

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

Closing: April 15, 2015



\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015
(the “2015 Certificates”)

CLOSING: April 15, 2015

CLOSING LIST

Tab

I. BASIC FINANCING DOCUMENTS

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Transcript Distribution:

Pima County, Arizona – Issuer
Squire Patton Boggs (US) LLP – Special Counsel
U.S. Bank National Association – Trustee
RBC Capital Markets, LLC – Underwriter
Greenberg Traurig, LLP – Underwriter’s Counsel
Russo, Russo & Slania, P.C. – Trustee’s Counsel

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F. ANN RODRIGUEZ, RECORDER
RECORDED BY: C_V
DEPUTY RECORDER
1016 PE1

TLATI
TIMOTHY PICKRELL
40 N CENTRAL AVE STE 2700
PHOENIX AZ 85004



DOCKET: 13336
PAGE: 21
NO. OF PAGES: 15
SEQUENCE: 20081240004
06/26/2008
LEASE 08:35
MAIL
AMOUNT PAID \$ 20.00

When recorded return to:
Timothy E. Pickrell, Esq.
Squire, Sanders & Dempsey L.L.P.
Two Renaissance Square
40 North Central Avenue
Suite 2700
Phoenix, Arizona 85004-4498

Affidavit and Fee Exemption Claimed:
A.R.S. Section 11-1134(A)2

Property Tax Exemption:
A.R.S. Section 42-11102(A)2

GROUND LEASE

by and between

PIMA COUNTY, ARIZONA,
as Lessor

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of June 1, 2008

Squire, Sanders & Dempsey L.L.P.
Special Counsel

GROUND LEASE

THIS GROUND LEASE (this "Ground Lease"), dated as of June 1, 2008, by and between PIMA COUNTY, ARIZONA (the "County"), as lessor, and U.S. BANK NATIONAL ASSOCIATION, as trustee for the benefit of the registered owners of the Certificates (as defined herein) (the "Trustee"), as lessee;

WITNESSETH:

WHEREAS, the County owns the parcel of real property situated in Pima County, Arizona and described in Exhibit A and all improvements thereon existing at the time of execution of this Ground Lease (collectively, the "Public Works Parking Garage") and will lease the Public Works Parking Garage to the Trustee, pursuant to the authority in Section 11-256 of the Arizona Revised Statutes (the "Act"); and

WHEREAS, the Trustee will lease the Public Works Parking Garage from the County for the term specified herein; and

WHEREAS, as a means of financing certain improvements for the County, the Trustee will execute and deliver the Certificates of Participation, to be known as the "Certificates" evidencing proportionate ownership interests in the lease payments to be made by the County pursuant to a Lease-Purchase Agreement (as defined below); and

WHEREAS, simultaneously with the execution and delivery of this Ground Lease, the Trustee will execute the Trust Agreement, dated as of June 1, 2008 (the "Trust Agreement") with the County; and

WHEREAS, in order to effect such financing, it is necessary to set forth the terms and provisions to be in effect hereafter;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

Section 1. Term. The County hereby leases the Public Works Parking Garage to the Trustee and the Trustee hereby leases the Public Works Parking Garage from the County for the period commencing as of the date hereof and terminating on June 1, 2023, or such later date as the term of the Lease-Purchase Agreement identified in Section 2 below shall terminate. This Ground Lease shall be subject to earlier termination in accordance with Section 5 hereof.

Section 2. Simultaneous Lease-Back; No Merger. The County and the Trustee agree that simultaneously with and upon the execution of this Ground Lease, the parties shall enter into a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Lease-Purchase Agreement"), pursuant to which the Trustee, as lessor, has agreed to lease the Public Works Parking Garage to the County, as lessee. The County acknowledges that, as provided in the Lease-Purchase Agreement, if an event of default or termination occurs under the Lease-Purchase Agreement without a concurrent

434346.4

prepayment or termination of this Ground Lease as provided in Section 5 hereof, the Trustee shall have the right to enter upon and have the right to occupy the Public Works Parking Garage and to relet or otherwise dispose of its interest in the Public Works Parking Garage without affecting or terminating this Ground Lease.

It is intended by the parties hereto that no merger of the leasehold estates of the County shall occur by operation of law by reason of this Ground Lease and the Lease-Purchase Agreement, and more particularly that (1) the leasehold interest granted by the County to the Trustee under this Ground Lease is and shall be independent of the Lease-Purchase Agreement, (2) the Lease-Purchase Agreement shall not be an assignment or surrender of the leasehold interest granted to the Trustee under this Ground Lease, and (3) the Lease-Purchase Agreement shall not operate as a merger or extinguishment of the leasehold interest granted to the Trustee under this Ground Lease.

Section 3. Title to Property. Title to the Public Works Parking Garage shall at all times remain with the County, subject to the Lease-Purchase Agreement.

Section 4. Rent. The Trustee agrees to prepay its rental obligations hereunder to the County, from the proceeds of the Certificates, upon delivery of the Certificates, which consideration is agreed to represent fair market rental value for the Public Works Parking Garage, and is being paid to the County. The Trustee shall not be responsible for any additional payments hereunder, including any lease or real estate taxes levied with respect to this Ground Lease or the transactions contemplated hereby.

Section 5. Early Rights of Termination by County.

(a) The County shall have the right to terminate this Ground Lease upon written notice to the Trustee after prepayment of the Lease-Purchase Agreement in accordance with Section 10.3 thereof, or the exercise by the County of its option to purchase in accordance with Section 10.2 thereof, and, in either case, defeasance of the Trust Agreement in accordance with Article XIV thereof.

(b) If there is no Event of Default under the Lease-Purchase Agreement in existence at such time, this Ground Lease shall terminate, without any necessity of written notice or further action on the part of the County or the Trustee, on the same date occurring on or after June 1, 2011 that the Public Works Parking Garage is deemed to have been purchased by the County and is released and removed from the Lease-Purchase Agreement, in accordance with Section 10.2 thereof.

Section 6. Surrender. The Trustee agrees that upon the expiration or termination of this Ground Lease it will surrender to the County the Public Works Parking Garage. At the time of such surrender, the Public Works Parking Garage shall be free and clear of all liens and encumbrances resulting from any act or omission of the Trustee.

Section 7. Notices. All notices to be given under this Ground Lease shall be made in writing and mailed by first class mail, postage prepaid, to the party at its address stated below or at such other address as the party may provide in writing from time to time.

If to the County: Pima County, Arizona
Finance Department
130 West Congress, 6th Floor
Tucson, Arizona 85701

If to Trustee: U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, AZ 85003
Attention: Corporate Trust Services

Section 8. Headings. All section headings contained in this Ground Lease are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Ground Lease.

Section 9. Cancellation of County Contracts; Conflicts of Interest. The County and the Trustee acknowledge that this Ground Lease is subject to cancellation by the County pursuant to Section 38-511 of the Arizona Revised Statutes, the provisions of which are incorporated herein. The County and the Trustee represent that, to the best of their knowledge, as of the date hereof no basis exists for the County to cancel this Ground Lease pursuant to Section 38-511 of the Arizona Revised Statutes.

Section 10. Governing Law; Arbitration. This Ground Lease shall be construed in accordance with and governed by the laws of the County. The venue for any proceedings on any and all controversies arising under this Ground Lease shall be Pima County, Arizona. In the event of a dispute, the parties agree to use arbitration to the extent required by Section 12-1518 of the Arizona Revised Statutes, and the prevailing party shall be entitled to attorneys' fees and costs.

Section 11. Entire Agreement; Amendment; Severability.

(a) This Ground Lease, together with attachments, exhibits and other documents or instruments executed by the County and the Trustee in connection with this Ground Lease, constitutes the entire agreement between the parties with respect to the lease of the Public Works Parking Garage.

(b) This Ground Lease may not be modified, amended, altered or changed except with the prior written consent of the County and the Trustee.

(c) If any provision of, or any covenants, obligation or agreement contained in, this Ground Lease is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained in this Ground Lease. That invalidity or unenforceability shall not affect any valid or enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 12. Inspection, Audit and Production of Records. The Trustee agrees that all books, accounts, reports, files and other records relating to this Ground Lease shall be subject at all

reasonable times to inspection and audits by the County for five years after completion of this Ground Lease, and that upon request by the County such records shall be produced at any of the County offices designated herein as the place at which notices to the County are to be given.

Section 13. Limited Obligation of Trustee. The County acknowledges that any and all obligations of the Trustee hereunder are nonrecourse and are limited to moneys received by the Trustee under the Lease-Purchase Agreement or through funds made available pursuant to the Trust Agreement.

Section 14. Execution in Counterparts. This Ground Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Recording. The parties agree that this Ground Lease or a memorandum thereof is to be recorded in the records of Pima County, Arizona, and that this Ground Lease or a memorandum thereof may be re-recorded as necessary to correct the legal description of the Public Works Parking Garage due to replatting or otherwise.

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F. ANN RODRIGUEZ, RECORDER
Recorded By: JAF
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SQUIRE SANDERS LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004



SEQUENCE: 20140430100
NO. PAGES: 12
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MAIL
AMOUNT PAID: \$17.00

Title Security Agency

Order # 6175860/7001431

When recorded return to:
Timothy E. Pickrell, Esq.
Squire Sanders (US) LLP
1 E. Washington Street, Suite 2700
Phoenix, Arizona 85004

Affidavit and Fee Exemption Claimed:
A.R.S. Section 11-1134(A)2
Property Tax Exemption:
A.R.S. Section 42-11102(A)2

2014 GROUND LEASE

by and between

PIMA COUNTY, ARIZONA,
as Lessor

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of January 1, 2014

Squire Sanders (US) LLP
Special Counsel

2014 GROUND LEASE

THIS 2014 GROUND LEASE (this "2014 Ground Lease"), dated as of January 1, 2014, by and between PIMA COUNTY, ARIZONA (the "County"), as lessor, and U.S. BANK NATIONAL ASSOCIATION, as trustee for the benefit of the registered owners of the Certificates (as defined herein) (the "Trustee"), as lessee;

W I T N E S S E T H:

WHEREAS, the County owns the parcel of real property situated in Pima County, Arizona and described in Exhibit A and all improvements thereon existing at the time of execution of this 2014 Ground Lease (collectively, the "2014 Leased Property"); and

WHEREAS, the County, pursuant to the authority in Section 11-256 of the Arizona Revised Statutes (the "Act"), appraised, advertised and then accepted public bids for a leasehold interest in the 2014 Leased Property, subject to specified terms and conditions; and

WHEREAS, the Trustee was the highest bidder at the auction and has agreed to lease the 2014 Leased Property from the County for the term specified herein; and

WHEREAS, as a means of financing its payment of rent under this 2014 Ground Lease, which will be used by the County to make certain improvements to the 2014 Leased Property and pay the expenses incurred by the County, the Trustee will execute and deliver the Certificates of Participation evidencing proportionate ownership interests in the lease payments to be made by the County pursuant to a Lease-Purchase Agreement (as defined below) (the "Certificates"); and

WHEREAS, simultaneously with the execution and delivery of this 2014 Ground Lease, the Trustee will execute the Fourth Supplement to Trust Agreement, dated as of January 1, 2014, supplementing and amending the Trust Agreement, dated as of June 1, 2008, as previously supplemented (collectively, the "Trust Agreement") with the County;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

Section 1. Term. The County hereby leases the 2014 Leased Property to the Trustee and the Trustee hereby leases the 2014 Leased Property from the County for the period commencing as of the date hereof and terminating on February 1, 2039, or such later date as the term of the Lease-Purchase Agreement identified in Section 2 below shall terminate. This 2014 Ground Lease shall be subject to earlier termination in accordance with Section 5 hereof.

Section 2. Simultaneous Lease-Back; No Merger. The County and the Trustee agree that simultaneously with and upon the execution of this 2014 Ground Lease, the parties shall enter into a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014, amending the Lease-Purchase Agreement, dated as of June 1, 2008, as previously amended (collectively, the "Lease-Purchase Agreement"), pursuant to which the Trustee, as lessor, will lease the 2014 Leased

Property to the County, as lessee. The County acknowledges that, as provided in the Lease-Purchase Agreement, if an event of default or termination occurs under the Lease-Purchase Agreement without a concurrent prepayment or termination of this 2014 Ground Lease as provided in Section 5 hereof, this 2014 Ground Lease will remain in effect and the Trustee shall have the right to enter upon and occupy the 2014 Leased Property and to relet or otherwise dispose of its leasehold interest in the 2014 Leased Property under this 2014 Ground Lease.

