purchase agreement between the County and the Underwriter in a form substantially the same as that used in connection with the sale of the 2020A Certificates, or (c) with respect to the sale of New Money Certificates and Refunding Certificates to the Underwriter through a sealed bid offering, shall be evidenced by a notice of sale disseminated by the County in a form substantially the same as that used in connection with the most recent sealed bid sale of securities by the County, with appropriate changes to reflect the offering of New Money Certificates and Refunding Certificates; and

WHEREAS, in connection with the sale of New Money Certificates or Refunding Certificates through an underwritten offering, Securities and Exchange Commission Rule 15(c)2-12 may require the County to make certain agreements for the benefit of holders and beneficial owners from time to time of such Certificates, as evidenced in one or more Continuing Disclosure Undertaking from the County (each a “Continuing Disclosure Undertaking”); and

WHEREAS, the County has the power and authority to enter into and deliver the Lease Amendments, the Trust Supplements, the Purchase Agreements, the Continuing Disclosure Undertakings, Depository Trust Agreements and such additional agreements (collectively, the “County Documents”) or amendments thereto and has determined that it is advantageous and in the public interest to approve the execution, sale and delivery of Additional Certificates in order to secure the financial advantages for the County;

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

Section 1. (a) The execution, delivery and issuance of New Money Certificates, in one or more series, for financing projects of the County approved by this Board, plus any amount approved by an Authorized Officer as being necessary to pay the

costs associated with the execution and delivery of such New Money Certificates, and to restructure the Lease Payments under the Lease-Purchase Agreement is hereby approved.

(b) The execution, delivery and issuance of Refunding Certificates, in one or more series, each in a principal amount sufficient to accomplish the refinancing of Certificates to be Refunded thereby and amounts necessary to pay costs associated with the execution and delivery of such Refunding Certificates which achieve a present value debt service savings net of all costs of issuance of at least the Savings Threshold is hereby approved.

Section 2. The Chairman, Vice Chairman or Acting Chairman of this Board, the County Administrator of the County and the Director of Finance of the County (each an "Authorized Officer") are each hereby authorized, empowered and directed, with the approval of counsel to the County, in the name and on behalf of the County, to execute and deliver the County Documents, in such forms as shall be reviewed by counsel to the County and approved by the Authorized Officer executing the same.

Section 3. From and after the execution and delivery of the County Documents in definitive form by the County and the other parties thereto, as required, the officers, agents and employees of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such agreements, documents, instruments and certificates as may be necessary to carry out and comply with the provisions thereof, including but not limited to the execution of tax compliance certificates or any other such document necessary in relation to the tax-exempt status of any series of New Money Certificates or Refunding Certificates intended by the County to be executed and delivered bearing tax-exempt interest or otherwise required by the related Purchase Agreement.

Section 4. (a) New Money Certificates in a principal amount, net of any original issue discount, which will produce not more than \$70,000,000 in net proceeds for projects for the County approved by this Board, plus any amount approved by an Authorized Officer as being necessary to pay the costs associated with the execution and delivery of such New Money Certificates, may be executed and delivered, in one or more series, on a tax-exempt or taxable basis, bearing interest at the rate or rates per annum not to exceed a yield of 6.00% per annum computed in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and have series designations and other terms and conditions to be provided in the related Purchase Agreement and the Trust Supplement (as executed and delivered) and consistent with this Resolution. Each series of New Money Certificates shall be sold and awarded to the Purchaser or the Underwriter, as applicable, at a price of not less than 98% of par (excluding any original issue discount). Each series of New Money Certificates shall mature over a period ending not later than fifteen (15) years from the date of execution and delivery thereof, may be subject to mandatory or optional redemption prior to maturity, and shall have such other terms, all as provided in the related Trust Supplement and Purchase Agreement (as executed and delivered). Each series of New Money Certificates shall be sold to the Purchaser or to the Underwriter, in either case as determined by Director of Finance to be most advantageous to the County.