It is intended by the parties hereto that no merger of the leasehold estates of the County shall occur by operation of law by reason of this 2014 Ground Lease and the Lease-Purchase Agreement, and more particularly that (1) the leasehold interest granted by the County to the Trustee under this 2014 Ground Lease is and shall be independent of the Lease-Purchase Agreement, (2) the Lease-Purchase Agreement shall not be an assignment or surrender of the leasehold interest granted to the Trustee under this 2014 Ground Lease, and (3) the Lease-Purchase Agreement shall not operate as a merger or extinguishment of the leasehold interest granted to the Trustee under this 2014 Ground Lease.

Section 3. Title to Property. Title to the 2014 Leased Property shall at all times remain with the County, subject to this 2014 Ground Lease and the Lease-Purchase Agreement.

Section 4. Rent. The Trustee agrees to prepay its rental obligations hereunder to the County, from the proceeds of the Certificates, upon delivery of the Certificates, which consideration is agreed to represent fair market rental value for the 2014 Leased Property, and is being paid to the County. The Trustee shall not be responsible for any additional payments hereunder, including any lease or real estate taxes levied with respect to this 2014 Ground Lease or the transactions contemplated hereby.

Section 5. Early Rights of Termination by the County.

(a) (a) The County shall have the right to terminate this 2014 Ground Lease upon written notice to the Trustee if the County prepays the Lease-Purchase Agreement in accordance with Section 10.3 thereof, or exercises its option to purchase in accordance with Section 10.2 thereof, and, in either case, defeases the Trust Agreement in accordance with Article XIV thereof.

(b) If there is no Event of Default under the Lease-Purchase Agreement in existence at such time, this 2014 Ground Lease shall terminate, without any necessity of written notice or further action on the part of the County or the Trustee, on the same date occurring on or after February 1, 2039 that the 2014 Leased Property is deemed to have been purchased by the County and is released and/or removed from the Lease-Purchase Agreement, in accordance with Section 10.2 thereof.

Section 6. Surrender. The Trustee agrees that upon the expiration or termination of this 2014 Ground Lease, it will surrender to the County the 2014 Leased Property. At the time of such surrender, the 2014 Leased Property shall be free and clear of all liens and encumbrances resulting from any act or omission of the Trustee.

Section 7. Notices. All notices to be given under this 2014 Ground Lease shall be made in writing and mailed by first class mail, postage prepaid, to the party at its address stated below or at such other address as the party may provide in writing from time to time.

If to the County: Pima County, Arizona
Finance Department
130 West Congress, 6th Floor
Tucson, Arizona 85701

If to Trustee: U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, AZ 85003
Attention: Corporate Trust Services

Section 8. Headings. All section headings contained in this 2014 Ground Lease are for the convenience of reference only and are not intended to define or limit the scope of any provision of this 2014 Ground Lease.

Section 9. Cancellation of County Contracts; Conflicts of Interest. The County and the Trustee acknowledge that this 2014 Ground Lease is subject to cancellation by the County pursuant to Section 38-511 of the Arizona Revised Statutes, the provisions of which are incorporated herein. The County and the Trustee represent that, to the best of their knowledge, as of the date hereof, no basis exists for the County to cancel this 2014 Ground Lease pursuant to Section 38-511 of the Arizona Revised Statutes.

Section 10. Governing Law; Arbitration. This 2014 Ground Lease shall be construed in accordance with and governed by the laws of the County. The venue for any proceedings on any and all controversies arising under this 2014 Ground Lease shall be Pima County, Arizona. In the event of a dispute, the parties agree to use arbitration to the extent required by Section 12-1518 of the Arizona Revised Statutes, and the prevailing party shall be entitled to attorneys' fees and costs.

Section 11. Entire Agreement; Amendment; Severability.

(a) This 2014 Ground Lease, together with attachments, exhibits and other documents or instruments executed by the County and the Trustee in connection with this 2014 Ground Lease, or specifically referenced in this 2014 Ground Lease, constitutes the entire agreement between the parties with respect to the lease of the 2014 Leased Property.

(b) This 2014 Ground Lease may not be modified, amended, altered or changed except in a writing approved and executed by both the County and the Trustee.

(c) If any provision of, or any covenants, obligation or agreement contained in, this 2014 Ground Lease is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained in this 2014 Ground Lease. That invalidity or unenforceability shall not affect any valid or enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 12. Inspection, Audit and Production of Records. The Trustee agrees that all books, accounts, reports, files and other records relating to this 2014 Ground Lease shall be subject at all reasonable times to inspection and audits by the County for five years after completion of this 2014 Ground Lease, and that upon request by the County such records shall be produced at any of the County offices designated herein as the place at which notices to the County are to be given.

Section 13. Limited Obligation of Trustee. The County acknowledges that any and all obligations of the Trustee hereunder are nonrecourse and are limited to moneys received by the Trustee under the Lease-Purchase Agreement or through funds made available pursuant to the Trust Agreement.

Section 14. Execution in Counterparts. This 2014 Ground Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Recording. The parties agree that this 2014 Ground Lease or a memorandum thereof is to be recorded in the records of Pima County, Arizona, and that this 2014 Ground Lease or a memorandum thereof may be re-recorded as necessary to correct the legal description of the 2014 Leased Property due to replatting or otherwise.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the County has caused this 2014 Ground Lease to be executed in its name by its duly authorized officer, and the Trustee has caused this 2014 Ground Lease to be executed in its corporate name by its duly authorized officer, as of the date first above written.

PIMA COUNTY, ARIZONA, as Lessor

By: Sharon Parnson
Chair, Board of Supervisors

ATTEST:

By: Robin Brigid
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Special Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Lessee

By: _____
Vice President

[Signature page to 2014 Ground Lease]

IN WITNESS WHEREOF, the County has caused this 2014 Ground Lease to be executed in its name by its duly authorized officer, and the Trustee has caused this 2014 Ground Lease to be executed in its corporate name by its duly authorized officer, as of the date first above written.

PIMA COUNTY, ARIZONA, as Lessor

By _____
Chair, Board of Supervisors

ATTEST:

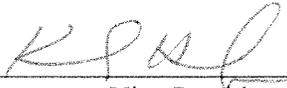
By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Special Counsel

By: _____
Timothy E. Pickrell

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Lessee

By  _____
Vice President

[Signature page to 2014 Ground Lease]

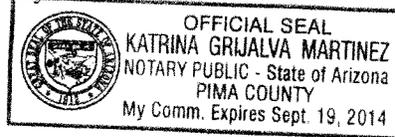
STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this, the 3rd day of February, 2014, before me, the undersigned Notary Public, personally appeared Sharon Bronson, who acknowledged herself to be the Chair of the Pima County Board of Supervisors and that she, such officer, being authorized so to do, executed the foregoing 2014 Ground Lease for the purposes therein contained by signing the name of the County by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Katrina Grijalva Martinez
Notary Public

My Commission Expires:
9-19-14



STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On this, the ____ day of February, 2014, before me, the undersigned Notary Public, personally appeared Keith Henselen, who acknowledged himself to be a Vice President of U.S. Bank National Association, and that he, as such officer, being authorized so to do, executed the foregoing 2014 Ground Lease for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My Commission Expires:

[Notarization page of 2014 Ground Lease]

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this, the ____ day of February, 2014, before me, the undersigned Notary Public, personally appeared Sharon Bronson, who acknowledged herself to be the Chair of the Pima County Board of Supervisors and that she, such officer, being authorized so to do, executed the foregoing 2014 Ground Lease for the purposes therein contained by signing the name of the County by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On this, the 6th day of February, 2014, before me, the undersigned Notary Public, personally appeared Keith Henselen, who acknowledged himself to be a Vice President of U.S. Bank National Association, and that he, as such officer, being authorized so to do, executed the foregoing 2014 Ground Lease for the purposes therein contained by signing the name of the corporation by himself as such officer.

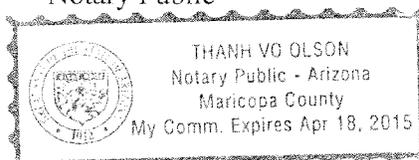
IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:

April 18, 2015



[Notarization page of 2014 Ground Lease]

EXHIBIT A

LEASED PROPERTY LEGAL DESCRIPTION

Parcel 1

Blocks 252 and 253 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 2

Lot 1 and the North 69.00 feet of Lot 2, and Lots 4, 5, 6 and 7 in Block 254 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 3

All of Lot 1 and that portion of Lot 6 in Block 255 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the Northeast corner of said Lot 6;

Thence Southerly 50 feet;

Thence Westerly 50 feet;

Thence Northerly 50 feet;

Thence Easterly 50 feet to the Northeast corner of said Lot 6, the Place of Beginning.

Parcel 4

Portions of public rights of way as shown in Book 4 of Maps and Plats at page 81A and 81B therein, Records of Pima County, Arizona, and on file at the Pima County Recorder's Office, Tucson, Arizona, said portions lying in the southwest one-quarter of Section 12, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

All of Grossetta Avenue as shown in said Block 4 of Maps and Plats at page 81A therein, lying southerly of the southerly right of way line of Toole Avenue, more particularly described as follows:

Beginning at the northeast corner of Block 252 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence southeasterly in a straight line to the northern corner of Block 253 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Block 254 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence easterly in a straight line to the southwest corner of Block 255 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH

All of the alley lying within Block 254 as shown in Book 3 of Maps and Plats at page 81B therein, lying southerly of the southerly right of way line of Council Street more particularly described as follows:

Beginning at the northeast corner of Lot 1 of said Block 254;

Thence easterly in a straight line to the northwest corner of Lot 4 of said Block 254 and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Lot 3 of said Block 254;

Thence easterly in a straight line to the southwest corner of Lot 6 of said Block 254 and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

A portion of Council Street, shown as Miltenburg Street in said Book 4 of Maps and Plats at page 81A and 81B therein, more particularly described as follows:

Beginning at the northeast corner of said Block 254;

Thence upon the south right of way line of said Council Street, said south line coincident with the north line of said Block 254, S 89 degrees 19 minutes 31 seconds W, a distance of 132.77 feet to the northwest corner of Lot 4 thereof;

Thence continue upon said coincident line, S 89 degrees 18 minutes 58 seconds W, a distance of 17.23 feet to the northeast corner of Lot 1 thereof;

Thence continue upon said coincident line, S 89 degrees 19 minutes 23 seconds W, a distance of 145.56 feet to the northwest corner of said Block 254;

Thence leaving said south right of way line, N 03 degrees 46 minutes 35 seconds W, a distance of 50.05 feet to a point on the north right of way line of said Council Street, said point being the southwest corner of Block 252 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 252, N 89 degrees 19 minutes 22 seconds E, a distance of 298.33 feet to the southeast corner of said Block 252;

Thence N 89 degrees 15 minutes 35 seconds E, a distance of 49.99 feet to the southwest corner of Block 253 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 253, N 89 degrees 19 minutes 10 seconds East a distance of 49.70 feet;

Thence leaving said north right of way line, S 00 degrees 40 minutes 50 seconds E a distance of 50.06 feet to a point on the south right of way line of said Council Street;

Thence upon said south right of way line of Council Street, said line coincident with the north line of Block 255 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein, S 89 degrees 18 minutes 23 seconds W, a distance of 49.75 feet to the northwest corner of said Block 255;

Thence S 89 degrees 21 minutes 30 seconds W, a distance of 50.01 feet to the POINT OF BEGINNING;

EXCEPT any portion lying within the aforesaid Grossetta Avenue.

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F. ANN RODRIGUEZ, RECORDER
RECORDED BY: C_V
DEPUTY RECORDER
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TLATI
TIMOTHY PICKRELL
40 N CENTRAL AVE STE 2700
PHOENIX AZ 85004



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Timothy E. Pickrell, Esq.
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40 North Central Avenue, 27th Floor
Phoenix, Arizona 85004
(602.) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

LEASE-PURCHASE AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION, as trustee

as Lessor

and

PIMA COUNTY, ARIZONA,

as Lessee

Dated as of June 1, 2008

relating to

\$50,000,000

Pima County, Arizona

Certificates of Participation, Series 2008

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LEASE-PURCHASE AGREEMENT

THIS LEASE-PURCHASE AGREEMENT (the "Lease-Purchase Agreement"), dated as of June 1, 2008, by and between U.S. BANK NATIONAL ASSOCIATION, as trustee under the below-described Trust Agreement, as lessor (the "Lessor"), and PIMA COUNTY, ARIZONA, as lessee (the "Lessee" or the "County");

WITNESSETH:

WHEREAS, pursuant to the Deed (as defined herein), the Lessee has conveyed to the Lessor certain interests in the County-utilized portion of the public works building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit A-1 hereto (the "Public Works Building"); and

WHEREAS, pursuant to the Deed, the Lessee has conveyed to the Lessor certain interests in the legal services building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit A-2 hereto (the "Legal Services Building"); and

WHEREAS, pursuant to a Ground Lease (as defined herein), the Lessee has leased to the Lessor a certain parking garage located next to the Public Works Building in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit A-3 hereto (the "Public Works Parking Garage"); and

WHEREAS, pursuant to this Lease-Purchase Agreement, the Lessor will lease its interest in the Public Works Building, the Legal Services Building and the Public Works Parking Garage (collectively, the "Leased Property"), to the Lessee for use for County purposes, and the Lessee is authorized pursuant to the laws of the State of Arizona to enter into this Lease-Purchase Agreement for such purposes; and

WHEREAS, in order to (i) finance the acquisition of the Leased Property, and (ii) pay certain Delivery Costs (as defined herein) associated with the execution and delivery of the 2008 Certificates (as defined herein), the Lessor, as trustee, has executed and delivered simultaneously herewith \$50,000,000 aggregate original amount of Pima County, Arizona, Certificates of Participation, Series 2008 (the "2008 Certificates"), representing the undivided proportionate interests of the owners thereof in this Lease-Purchase Agreement and the lease payments to be made by the Lessee pursuant hereto (the "Lease Payments"), pursuant to the Trust Agreement, dated as of June 1, 2008 (the "Trust Agreement"), between the Lessor, as Trustee, and the County and has caused payment of the proceeds of the sale of such certificates of participation to be deposited into various funds established pursuant to the Trust Agreement; and

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS; EXHIBITS**

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease-Purchase Agreement, have the meanings herein specified. Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Trust Agreement.

“2008 Certificates” shall mean the \$50,000,000 aggregate principal amount of Certificates of Participation, Series 2008, to be executed and delivered pursuant to the Trust Agreement.

“Additional Rent” shall mean any payments required to be made pursuant to Section 4.7 hereof in addition to the Lease Payments.

“Acquisition Fund” shall mean the fund by that name established and held by the Trustee pursuant to Section 3.1 of the Trust Agreement.

“Business Day” shall mean a day of the year other than (a) a Saturday or Sunday or (b) a day on which banking institutions located in the city designated by the Trustee for the presentation and payment of Certificates are required or authorized to remain closed.

“Certificates” shall mean, collectively, the 2008 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

“Closing Date” shall mean (a) with respect to the 2008 Certificates, the day when the 2008 Certificates, duly executed by the Trustee, are delivered to the Original Purchaser, and (b) with respect to any other series of Certificates, the day when the Certificates of such series, duly executed by the Trustee, are delivered to the initial purchasers thereof.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

“Deed” shall mean the Special Warranty Deed, dated as of June 1, 2008, between the County, as grantor, and the Trustee, as grantee, conveying the Public Works Building and the Legal Services Building to the Trustee.

“Defeasance Obligations” means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause) and (ii) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including (A) United States Treasury obligations, including State and Local Government Series, and (B) all direct or fully guaranteed obligations of the Farmers Home Administration, General Services Administration, Guaranteed title XI financing, and Government National Mortgage Association (GNMA). Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt

(d) For the purposes described in Section 10.3 of the Trust Agreement, the Certificates described in said Section 10.3.

"Owner" or "Certificate Owner" or "Owner of a Certificate," or any similar term, when used with respect to a Certificate shall mean the person in whose name such Certificate shall be registered.

"Permitted Encumbrances" shall mean, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the Lessee may, pursuant to provisions of Article V of this Lease-Purchase Agreement, permit to remain unpaid; (ii) this Lease-Purchase Agreement; (iii) the Trust Agreement; (iv) the Ground Lease, (v) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist as of the Closing Date and which the Lessee certifies in writing will not materially impair the use of the Leased Property for purposes of this Lease-Purchase Agreement or the security granted to the Trustee in the Trust Agreement; and (vi) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Lessor and the Lessee consent in writing.

"Permitted Investments" shall mean and include (to the extent permitted by law):

(a) Defeasance Obligations.

(b) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: (A) the Export Import Bank of the United States, (B) the Rural Economic Community Development Administration (formerly the Farmers Home Administration), (C) the U.S. Maritime Administration, (D) the Small Business Administration, (E) the U.S. Department of Housing and Urban Development (PHA's), (F) the Federal Housing Administration, and (G) the Federal Financing Bank.

(c) Direct obligations of any of the following federal agencies which are not fully guaranteed by the full faith and credit of the United States of America: (A) senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by Fannie Mae or the Freddie Mac, (B) obligations of the Resolution Funding Corporation (REFCORP), and (C) senior debt obligations of the Federal Home Loan Bank System.

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's, and which matures not more than 270 days after the date of purchase.

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P.

(g) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(h) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or Moody's or any successors thereto, or

(i) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of obligations described in clause (B) of the definition of Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally-recognized independent certified public accountant or firm of such accountants, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vii) on the maturity or redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(j) General obligations of any state of the United States of America rated at least "A2/A" or higher by both S&P and Moody's.

(k) Investment agreements and other forms of investments, including repurchase agreements (in the case of investment agreements, with appropriate opinions of counsel) with notice to S&P.

"Prepayment" shall mean any prepayment of Lease Payments or Additional Rent, in whole or in part, pursuant to Article X of this Lease-Purchase Agreement.

"Prepayment Date" shall mean any date on which the Lessee may exercise its option to prepay all of the remaining Lease Payments in order to exercise its option to purchase all of the Leased Property pursuant to Section 10.2 of this Lease-Purchase Agreement.

"Prepayment Price" shall mean the amount of money, but including Additional Rent, required to be paid by the Lessee on any Prepayment Date in order to exercise its option to purchase all of the Leased Property pursuant to Section 10.2 of this Lease-Purchase Agreement.

"Public Works Building" shall mean the County-utilized portion of the public works building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit A-1 hereto.

"Public Works Parking Garage" shall mean that certain parking garage located next to the Public Works Building in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit A-3 hereto.

"Qualified Self-Insurance" shall mean any program of self-insurance regarding which the Trustee has received a written evaluation of an independent insurance consultant or actuarial consultant having a favorable reputation for skill and experience and an opinion of such

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consultant that adequate reserves for such program are either maintained with an independent corporate trustee or otherwise held with appropriate safeguards to insure their availability. Notwithstanding the foregoing, any self-insurance program maintained by the Lessee in accordance with Arizona Revised Statutes Sections 11-981, 11-952.01 and 11-952.02 or their successors, shall be deemed to be Qualified Self-Insurance hereunder.

"Rebate Fund" shall mean the fund created by Section 8.8(b) of the Trust Agreement.

"S&P" shall mean Standard & Poor's Corporation or any successor nationally recognized securities rating agency.

"Special Counsel" shall mean any law firm, acceptable to the Lessee Representative and the Lessor having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations.

"State" shall mean the State of Arizona.

"Tax Compliance Certificate" shall mean any agreement or certificate of the Lessee which the Lessee may execute in order to establish and maintain the exclusion from gross income for federal income tax purposes of the interest component of the Lease Payments evidenced by the Certificates.

"Term of this Lease" or "Term" shall mean the time during which this Lease-Purchase Agreement is in effect, as provided in Section 4.2 hereof.

"Trust Agreement" shall mean the Trust Agreement, dated as of June 1, 2008, by and between the Trustee and the County, together with any duly authorized and executed amendments or supplements thereto.

"Trustee" shall mean U.S. Bank National Association, in its capacity as trustee, or any successor thereto acting as Trustee pursuant to the Trust Agreement.

Section 1.2 Exhibits. The following Exhibits are attached to, and by reference made a part of, this Lease-Purchase Agreement:

Exhibit A: The description of the real property constituting the Leased Property

Exhibit B: The schedule of Lease Payments to be paid by the Lessee hereunder showing each Lease Payment Date and the amount of each Lease Payment.

Section 1.3 Execution and Delivery of 2008 Certificates. To accomplish the acquisition of the Leased Property, as set forth in Section 3.2 hereof, the parties agree that the 2008 Certificates shall be executed and delivered in an amount sufficient to pay all the costs of the acquisition of the Leased Property and Delivery Costs as set forth in the Trust Agreement.

duties imposed on it under this Lease-Purchase Agreement, the Ground Lease and the Trust Agreement. The Lessee, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting its estates in the Leased Property, will deliver the same, or a copy thereof, to the Trustee.

(i) Prosecution and Defense of Suits. The Lessee shall promptly, upon written request of the Lessor or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter arising and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall, to the maximum extent permitted by law, indemnify and save the Lessor, the Trustee and every Certificate Owner harmless for, from and against all loss cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

(j) Recordation and Filing. The Lessee shall record and file this Lease-Purchase Agreement, the Ground Lease and the Deed and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

(k) Further Assurances. The Lessee will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Ground Lease, the Deed, the Trust Agreement and this Lease-Purchase Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

(l) Environmental Matters.

(i) Except as disclosed in writing to the Lessor and the Trustee prior to the date hereof, the Lessee has not been informed of, nor does the Lessee have any knowledge of (a) the presence of any "Hazardous Substances" (as defined below) on any of the Leased Property, or (b) any spills, releases, threatened releases, discharges or disposal of Hazardous Substances that have occurred or are presently occurring on or onto any of the Leased Property or any properties adjacent to any of the Leased Property, or (c) any spills or disposal of Hazardous Substances that have occurred or are presently occurring on any other properties as a result of any construction on or operation and use of any such Leased Property.

(ii) In connection with the construction on or operation and use of any of the Leased Property, the Lessee represents that it has no knowledge of any failure to comply with any applicable local, state or federal environmental laws, regulations, ordinances and administrative and judicial orders relating to the generation, treatment, recycling, reuse, sale, storage, handling, transport and disposal of any Hazardous Substances.

(iii) The Lessee represents and warrants that it has given no release or waiver of liability that would impair any claim based upon Hazardous Substances to a previous

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(n) Continuing Disclosure. With respect to the execution and delivery of the 2008 Certificates, the Lessee covenants to comply with the reporting requirements applicable to obligated persons set forth in Rule 15c2-12 adopted pursuant to the Securities Exchange Act of 1934, as amended, or any successor provision thereto, and to enter into one or more continuing disclosure undertakings or agreements in form and substance satisfactory to the Original Purchaser.

Section 2.2 Representations, Covenants and Warranties of the Lessor. The Lessor represents, covenants and warrants to the Lessee as follows:

(a) Due Organization and Existence. The Lessor, on the date of execution of this Lease-Purchase Agreement, is a national banking association, duly organized and existing under the laws of the United States of America and has power to enter into this Lease-Purchase Agreement, the Ground Lease and the Trust Agreement, and has duly authorized the execution and delivery of all of the aforesaid agreements.

(b) No Encumbrances. The Lessor will not pledge the Lease Payments, Additional Rent or other amounts derived from the Leased Property and from its other rights under this Lease-Purchase Agreement, and will not transfer, mortgage or encumber its interest in the Leased Property, except as provided under the terms of this Lease-Purchase Agreement and the Trust Agreement.