(b) The execution, sale and delivery of Refunding Certificates, in one or more series, in a tax-exempt or taxable basis, each in a principal amount sufficient to accomplish the refinancing of the Certificates to be Refunded in transactions meeting the Savings Threshold, and amounts necessary to pay costs associated with the execution and delivery of such Refunding Certificates, bearing interest at the rate or rates per annum (which fixed rates do not exceed the maximum rate or rates provided by the County Documents) and have series designations and other terms and conditions to be provided in the related Purchase Agreements and the Trust Supplement (as executed and delivered) and, consistent with this Resolution, are in all respects approved. Each series of Refunding Certificates shall be sold and awarded to the Purchaser or the Underwriter, as applicable, at a price of not less than 98% of par (excluding any original issue discount). Each series of Refunding Certificates shall mature over a period of not more than the final maturity of the Certificates to be Refunded thereby, and may be subject to mandatory or optional redemption prior to maturity, and shall have such other terms, all as provided in the related Trust Supplements and Purchase Agreements (as executed and delivered). Each series of Refunding Certificates shall be sold to the Purchaser or Underwriter, in either case as determined by the Director of Finance to be most advantageous to the County.

Section 5. As to any series of New Money Certificates or Refunding Certificates sold through an underwritten offering, the distribution of the Preliminary Official Statement by the Underwriter with respect to such series is hereby ratified and approved in the form approved by an Authorized Officer and an Official Statement for such series is hereby authorized and approved, in substantially the form of the related Preliminary Official Statement, with such changes or revisions as may be approved by the Authorized Officer executing the same. Any Authorized Officer is hereby authorized, empowered and directed, in the name and on behalf of the County, to execute and deliver the same to the Underwriter and to execute and deliver instruments confirming that the Preliminary Official Statement is “deemed final” in accordance with Securities and Exchange Commission Rule 15(c)2-12.

Section 6. If the Director of Finance of the County or her designee determines that the purchase of an insurance policy securing payment of any series of New Money Certificates or Refunding Certificates would be advantageous to the County, any officer, agent or employee of the County is hereby authorized to negotiate with and secure, with proceeds of such series of New Money Certificates or Refunding Certificates or otherwise, such an insurance policy from one or more institutions the claims-paying ability of which are then assigned a rating of “Aa3/AA-” or better by a nationally recognized credit rating agency at the time of issuance of the insurance policy. Each Authorized Officer is hereby further authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such insurance policy, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy.

Section 7. The Authorized Officers, and the designees of any of them, are each hereby designated and appointed as the Lessee Representative, as defined in the Lease-Purchase Agreement, and each of them is authorized to execute in the name of and on behalf of the County any closing documents, certificates, or other instruments or

documents necessary or appropriate in connection with the transactions described in or contemplated by the related Official Statement, Purchase Agreement, Lease-Purchase Agreement or Trust Agreement or amendments or supplements thereto and to do all acts and things as may be necessary or desirable to carry out the terms and intent of this Resolution and of any of the documents referred to herein.

Section 8. The proceeds received by the Trustee from the sale of each series of New Money Certificates or Refunding Certificates shall immediately be applied as provided in the related Trust Supplement. Pending disbursement of any such proceeds received by the County and held by the County Treasurer, the County Treasurer is directed to invest the amounts so received and held in the State Treasurer's Local Government Investment Pool (LGIP); provided, however, that 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 monies as set forth in the instructions. The County Administrator or the Director of Finance of the County are hereby authorized to transfer monies from the Transportation Fund, the General Fund or any other funds, as appropriate, and in the amounts proportional to the use of the Certificate proceeds for transportation projects, capital projects, or other projects, facilities or equipment, needed to make lease payments under the Lease Agreement to pay principal and interest with respect to the New Money Certificates or Refunding Certificates as such amounts become due.

Section 9. All actions of the officers, agents and employees of the County which are in conformity with the purposes and intent of the foregoing resolutions be, and the same are hereby, in all respects, authorized, approved, ratified and confirmed.

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PASSED, ADOPTED AND APPROVED, by the Board of Supervisors of Pima County, Arizona, on October 20, 2020.

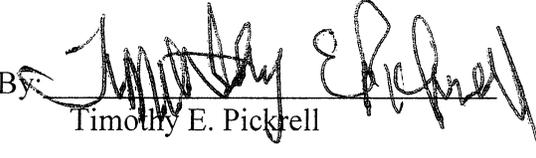
PIMA COUNTY, ARIZONA

By: _____
Chairman, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

Approved as to Form:
SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: 
Timothy E. Pickrell