(c) No Violations. Neither the execution and delivery of this Lease-Purchase Agreement, the Ground Lease or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessor, or upon the Leased Property, except Permitted Encumbrances.

(d) No Assignments. Except as provided herein, the Lessor will not assign this Lease-Purchase Agreement, its right to receive Lease Payments, Additional Rent or other amounts derived from the Leased Property or from its other rights under this Lease-Purchase Agreement or its duties and obligations hereunder to any other person, firm or corporation.

Section 2.3 Tax Covenants. The Lessee covenants (a) that it will take or cause to be taken all actions that may be required of it for the interest on the 2008 Certificates to remain excluded from gross income for federal income tax purposes, (b) that it will not take or authorize to be taken any actions which would adversely affect such exclusion and (c) that it, or other persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the 2008 Certificates in compliance with Arizona law and the Trust Agreement, (ii) restrict the yield on investment property, (iii) make or cause to be made timely and adequate payments to the federal government as provided in Section 8.8 of the Trust Agreement, (iv) maintain books and records, and (v) refrain from certain uses of proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of the interest on the 2008 Certificates under the Code. An officer of the Lessee shall take any and all such

actions, make such rebate payments or potential payments and make or give such reports and certifications as may be appropriate to assure such exclusion of the interest.

The Lessee covenants that it will use, and will restrict the use and investment of the proceeds of the 2008 Certificates in such manner and to such extent, if any, as may be necessary, so that (a) the 2008 Certificates will not (i) constitute an arbitrage bond, a private activity bond or a hedge bond under Sections 141, 148 or 149 of the Code, or (ii) be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the 2008 Certificates will not be treated as a preference item under Section 57 of the Code.

Any officer of the Lessee having responsibility with respect to the execution and delivery of this Lease-Purchase Agreement shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessee, be authorized (a) to make or affect any election, selection, designation, choice, consent, approval, or waiver on behalf of the Lessee with respect to this Lease-Purchase Agreement or the Certificates as the Lessee is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, 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 interest on the 2008 Certificates 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 action which be in writing and signed by the officer, (b) to 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 Lessee, as may be appropriate to assure the exclusion of the interest on the 2008 Certificates from gross income for federal income tax purposes, and (c) to give one or more appropriate certificates of the Lessee, for inclusion in the transcript of proceedings for setting forth the reasonable expectations of the Lessee regarding the amount and use of all the proceeds relating to the 2008 Certificates and the property financed with such proceeds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the 2008 Certificates.

ARTICLE III DEPOSIT OF MONEYS; APPLICATION OF FUNDS

Section 3.1 Deposit of Moneys.

(a) On the Closing Date, there shall be deposited with the Trustee the net proceeds of sale of the 2008 Certificates, which proceeds shall be deposited as provided in Sections 2.6 and 3.1 of the Trust Agreement for disbursement pursuant to the Trust Agreement.

Section 3.2 Acquisition of Leased Property. The Lessor hereby agrees to acquire the Leased Property through the deposit and disbursement of funds in accordance with Section 2.6 of the Trust Agreement.

Section 3.3 Payment of Delivery Costs. Payment of the Delivery Costs shall be made from the moneys deposited with the Trustee in the Delivery Costs Fund as provided in

Section 3.2 hereof, which shall be disbursed for this purpose in accordance and upon compliance with Article III of the Trust Agreement.

Section 3.4 Unexpended Proceeds and Other Moneys. All excess moneys remaining in the Delivery Costs Fund and not required for payment of Delivery Costs, shall be transferred by the Trustee to the Lease Payment Fund pursuant to Section 3.2 of the Trust Agreement and applied as a Prepayment of the Lease Payments pursuant to Article X hereof, and shall be applied to pay the next-succeeding Lease Payments as the same become due and payable.

**ARTICLE IV
AGREEMENT TO LEASE-PURCHASE; TERMINATION OF THIS AGREEMENT;
LEASE PAYMENTS; TITLE TO THE LEASED PROPERTY**

Section 4.1 Lease-Purchase. The Lessor hereby leases the Leased Property to the Lessee, and the Lessee hereby leases the Leased Property from the Lessor, upon the terms and conditions set forth in this Lease-Purchase Agreement.

Section 4.2 Term of Agreement; Termination.

(a) The Term of this Lease-Purchase Agreement shall commence on the date hereof, and continue until the end of the Lessee's current fiscal period, and thereafter shall be deemed to automatically be extended by the Lessee for such additional fiscal periods as are necessary to complete the anticipated total Lease Term through and including June 1, 2011, unless terminated prior thereto as provided herein. If on June 1, 2011, the Trust Agreement shall not be discharged by its terms, then the Term of this Lease-Purchase Agreement shall be extended until the Trust Agreement shall be discharged by its terms. If prior to June 1, 2011, the Trust Agreement shall, to the extent permitted by law, be discharged by its terms, the Term of this Lease-Purchase Agreement shall thereupon end. Reference to the Term of this Lease-Purchase Agreement shall include the initial and any extended term hereunder.

(b) If the Lessee shall fail to obtain, on or before the third Business Day prior to the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period, proper budgeting and final appropriation by the Lessee's Board of Supervisors of the full amount of funds necessary to make all Lease Payments coming due during the Fiscal Period for which such budgeting and appropriation are made, the Lessee will immediately notify the Trustee in writing of that fact. If on the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period no such proper budgeting and final appropriation by the Lessee's Board of Supervisors shall have been made, all of the Lessee's right, title and interest in and future obligations under this Lease-Purchase Agreement and to all of the Leased Property shall terminate (subject to reinstatement as provided in subsection (c)), effective as of the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which sufficient funds were determined to be lawfully available and allocated and the Lessee shall be relieved of any subsequent obligation under this Lease-Purchase Agreement with respect thereto, other than to return the Lessor possession of all of the Leased Property as provided in this Lease-Purchase Agreement and to pay any accrued and unpaid obligations.

(c) If this Lease-Purchase Agreement terminates pursuant to subsection (b) and if within forty-five (45) days after such date of termination amounts described in subsection (b) are determined to be available which would have permitted this Lease-Purchase Agreement to have continued in effect with respect to the Leased Property if such amounts had been determined to be available prior to the termination date, then this Lease-Purchase Agreement shall be reinstated with respect thereto and deemed renewed as of the day following the date of such termination.

Section 4.3 Possession. The Lessee agrees to take immediate possession of the Leased Property. The Lessee agrees to surrender possession of all the Leased Property upon termination of this Lease-Purchase Agreement for any reason (i) on the day following the forty-five (45) day reinstatement period provided in Section 4.2(c) hereof or (ii) on the date set by the Lessor under Section 9.2(b) hereof. To the maximum extent permitted by law, the Lessee agrees to hold the Lessor harmless for, from and against any costs, loss or damage whatsoever arising from or occasioned by any removal of property due to such termination.

Section 4.4 Lease Payments; Additional Rent; Other Payments.

(a) **Obligation to Pay.** Subject to the provisions of Section 4.2 and Articles VI and X hereof, the Lessee agrees to pay to the Lessor, its successors and assigns, as rental for the use and occupancy of the Leased Property, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit B, to be due and payable on the respective Lease Payment Dates specified in Exhibit B. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the Prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof, other than (i) amounts required for payment of past due principal or interest with respect to any Certificates not presented for payment and (ii) proceeds of the Certificate Insurance Policy, if any) shall be credited towards the Lease Payments then due and payable, and no Lease Payments need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund (other than amounts resulting from the Prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof, other than (i) amounts required for payment of past due principal or interest with respect to any Certificates not presented for payment and (ii) proceeds of the Certificate Insurance Policy, if any) are at least equal to the Lease Payments then required to be paid. Each Fiscal Period's Lease Payments shall be for the use of the Leased Property during such Fiscal Period.

The obligations of the Lessee to pay Lease Payments and Additional Rent as required in this Lease-Purchase Agreement and the performance and observance of the other covenants and agreements on the Lessee's part contained herein shall be absolute and unconditional in all aspects, except as specifically otherwise provided herein with respect to termination upon non-appropriation of funds. During the term hereof, the Lessee (i) shall not suspend or discontinue payment of the Lease Payments or Additional Rent, (ii) shall perform and observe all of its agreements contained herein, and will not terminate this Lease-Purchase Agreement for any reason, including, without limitation, any acts or circumstances that may constitute destruction of or damage to the Leased Property, frustration of purpose, or any failure of the Lessor to perform and observe any agreement whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease-Purchase Agreement.

The Lessor acknowledges that it has been informed by the Lessee that, pursuant to Arizona law, the Lessee's obligation to make Lease Payments is a current expense of the Lessee, payable exclusively from budgeting and appropriation during each Fiscal Period, and is not a general obligation or indebtedness of Pima County, Arizona.

Arizona law provides that, if the Lessee fails to budget and appropriate money for any periodic payment or renewal term of a lease-purchase agreement, such agreement shall terminate at the end of the current term and the Lessee shall be relieved of any subsequent obligation under such agreement. The Lessee hereby covenants to make Lease Payments and Additional Rents for all Fiscal Periods during the Lease Term if funds are budgeted and appropriated by the Lessee's Board of Supervisors for that purpose.

The budget officials of the Lessee hereby covenant that they will include in the budget presented to the Lessee's Board of Supervisors sufficient funds for payment of all Lease Payments and Additional Rent when due, provided, however, the Lessor acknowledges that pursuant to Arizona law, budgeting and appropriation of money by Pima County is a legislative act of the Board of Supervisors and is beyond the control of the budgeting official of the Lessee.

(b) Effect of Prepayment. In the event that the Lessee prepays all remaining Lease Payments and Additional Rent in full pursuant to Article X hereof, the Lessee's obligations under this Lease-Payment Agreement shall thereupon cease and terminate, including but not limited to the Lessee's obligation to pay Lease Payments under this Section. In the event the Lessee prepays less than all of the remaining principal components of the Lease Payments and Additional Rent pursuant to Sections 10.3 or 10.4 hereof, the principal and interest components of the remaining Lease Payments shall be reduced proportionately such that the remaining Lease Payments correspond to the remaining payments of principal and interest with respect to the Outstanding Certificates (determined by reference to the Trust Agreement).

(c) Rate on Overdue Payments. In the event the Lessee should fail to make any of the Lease Payments or Additional Rent required in this Section 4.4, the payment in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of ten percent (10%) per annum.

(d) Fair Rental Value. The Lease Payments and Additional Rent for each rental payment period during the term of this Lease-Purchase Agreement shall constitute the total rental for the Leased Property for such rental payment period, and shall be paid by the Lessee in each rental payment period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each such period for which said rental is to be paid. The parties hereto have agreed and determined that the total Lease Payments and Additional Rent represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the appraised value of the Leased Property, other obligations of the parties under this Lease-Purchase Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the Lessee and the general public.

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(e) Lessor as Trustee. The Lessee understands that all interest of the Lessor in and to the Lease Payments and Additional Rent for the Leased Property is held by the Trustee in trust, pursuant to the Trust Agreement for the benefit of the Owners of the Certificates. The Lessee hereby agrees to pay to the Trustee at the Trustee's designated office, or to the Trustee at such other place as the Trustee shall direct in writing, all Lease Payments and Additional Rent payable by the Lessee pursuant to this Lease-Purchase Agreement.

Section 4.5 Quiet Enjoyment. During the Term of this Lease-Purchase Agreement the Lessee shall have quiet use and enjoyment of the Leased Property, and the Lessee shall during such Term peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Lessor, except as expressly set forth in this Lease-Purchase Agreement. The Lessor will, at the request of the Lessee and at the Lessee's cost, join in any legal action in which the Lessee asserts its right to such possession and enjoyment to the extent the Lessor may lawfully do so. Notwithstanding the foregoing, the Lessor shall have the right to inspect the Leased Property as provided in Section 7.1 hereof.

Section 4.6 Title. Pursuant to the Ground Lease, the Lessee shall hold title to the Public Works Parking Garage, but subject to this Lease-Purchase Agreement and the Lessor's interest in the Ground Lease. Pursuant to the Deed, the Lessor shall hold title to the Public Works Building and the Legal Services Building.

If the Lessee prepays the Lease Payments and Additional Rent in full pursuant to Article X hereof or makes the advance deposit required by Section 10.1 hereof, or pays all Lease Payments and Additional Rent during the Term of this Lease-Purchase Agreement as the same become due and payable, all right, title and interest of the Lessor in and to the Leased Property shall be transferred to and vested in the Lessee free and clear of this Lease-Purchase Agreement. Such title shall vest in the Lessee hereunder without the necessity of any additional payments or of any further instrument of transfer. The Lessor agrees to take any and all steps and execute and record any and all documents reasonably required by the Lessee to confirm such vesting of title.

Section 4.7 Additional Rent. In addition to the Lease Payments described in Section 4.4 hereof, the Lessee shall pay when due (a) all costs and expenses incurred by the Lessor or the Trustee to comply with the provisions of the Trust Agreement, (b) payments required to be deposited into the Rebate Fund pursuant to Section 8.8(c) of the Trust Agreement, (c) compensation, expenses and any other amounts payable to the Trustee under Section 9.8 of the Trust Agreement, (d) all amounts payable by the Lessee pursuant to Section 7.2 hereof, (e) all costs and expenses of auditors, engineers, accountants and legal counsel, if necessary, but excluding Delivery Costs (which shall be paid by the Lessor from moneys deposited in the Delivery Costs Fund) and (f) all rent for any holdover period during which Lessee stays in possession of the Leased Property after termination of this Lease-Purchase Agreement, which rent shall be calculated as: (i) number of days of holdover divided by (ii) 365 multiplied by (iii) the Lease Payments for such Fiscal Period.

Section 4.8 Nonsubstitution. If an event of default, as defined in Section 9.1 hereof, shall occur or the Lessee shall terminate this Lease-Purchase Agreement pursuant to Section 4.2(b) hereof, the Lessee agrees, to the extent permitted by law, for sixty (60) days from the date of such termination, not to purchase, lease or rent any other property or services to perform the

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same functions as, or functions taking the place of, those performed by the Leased Property; provided, however, that these restrictions shall not be applicable if or to the extent that the application of these restrictions would affect the validity of this Lease-Purchase Agreement.

ARTICLE V
MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1 Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease-Purchase Agreement, as part of the consideration for the rental of the Leased Property, the Lessee shall repair and maintain the Leased Property, and the Lessee shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the Lessee or any assignee or sublessee thereof. In exchange for the Lease Payments and Additional Rent herein provided, the Lessor agrees to provide only the Leased Property, as hereinbefore more specifically set forth.

The Lessee shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Lessor, the Trustee or the Lessee affecting the Leased Property (but not including income taxes), the respective interests or estates therein or the taxability of any payments under this Lease-Purchase Agreement; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease-Purchase Agreement as and when the same become due.

The Lessee or any sublessee may, at the Lessee's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Lessor shall notify the Lessee or such sublessee that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Lessor in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Lessee or such sublessee shall promptly pay such taxes, assessments or charges or provide the Lessor with full security against any loss which may result from nonpayment, in form satisfactory to the Lessor and the Trustee.

Section 5.2 Modification of Leased Property. The Lessee and any sublessee shall, at their own expense, have the right to remodel any portion of the Leased Property or to make additions, modifications and improvements to any portion of the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease-Purchase Agreement. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section, shall be of a value which is not substantially less than the value of such Leased Property immediately prior to the making of such additions, modifications

such loss or damage; provided, however, to the extent the Lessor or the Trustee are not named as loss payees under any insurance or Qualified Self-Insurance, the Lessee hereby assigns to the Lessor and the Trustee its rights to receive any or all proceeds received from such insurance or Qualified Self-Insurance as their respective interests or rights under this Lease-Purchase Agreement may appear on the date of payment thereof. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

Section 5.5 Title Insurance. The Lessee shall provide, at its own expense, on or before the Closing Date, a title insurance policy in form satisfactory to the Lessor in the amount of not less than the aggregate principal amount of the 2008 Certificates insuring the Trustee's interest in the Leased Property under the Ground Lease, the Deed and this Lease-Purchase Agreement, subject only to Permitted Encumbrances. All Net Proceeds received under said policy shall be deposited with the Trustee in the Lease Payment Fund and shall be credited towards the Prepayment of the remaining Lease Payments pursuant to Section 10.4 hereof.

Section 5.6 Insurance Net Proceeds; Form of Policies. Each policy of insurance required by Sections 5.4 and 5.5 hereof shall provide that all proceeds thereunder shall be payable to the Lessor or assigned to the Lessor by the Lessee pursuant to Sections 5.3 and 5.4 hereof and applied as provided in Section 6.2 hereof. All policies of insurance required by this Lease-Purchase Agreement and any statements of self-insurance shall be in form satisfactory to the Lessor. The Lessee shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease-Purchase Agreement, and shall promptly furnish or cause to be furnished evidence of such payments to the Lessor. All such policies shall provide that the Lessor shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Lessor shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Lessee. The Lessee shall cause to be delivered to the Lessor annually evidence satisfactory to the Lessor that the insurance policies required by this Lease-Purchase Agreement are in full force and effect. In the event the Lessee maintains self-insurance for the insurance required by Sections 5.3 and 5.4 hereof, the Lessee shall cause to be delivered to the Lessor annually the documentation required for the determination that such self-insurance constitutes Qualified Self-Insurance. The Lessee shall furnish an annual certificate stating that the insurance in effect meets the requirements of Sections 5.3, 5.4 and 5.6 of this Lease Agreement.

Section 5.7 Advances. If the Lessee shall fail to perform any of its obligations under this Article, the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the Lessee shall be obligated to repay all such advances as Additional Rent as soon as possible, with interest at the rate of ten percent (10%) per annum from the date of the advance to the date of repayment.

Section 5.8 Installation of Lessee's Equipment. The Lessee and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of such party, in which neither the Lessor nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Leased Property

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resulting from the installation, modification or removal of any such items. Nothing in this Lease-Purchase Agreement shall prevent the Lessee and any sublessee from purchasing or leasing items to be installed pursuant to this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

Section 5.9 Liens. The Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than the respective rights of the Lessor and the Lessee as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The Lessee shall reimburse the Lessor for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.10 Delivery of Leased Property Upon Termination.

Lessee shall, (i) upon the early termination of the full Term of this Lease-Purchase Agreement or (ii) on the date set by the Lessor under Section 9.2(b) hereof, deliver the Leased Property to the Lessor, or another person, as directed by the Lessor, in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear excepted. The Leased Property shall be delivered to the Lessor, or another person, as directed by the Lessor, as herein required, free and clear of all liens, encumbrances and rights of others except Permitted Encumbrances.

**ARTICLE VI
DAMAGE, DESTRUCTION AND EMINENT DOMAIN;
USE OF NET PROCEEDS**

Section 6.1 Eminent Domain. If all of the Leased Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease-Purchase Agreement shall cease as of the day possession shall be so taken and the Net Proceeds shall be deposited with the Trustee pursuant to Section 7.2 of the Trust Agreement. If less than all of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily, under the power of eminent domain, (i) this Lease-Purchase Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial reduction of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the Prepayment of the Lease Payments hereunder as provided in Section 6.3 hereof.

Section 6.2 Application of Net Proceeds.

(a) **From Insurance Award.** The Net Proceeds of any insurance award resulting from any damage to or destruction of any Leased Property by fire or other casualty shall be deposited in the Insurance and Condemnation Fund created pursuant to Article VII of

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(i) This Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments hereunder shall remain obligations of the Lessee;

(ii) The Lessee shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of such sublease;

(iii) No such sublease by the Lessee shall cause any of the Leased Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State; and

(iv) The Lessee shall furnish the Lessor with a written opinion of Special Counsel, with respect to any such sublease, stating that such sublease shall not adversely affect the exclusion of the interest components of the Lease Payments from gross income for federal income tax purposes when paid to the Owners of the 2008 Certificates.

Section 8.2 Amendment of this Lease-Purchase Agreement. Without the written consent of the Trustee, neither the Lessor nor the Lessee will alter, modify or cancel, or agree or consent to alter, modify or cancel this Lease-Purchase Agreement, excepting only such alteration or modification as may be permitted by Article X of the Trust Agreement.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. The following shall be "events of default" under this Lease-Purchase Agreement and the terms "events of default" and "default" shall mean, whenever they are used in this Lease-Purchase Agreement, with respect to the Leased Property, any one or more of the following events:

(i) Failure by the Lessee to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of two (2) days.

(ii) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Trust Agreement or this Lease-Purchase Agreement, other than as referred to in clause (i) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Lessor, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, neither the Lessor, the Trustee nor such Owners shall unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(iii) Any representation or warranty made by the Lessee hereunder shall be untrue in any material respect as of the date made;

(iv) The filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy statute, as amended, or under any similar acts which may hereafter be enacted.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Lessee is unable to perform or observe any agreement, term or condition of this Lease-Purchase Agreement, other than any obligation to make Lease Payments or Additional Rent required under this Lease-Purchase Agreement, the Lessee shall not be deemed in default during the continuance of such inability. However, the Lessee shall promptly give notice to the Lessor of existence of any event of Force Majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strike or labor disturbances shall be entirely within the Lessee's discretion.

For the purpose of this subsection, the term "Force Majeure" shall mean, without limitation: Acts of God; strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or any of its departments, agencies, political subdivisions, courts or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation.

Section 9.2 Remedies on Default. Whenever any event of default referred to in Section 9.1 hereof shall have happened and be continuing, the Lessor may exercise any and all remedies available pursuant to law or granted pursuant to this Lease-Purchase Agreement including, without limitation, excluding the Lessee from the Leased Property; provided, however, that notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or Additional Rent or otherwise declare any Lease Payments or Additional Rent not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the Lessee is expressly made a condition and upon the breach thereof the Lessor may exercise any and all rights of entry and re-entry upon or into the Leased Property and also, at its option, with or without such entry, may, subject to the Certificate Owner's rights provided in Section 9.7 hereof, terminate this Lease-Purchase Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. In the event of such default:

(a) In the event the Lessor does not elect to terminate this Lease-Purchase Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee to enter upon and

take possession of the Leased Property, to the exclusion of the Lessee, and relet the Lessee's interests in the Leased Property in the event of default by the Lessee in the performance of any covenants herein contained to be performed by the Lessee and to remove all personal property not constituting Leased Property and to place such property in storage or other suitable place in the County of Pima, State of Arizona, for the account of and at the expense of the Lessee, and, to the extent permitted by law, the Lessee hereby exempts and agrees to save harmless the Lessor for, from and against any costs, loss or damage whatsoever arising or occasioned by any such entry upon and reletting of the Leased Property and the removal and storage of personal property by the Lessor or its duly authorized agents in accordance with the provisions herein contained. The Lessee hereby waives any and all claims for damages caused or which may be caused by the Lessor in reentering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the Lessee that may be in or upon the Leased Property.

The Lessee agrees that the terms of this Lease-Purchase Agreement constitute full and sufficient notice of the right of the Lessor to take possession of or re-rent the Leased Property in the event of such reentry without effecting a surrender of this Lease-Purchase Agreement, and further agrees that no acts of the Lessor in effecting such re-renting or re-leasing shall constitute a surrender or termination of this Lease-Purchase Agreement irrespective of the term for which such re-leasing or re-renting is made or the terms and conditions of such re-leasing or re-renting, or otherwise, but that, on the contrary, in the event of such default by the Lessee the right to terminate this Lease-Purchase Agreement shall vest in the Lessor to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof.

(b) In an event of default hereunder, the Lessor at its option may terminate this Lease-Purchase Agreement and sell, convey, re-rent, or re-lease all or any portion of its interests in the Leased Property any may exclude the Lessee therefrom. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Lessor shall of itself operate to terminate this Lease-Purchase Agreement and no termination of this Lease-Purchase Agreement on account of default by the Lessee shall be or become effective by operation of law, or otherwise, unless and until the Lessor shall have given written notice to the Lessee of the election on the part of the Lessor to terminate this Lease-Purchase Agreement. The Lessee covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Lease-Purchase Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Lessor by such written notice. Additionally, to the extent permitted by law, the Lessee hereby exempts and agrees to save harmless the Lessor for, from and against any costs, loss or damage whatsoever arising or occasioned by any removal of the Leased Property by the Lessor or its duly authorized agents in accordance with the provisions contained in this Lease-Purchase Agreement.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease-Purchase Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but

any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease-Purchase Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, to the extent permitted by law, the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease-Purchase Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of Proceeds. All Net Proceeds received from the sale, release or other disposition of the Leased Property under this Article IX, and all other amounts derived by the Lessor as a result of an event of default hereunder, shall be applied as provided in Section 13.3 of the Trust Agreement.

Section 9.7 Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Lessor under this Article IX shall be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement.

ARTICLE X PREPAYMENT OF LEASE PAYMENTS

Section 10.1 Security Deposit. Notwithstanding any other provision of this Lease-Purchase Agreement, the Lessee may on any date secure the payment of Lease Payments by a deposit with the Trustee of (i) an amount in cash which, in the judgment of the Trustee, together with amounts on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund is sufficient to pay all unpaid Lease Payments and Additional Rent, including the principal and interest components of Lease Payments, in accordance with the Lease Payment Schedule set forth in Exhibit B, or (ii) Defeasance Obligations, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant acceptable to the Trustee, together with interest to accrue thereon but without reinvestment thereof and, if required, all or a portion of moneys or Defeasance Obligations then on deposit in the Lease Payment Fund, be fully sufficient to pay all unpaid Lease Payments and Additional Rent on their respective due dates or by Prepayment thereof pursuant to Section 10.2 hereof, as the Lessee shall instruct at the time of said deposit. In the event of a deposit pursuant to this Section and upon the defeasance of all the Certificates pursuant to Section 14.1 of the Trust Agreement, all obligations of the Lessee under this Lease-Purchase Agreement (except those which survive termination of this Lease-Purchase Agreement), and all security provided by this Lease-Purchase Agreement for said obligations, shall cease and terminate, excepting only the obligations of the Lessee to make,

or cause to be made, Lease Payments and Additional Rent from the deposit made by the Lessee pursuant to this Section, and if the Trust Agreement has been discharged, title to the Leased Property shall vest in the Lessee on the date of said deposit automatically and without further action by the Lessee or the Lessor. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments and Additional Rent in accordance with the provisions of this Lease-Purchase Agreement.

Section 10.2 Purchase Option. The Lessee may exercise its option to purchase all of the Leased Property on any Prepayment Date, by paying the applicable Prepayment Price together with Additional Rent and the interest component of the Lease Payment required to be paid on such Prepayment Date to effect the redemption of Certificates pursuant to Section 4.2(a) of the Trust Agreement and a deposit described in Section 10.1 hereof sufficient to secure all unpaid Lease Payments necessary to provide for the payment of principal of and interest evidenced by the Certificates not subject to redemption or which are not being redeemed. Except as otherwise provided in the Trust Agreement, such Prepayment Price shall be deposited by the Trustee in the Lease Payment Fund to be applied to the redemption of Certificates pursuant to Section 4.2(a) of the Trust Agreement. The Lessee shall give the Trustee notice of its intention to exercise its option not less than forty-five (45) days in advance of the date of exercise.

Section 10.3 Optional Prepayment. The Lessee may prepay the Lease Payments, in whole or in part, at any time. Such Prepayments shall be deposited in the Lease Payment Fund and applied to the payment or redemption of Certificates as provided in Articles II and IV of the Trust Agreement or, if the Certificates are not subject to redemption at the time of such deposit, shall be applied as provided in Section 14.1 of the Trust Agreement to provide for the payment of Certificates as directed by the Lessee.

Section 10.4 Mandatory Prepayment From Net Proceeds of Insurance, Eminent Domain. The Lessee shall be obligated to prepay the Lease Payments allocable to the Leased Property, in whole or in part, on any May 15 or November 15, or the next succeeding Business Day if such date is not a Business Day, from and to the extent of any Net Proceeds of insurance award or condemnation awards with respect to the Leased Property theretofore deposited in the Lease Payment Fund for such purpose pursuant to Articles V, VI, IX or X hereof or pursuant to Section 7.2 of the Trust Agreement. The Lessee and the Lessor hereby agree that such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the Lessee's obligations under this Section and shall be applied to the mandatory redemption of Certificates required by Section 4.2(b) of the Trust Agreement.

Section 10.5 Credit for Amounts on Deposit. In the event of Prepayment of the principal components of the Lease Payments and Additional Rent in full under this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such Prepayment, all amounts then on deposit in the Lease Payment Fund shall be credited towards the amounts then required to be so prepaid.

Section 11.6 Execution in Counterparts. This Lease-Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7 Applicable Law. This Lease-Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.8 Lessor and Lessee Representatives. Whenever under the provisions of this Lease-Purchase Agreement the approval of the Lessor or the Lessee is required, or the Lessor or the Lessee is required to take some action at the request of the other, such approval or such request shall be given for the Lessor by a Lessor Representative and for the Lessee by a Lessee Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 11.9 Captions. The captions or headings in this Lease-Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease-Purchase Agreement.

Section 11.10 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Lease-Purchase Agreement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this Lease-Purchase Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease-Purchase Agreement on behalf of the Lessee within 3 years from execution of this Lease-Purchase Agreement, unless a waiver of A.R.S. § 38-511 is provided by the Lessee's Board of Supervisors.

[Signature page to follow]

IN WITNESS WHEREOF, the Lessor has caused this Lease-Purchase Agreement to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Lease-Purchase Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Lessor

By:



Vice President

PIMA COUNTY, ARIZONA, as Lessee

By:

Chairman, Board of Supervisors

ATTEST:

By:

Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By:

Timothy E. Pickrell

434241.6

IN WITNESS WHEREOF, the Lessor has caused this Lease-Purchase Agreement to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Lease-Purchase Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Lessor

By: _____
Vice President

PIMA COUNTY, ARIZONA, as Lessee

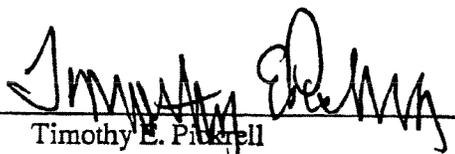
By: 
Chairman, Board of Supervisors

ATTEST:

By: 
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By: 
Timothy E. Pittrell

434241.5

STATE OF ARIZONA)
) ss.
County of Maricopa)

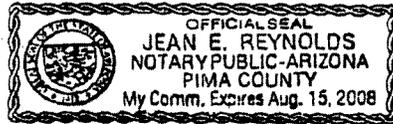
On this, the 26th day of June, 2008, before me, the undersigned Notary Public, personally appeared Robert Von Hess, who acknowledged himself to be a Vice President of U.S. Bank National Association, a national association, and that he, as such officer, being authorized so to do, executed the foregoing Lease-Purchase Agreement for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Jean E. Reynolds
Notary Public

My Commission Expires:

August 15, 2008



434241.6

STATE OF ARIZONA)
) ss.
County of Pima)

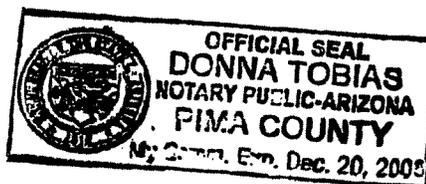
On this, the 17 day of June, 2008, before me, the undersigned Notary Public, personally appeared Richard Elfas, who acknowledged himself to be Chairman of the Pima County, Arizona Board of Supervisors, and that he, as such officer, being authorized so to do, executed the foregoing Lease-Purchase Agreement for the purposes therein contained by signing the name of said county by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Donna Tobias
Notary Public

My Commission Expires:

12-20-08



434241.5

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

A-1: Public Works Building

A-2: Legal Services Building

A-3: Public Works Parking Garage

(See attached pages)

434241

EXHIBIT A-1

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

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THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

434241

EXHIBIT A-2

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

434241

EXHIBIT A-3

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June

10-12-02 10:00 AM

26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

2025 08 20

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North $12\frac{1}{4}$ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South $11\frac{1}{2}$ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South $11\frac{1}{2}$ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South $75\frac{1}{2}$ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

434241

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

434241

EXHIBIT B

SCHEDULE OF LEASE PAYMENTS

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement.

Pima County, Arizona
Certificates of Participation, Series 2008

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
November 15, 2008		\$ 1,076,388.89	\$ 1,076,388.89
May 15, 2009	\$ 20,000,000.00	1,250,000.00	21,250,000.00
November 15, 2009		750,000.00	750,000.00
May 15, 2010	20,000,000.00	750,000.00	20,750,000.00
November 15, 2010		250,000.00	250,000.00
May 15, 2011	<u>10,000,000.00</u>	<u>250,000.00</u>	<u>10,250,000.00</u>
Total	\$ 50,000,000.00	\$ 4,326,388.89	\$54,326,388.89

434241 B-1

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: LLW
DEPUTY RECORDER
1956 PE-2

W
SQUIRE SANDERS & DEMPSEY
40 N CENTRAL AVE 27TH FL
PHOENIX AZ 85004



DOCKET: 13592
PAGE: 2078
NO. OF PAGES: 23
SEQUENCE: 20091270577
07/02/2009
AAG 16:38
MAIL
AMOUNT PAID \$ 28.00

40 North Central Avenue, 27th Floor
Phoenix, Arizona 85004
(602.) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

**FIRST AMENDMENT
TO LEASE-PURCHASE AGREEMENT**

by and between

U.S. BANK NATIONAL ASSOCIATION, as trustee

as Lessor

and

PIMA COUNTY, ARIZONA,

as Lessee

Dated as of June 1, 2009

relating to

\$34,400,000

**Pima County, Arizona
Certificates of Participation, Series 2009**

ORIGINAL FILED

**FIRST AMENDMENT
TO LEASE PURCHASE AGREEMENT**

THIS FIRST AMENDMENT TO LEASE-PURCHASE AGREEMENT (this "Amendment"), dated as of June 1, 2009, by and between U.S. BANK NATIONAL ASSOCIATION, as lessor (the "Lessor" or "Trustee") and PIMA COUNTY, ARIZONA, as lessee (the "Lessee" or the "County");

WITNESSETH:

WHEREAS, the Lessor and the Lessee have previously entered into that certain Lease-Purchase Agreement, dated June 1, 2008 (the "Original Lease-Purchase Agreement," as amended by this Amendment, the "Lease" or "Lease-Purchase Agreement") with respect to the property described in Exhibit A hereto and to the Original Lease-Purchase Agreement; and

WHEREAS, simultaneously with the execution of the Lease, the County and the Trustee entered into a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement"), pursuant to which the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement; and

WHEREAS, the Original Trust Agreement permits the execution and delivery of "Additional Certificates," on a parity with the 2008 Certificates, and permits the supplementation and amendment of the Original Trust Agreement and the Lease to facilitate such an execution and delivery; and

WHEREAS, in consideration of the County's agreement to amend and extend the term of its obligations under the Lease, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$34,400,000 to be denominated "Certificates of Participation, Series 2009" (the "2009 Certificates"), with the net proceeds therefrom to be paid over to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County sites, buildings and facilities and for other capital purposes (the "Projects"); and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2009 Certificates in a principal amount of \$34,400,000; and

WHEREAS, in connection with the execution and delivery of the 2009 Certificates, it will be necessary for the Lessor and the County to enter into this Amendment; and

WHEREAS, upon execution and delivery of the 2009 Certificates, all the conditions for execution and delivery of Additional Certificates under the Original Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution of this Amendment, entered into that certain First Supplement to Trust Agreement (the "First Supplement to Trust Agreement", and together with the Original Trust Agreement, the "Trust Agreement"), providing for the execution and delivery of the 2009 Certificates for the purposes set forth therein, which 2009 Certificates are "Additional Certificates" under the Trust Agreement and are being executed and delivered on a parity with the 2008 Certificates;

NOW, THEREFORE, THE PARTIES HERETO AGREE TO AMEND THE LEASE AGREEMENT AS FOLLOWS:

SECTION 1.1 **Defined Terms.** Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Trust Agreement or, if not defined therein, in the Lease.

SECTION 1.2 **Execution and Delivery of 2009 Certificates.** In consideration of the County's agreement to amend and extend the term of its obligations under the Lease and to pay or to reimburse the costs of the Projects, the parties agree that the 2009 Certificates shall be executed and delivered in a principal amount of \$34,400,000.

SECTION 1.3 **Deposit of Monies.** On the Closing date for the 2009 Certificates, there shall be deposited with the Trustee the net proceeds of sale of the 2009 Certificates, which proceeds shall be deposited as provided in Sections 2.6, 3.1 and 3.2 of the First Supplement to Trust Agreement for disbursement pursuant thereto.

SECTION 1.4 **Term.** The Term of the Lease is hereby extended to June 1, 2012, subject to further extension and earlier termination as provided in Section 4.2 and otherwise in the Original Lease-Purchase Agreement.

SECTION 1.5 **Lease Payments and Lease Payment Dates.** Exhibit B of the Original Lease-Purchase Agreement is hereby amended by substituting therefor Exhibit B attached to this Amendment, setting forth the Lease Payments and Lease Payment Dates under the Lease, and representing the total of payments shown on Exhibit B-1 and Exhibit B-2 attached to this Amendment.

SECTION 1.6 **Certain References.** The provisions in Sections 10.1 through 10.5 of the Original Lease-Purchase Agreement, which refer to certain sections in the Original Trust Agreement regarding prepayment of the 2008 Certificates, shall hereafter be deemed to refer also to the analogous prepayment provisions in the Trust Agreement regarding the 2009 Certificates.

SECTION 1.7 **Tax Covenants.** The Lessee covenants (a) that it will take or cause to be taken all actions that may be required of it for the interest on the 2009 Certificates to remain excluded from gross income for federal income tax purposes, (b) that it will not take or authorize to be taken any actions which would adversely affect such exclusion and (c) that it, or other persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the 2009 Certificates in compliance with Arizona law and the Trust Agreement, (ii) restrict the yield on investment property, (iii) make or cause to be made timely and adequate payments to the federal government as provided in Section 8.8 of the Trust Agreement, (iv) maintain books and records, and (v) refrain from certain uses of proceeds and, as applicable, of property financed

with such proceeds, all in such manner and to the extent necessary to assure such exclusion of the interest on the 2009 Certificates under the Code. An officer of the Lessee shall take any and all such actions, make such rebate payments or potential payments and make or give such reports and certifications as may be appropriate to assure such exclusion of the interest.

The Lessee covenants that it will use, and will restrict the use and investment of the proceeds of the 2009 Certificates in such manner and to such extent, if any, as may be necessary, so that (a) the 2009 Certificates will not (i) constitute an arbitrage bond, a private activity bond or a hedge bond under Sections 141, 148 or 149 of the Code, or (ii) be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the 2009 Certificates will not be treated as a preference item under Section 57 of the Code.

Any officer of the Lessee having responsibility with respect to the execution and delivery of this First Amendment shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessee, be authorized (a) to make or affect any election, selection, designation, choice, consent, approval, or waiver on behalf of the Lessee with respect to this Lease-Purchase Agreement or the Certificates as the Lessee is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, 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 interest on the 2009 Certificates 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 action which be in writing and signed by the officer, (b) to 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 Lessee, as may be appropriate to assure the exclusion of the interest on the 2009 Certificates from gross income for federal income tax purposes, and (c) to give one or more appropriate certificates of the Lessee, for inclusion in the transcript of proceedings for setting forth the reasonable expectations of the Lessee regarding the amount and use of all the proceeds relating to the 2009 Certificates and the property financed with such proceeds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the 2009 Certificates.

SECTION 1.8 **Ratification of Original Lease-Purchase Agreement.** The Original Lease-Purchase Agreement, as amended by this First Amendment, is hereby ratified and confirmed in all respects.

SECTION 1.9 **Binding Effect.** This First Amendment shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

SECTION 1.10 **Severability.** In the event any provision of this First Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 1.11 Execution in Counterparts. This First Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1.12 Applicable Law. This First Amendment shall be governed by and construed in accordance with the laws of the State.

SECTION 1.13 Captions. The captions or headings in this First Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this First Amendment.

SECTION 1.14 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this First Amendment pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this First Amendment, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this First Amendment on behalf of the Lessee within 3 years from execution of this First Amendment, unless a waiver of A.R.S. § 38-511 is provided by the Lessee's Board of Supervisors.

SECTION 1.15 Certain Warranties and Certifications from the Lessor.

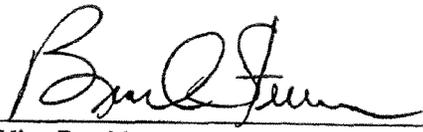
(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Lessor, in its capacity as Lessor under the Lease-Purchase Agreement and as Trustee under the Trust Agreement, including its subcontractors who work on the Lease-Purchase Agreement or the Trust Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under A.R.S. § 23-214(A). The breach by the Lessor of the foregoing shall be deemed a material breach by the Lessor of the Lease-Purchase Agreement and the Trust Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The Lessee retains the legal right to randomly inspect the papers and records of the Lessor to ensure that the Lessor is complying with the above-mentioned warranty. The Lessor shall keep such papers and records open for random inspection by the Lessee during normal business hours. The Lessor shall cooperate with the random inspections by the Lessee, including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(b) Pursuant to A.R.S. §§ 35-91.06 and 35-393.06, the Lessor certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, the term "scrutinized business operations" shall have the meanings set forth in A.R.S. §§ 35-391 and 35-393, as applicable. If the Lessee determines that the Lessor submitted a false certification, the Lessor may impose remedies as provided by law, including termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the Lessor has caused this Amendment to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Amendment to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Lessor

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

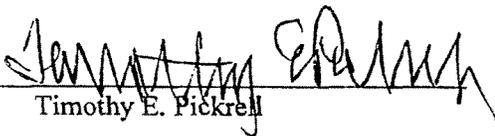
By: 
Chairman, Board of Supervisors

ATTEST:

By: 
Clerk, Board of Supervisors

APPROVED AS TO FORM:

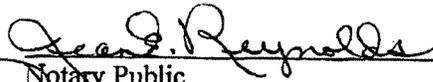
SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By: 
Timothy E. Pickrell

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 10th day of June 2009, before me, the undersigned Notary Public, personally appeared Brad Stevenson, who acknowledged himself to be a Vice President of U.S. Bank National Association, a national association, and that he, as such officer, being authorized so to do, executed the foregoing First Amendment to Lease-Purchase Agreement for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:

August 15, 2012

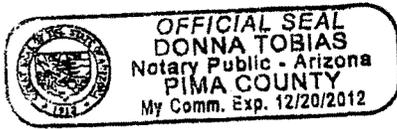


JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

STATE OF ARIZONA)
) ss.
County of Pima)

On this, the 1st day of June, 2009, before me, the undersigned Notary Public, personally appeared Richard Elías, who acknowledged himself to be Chairman of the Pima County, Arizona Board of Supervisors, and that he, as such officer, being authorized so to do, executed the foregoing Lease-Purchase Agreement for the purposes therein contained by signing the name of said county by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Donna Tobias
Notary Public

My Commission Expires:

12-20-12

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

EXHIBIT B

AMENDED SCHEDULE OF LEASE PAYMENTS
RELATING TO 2008 AND 2009 CERTIFICATES
FOLLOWING EXECUTION AND DELIVERY
OF 2009 CERTIFICATES

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
November 15, 2009		\$808,600	\$808,600
May 15, 2010	\$20,000,000	838,000	20,838,000
November 15, 2010		538,000	538,000
May 15, 2011	20,000,000	538,000	20,538,000
November 15, 2011		88,000	88,000
May 15, 2012	4,400,000	88,000	4,488,000
Total	<u>\$44,400,000</u>	<u>\$2,898,600</u>	<u>\$47,298,600</u>

EXHIBIT B-1

AMENDED SCHEDULE OF LEASE PAYMENTS RELATING TO 2008
CERTIFICATES FOLLOWING EXECUTION AND DELIVERY OF 2009
CERTIFICATES

Pima County, Arizona
Certificates of Participation
Series 2008

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
November 15, 2009		\$250,000	\$250,000
May 15, 2010		250,000	250,000
November 15, 2010		250,000	250,000
May 15, 2011	\$10,000,000	250,000	10,250,000
Total	<u>\$10,000,000</u>	<u>\$1,000,000</u>	<u>\$11,000,000</u>

EXHIBIT B-2

SCHEDULE OF LEASE PAYMENTS RELATING TO 2009 CERTIFICATES

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2009

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
November 15, 2009		\$558,600	\$558,600
May 15, 2010	\$20,000,000	588,000	20,588,000
November 15, 2010		288,000	288,000
May 15, 2011	10,000,000	288,000	10,288,000
November 15, 2011		88,000	88,000
May 15, 2012	4,400,000	88,000	4,488,000
Total	<u>\$34,400,000</u>	<u>\$2,898,600</u>	<u>\$36,298,600</u>

F. ANN RODRIGUEZ, RECORDER

RECORDED BY: JSH

DEPUTY RECORDER

0497 PE5-4352



DOCKET: 13741

PAGE: 2396

NO. OF PAGES: 24

SEQUENCE: 20100250587

02/08/2010

AAG 18:00

MAIL

AMOUNT PAID \$ 29.00

W

SQUIRE SANDERS & DEMPSEY
40 N CENTRAL AVE 27TH FL
PHOENIX AZ 85004

When recorded return to:

EXECUTION COPY

Timothy E. Pickrell, Esq.
Squire, Sanders & Dempsey L.L.P.
40 North Central Avenue, 27th Floor
Phoenix, Arizona 85004
(602.) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

**SECOND AMENDMENT
TO LEASE-PURCHASE AGREEMENT**

by and between

U.S. BANK NATIONAL ASSOCIATION, as trustee

as Lessor

and

PIMA COUNTY, ARIZONA,

as Lessee

Dated as of February 1, 2010

relating to

\$20,000,000

**Pima County, Arizona
Certificates of Participation
Series 2010**

4-11-11 14:44:00

**SECOND AMENDMENT
TO LEASE PURCHASE AGREEMENT**

THIS SECOND AMENDMENT TO LEASE-PURCHASE AGREEMENT (this "Second Amendment"), dated as of February 1, 2010, by and between U.S. BANK NATIONAL ASSOCIATION, as lessor (the "Lessor" or "Trustee") and PIMA COUNTY, ARIZONA, as lessee (the "Lessee" or the "County");

WITNESSETH:

WHEREAS, the Lessor and the Lessee have previously entered into a Lease-Purchase Agreement, dated June 1, 2008 (the "Original Lease-Purchase Agreement,"), as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment") and by this Second Amendment, (the "Lease" or "Lease-Purchase Agreement") with respect to the property described in Exhibit A hereto and to the Original Lease-Purchase Agreement; and

WHEREAS, in connection with the execution of the Lease, the County and the Trustee entered into a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement"), pursuant to which the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, and a First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement"), pursuant to which the Trustee executed and delivered \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the "2009 Certificates"); and

WHEREAS, the Original Trust Agreement, as supplemented, permits the execution and delivery of "Additional Certificates," on a parity with the 2008 Certificates and the 2009 Certificates, and permits the supplementation and amendment of the Original Trust Agreement, as supplemented, and the Lease to facilitate such an execution and delivery; and

WHEREAS, in consideration of the County's agreement to amend and extend the term of its obligations under the Lease, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$20,000,000 to be denominated "Certificates of Participation, Series 2010" (the "2010 Certificates"), with the net proceeds therefrom to be paid over to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the "Projects"); and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2010 Certificates in a principal amount of \$20,000,000; and

WHEREAS, in connection with the execution and delivery of the 2010 Certificates, it will be necessary for the Lessor and the County to enter into this Second Amendment; and

WHEREAS, upon execution and delivery of the 2010 Certificates, all the conditions for execution and delivery of Additional Certificates under the Original Trust Agreement, as supplemented, will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution of this Second Amendment, entered into a Second Supplement to Trust Agreement (the "First Supplement to Trust Agreement", and together with the Original Trust Agreement and the First Supplement, the "Trust Agreement"), providing for the execution and delivery of the 2010 Certificates for the purposes set forth therein, which 2010 Certificates are "Additional Certificates" under the Trust Agreement and are being executed and delivered on a parity with the outstanding 2008 Certificates and the 2009 Certificates;

NOW, THEREFORE, THE PARTIES HERETO AGREE TO AMEND THE LEASE AGREEMENT AS FOLLOWS:

SECTION 1.1 **Defined Terms.** Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Trust Agreement or, if not defined therein, in the Lease.

SECTION 1.2 **Execution and Delivery of 2010 Certificates.** In consideration of the County's agreement to amend and extend the term of its obligations under the Lease and to pay or to reimburse the costs of the Projects, the parties agree that the 2010 Certificates shall be executed and delivered in a principal amount of \$20,000,000.

SECTION 1.3 **Deposit of Monies.** On the Closing date for the 2010 Certificates, there shall be deposited with the Trustee the net proceeds of sale of the 2010 Certificates, which proceeds shall be deposited as provided in Sections 2.6, 3.1 and 3.2 of the Second Supplement for disbursement pursuant thereto.

SECTION 1.4 **Term.** The Term of the Lease is hereby extended to June 1, 2019, subject to further extension and earlier termination as provided in Section 4.2 and otherwise in the Original Lease-Purchase Agreement.

SECTION 1.5 **Lease Payments and Lease Payment Dates.** Exhibit B of the Original Lease-Purchase Agreement is hereby amended by substituting therefor Exhibit B attached to this Second Amendment, setting forth the Lease Payments and Lease Payment Dates under the Lease, and representing the total of payments shown on Exhibit B-1, Exhibit B-2 and Exhibit B-3 attached to this Second Amendment.

SECTION 1.6 **Certain References.** The provisions in Sections 10.1 through 10.5 of the Original Lease-Purchase Agreement, which refer to certain sections in the Original Trust Agreement, regarding prepayment of the 2008 Certificates, shall hereafter be deemed to refer also to the analogous prepayment provisions in the Trust Agreement regarding the 2010 Certificates.

SECTION 1.7 **Tax Covenants.** The Lessee covenants (a) that it will take or cause to be taken all actions that may be required of it for the interest on the 2010 Certificates to remain excluded from gross income for federal income tax purposes, (b) that it will not take or

authorize to be taken any actions which would adversely affect such exclusion and (c) that it, or other persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the 2010 Certificates in compliance with Arizona law and the Trust Agreement, (ii) restrict the yield on investment property, (iii) make or cause to be made timely and adequate payments to the federal government as provided in Section 8.8 of the Trust Agreement, (iv) maintain books and records, and (v) refrain from certain uses of proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of the interest on the 2010 Certificates under the Code. An officer of the Lessee shall take any and all such actions, make such rebate payments or potential payments and make or give such reports and certifications as may be appropriate to assure such exclusion of the interest.

The Lessee covenants that it will use, and will restrict the use and investment of the proceeds of the 2010 Certificates in such manner and to such extent, if any, as may be necessary, so that (a) the 2010 Certificates will not (i) constitute an arbitrage bond, a private activity bond or a hedge bond under Sections 141, 148 or 149 of the Code, or (ii) be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the 2010 Certificates will not be treated as a preference item under Section 57 of the Code.

Any officer of the Lessee having responsibility with respect to the execution and delivery of this Second Amendment shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessee, be authorized (a) to make or affect any election, selection, designation, choice, consent, approval, or waiver on behalf of the Lessee with respect to the Lease-Purchase Agreement or the Certificates as the Lessee is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, 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 interest on the 2010 Certificates 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 action which be in writing and signed by the officer, (b) to 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 Lessee, as may be appropriate to assure the exclusion of the interest on the 2010 Certificates from gross income for federal income tax purposes, and (c) to give one or more appropriate certificates of the Lessee, for inclusion in the transcript of proceedings for setting forth the reasonable expectations of the Lessee regarding the amount and use of all the proceeds relating to the 2010 Certificates and the property financed with such proceeds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the 2010 Certificates.

SECTION 1.8 **Ratification of Original Lease-Purchase Agreement, as Amended.** The Original Lease-Purchase Agreement, as amended by the First Amendment and by this Second Amendment, is hereby ratified and confirmed in all respects.

SECTION 1.9 **Binding Effect.** This Second Amendment shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

SECTION 1.10 **Severability.** In the event any provision of this Second Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 1.11 **Execution in Counterparts.** This Second Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1.12 **Applicable Law.** This Second Amendment shall be governed by and construed in accordance with the laws of the State.

SECTION 1.13 **Captions.** The captions or headings in this Second Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Second Amendment.

SECTION 1.14 **Cancellation of Contracts.** As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Second Amendment pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this Second Amendment, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Second Amendment on behalf of the Lessee within 3 years from execution of this Second Amendment, unless a waiver of A.R.S. § 38-511 is provided by the Lessee's Board of Supervisors.

SECTION 1.15 **Certain Warranties and Certifications from the Lessor.**

(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Lessor, in its capacity as Lessor under the Lease-Purchase Agreement and as Trustee under the Trust Agreement, including its subcontractors who work on the Lease-Purchase Agreement or the Trust Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under A.R.S. § 23-214(A). The breach by the Lessor of the foregoing shall be deemed a material breach by the Lessor of the Lease-Purchase Agreement and the Trust Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The Lessee retains the legal right to randomly inspect the papers and records of the Lessor to ensure that the Lessor is complying with the above-mentioned warranty. The Lessor shall keep such papers and records open for random inspection

by the Lessee during normal business hours. The Lessor shall cooperate with the random inspections by the Lessee, including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(b) Pursuant to A.R.S. §§ 35-91.06 and 35-393.06, the Lessor certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, the term "scrutinized business operations" shall have the meanings set forth in A.R.S. §§ 35-391 and 35-393, as applicable. If the Lessee determines that the Lessor submitted a false certification, the Lessor may impose remedies as provided by law, including termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement.

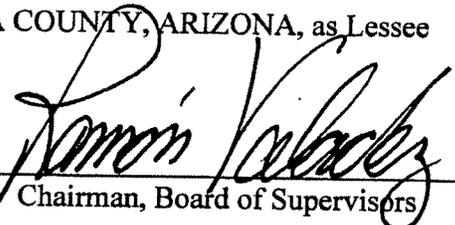
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IN WITNESS WHEREOF, the Lessor has caused this Second Amendment to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Second Amendment to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Lessor

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

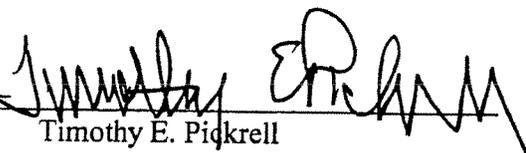
By: 
Chairman, Board of Supervisors

ATTEST:

By: 
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

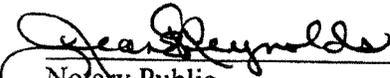
By: 
Timothy E. Pidkrell

[Signature page of Second Amendment to Lease-Purchase Agreement]

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 4th day of February 2010, before me, the undersigned Notary Public, personally appeared Brenda D. Black, who acknowledged himself/herself to be a Vice President of U.S. Bank National Association, a national association, and that he/she, as such officer, being authorized so to do, executed the foregoing Second Amendment to Lease-Purchase Agreement for the purposes therein contained by signing the name of the association by himself/herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:

August 15, 2012



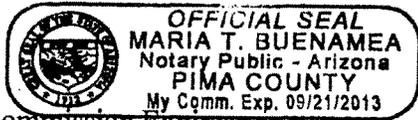
JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

[Notarization page of Second Amendment to Lease-Purchase Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

On this, the 26th day of JANUARY, 2010, before me, the undersigned Notary Public, personally appeared Ramón O. Valadez, who acknowledged himself to be Chairman of the Pima County, Arizona Board of Supervisors, and that he, as such officer, being authorized so to do, executed the foregoing Second Amendment to Lease-Purchase Agreement for the purposes therein contained by signing the name of said county by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Maria T. Buenamea
Notary Public

My Commission Expires.

Sept 21, 2013

[Notarization page of Second Amendment to Lease-Purchase Agreement]

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

EXHIBIT B

**AMENDED SCHEDULE OF LEASE PAYMENTS
RELATING TO 2008, 2009 AND 2010 CERTIFICATES
FOLLOWING EXECUTION AND DELIVERY
OF 2010 CERTIFICATES**

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
May 15, 2010		\$538,000	\$538,000
November 15, 2010		1,151,785	1,151,785
May 15, 2011	\$21,750,000	909,991	22,659,991
November 15, 2011		442,491	442,491
May 15, 2012	6,425,000	442,491	6,867,491
November 15, 2012		334,241	334,241
May 15, 2013	2,065,000	334,241	2,399,241
November 15, 2013		303,266	303,266
May 15, 2014	2,130,000	303,266	2,433,266
November 15, 2014		265,991	265,991
May 15, 2015	2,200,000	265,991	2,465,991
November 15, 2015		227,491	227,491
May 15, 2016	2,280,000	227,491	2,507,491
November 15, 2016		167,641	167,641
May 15, 2017	2,400,000	167,641	2,567,641
November 15, 2017		104,641	104,641
May 15, 2018	2,525,000	104,641	2,629,641
November 15, 2018		54,141	54,141
May 15, 2019	<u>2,625,000</u>	<u>54,141</u>	<u>2,679,141</u>
 Total	 <u>\$44,400,000</u>	 <u>\$6,399,582</u>	 <u>\$50,799,582</u>

EXHIBIT B-1

**AMENDED SCHEDULE OF LEASE PAYMENTS RELATING TO 2008
CERTIFICATES FOLLOWING EXECUTION AND DELIVERY OF 2010
CERTIFICATES**

Pima County, Arizona
Certificates of Participation
Series 2008

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
May 15, 2010		\$250,000	\$250,000
November 15, 2010		250,000	250,000
May 15, 2011	<u>\$10,000,000</u>	<u>250,000</u>	<u>10,250,000</u>
Total	<u>\$10,000,000</u>	<u>\$750,000</u>	<u>\$10,750,000</u>

EXHIBIT B-2

**AMENDED SCHEDULE OF LEASE PAYMENTS RELATING TO 2009
CERTIFICATES FOLLOWING EXECUTION AND DELIVERY OF 2010
CERTIFICATES**

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2009

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
May 15, 2010		\$288,000	\$288,000
November 15, 2010		288,000	288,000
May 15, 2011	10,000,000	288,000	10,288,000
November 15, 2011		88,000	88,000
May 15, 2012	<u>4,400,000</u>	<u>88,000</u>	<u>4,488,000</u>
Total	<u>\$14,400,000</u>	<u>\$1,040,000</u>	<u>\$15,440,000</u>

EXHIBIT B-3

SCHEDULE OF LEASE PAYMENTS RELATING TO 2010 CERTIFICATES

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
 Certificates of Participation
 Series 2010

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
December 1, 2010		\$613,784.53	\$613,784.53
June 1, 2011	\$1,750,000	371,990.63	2,121,990.63
December 1, 2011		354,490.63	354,490.63
June 1, 2012	2,025,000	354,490.63	2,379,490.63
December 1, 2012		334,240.63	334,240.63
June 1, 2013	2,065,000	334,240.63	2,399,240.63
December 1, 2013		303,265.63	303,265.63
June 1, 2014	2,130,000	303,265.63	2,433,265.63
December 1, 2014		265,990.63	265,990.63
June 1, 2015	2,200,000	265,990.63	2,465,990.63
December 1, 2015		227,490.63	227,490.63
June 1, 2016	2,280,000	227,490.63	2,507,490.63
December 1, 2016		167,640.63	167,640.63
June 1, 2017	2,400,000	167,640.63	2,567,640.63
December 1, 2017		104,640.63	104,640.63
June 1, 2018	2,525,000	104,640.63	2,629,640.63
December 1, 2018		54,140.63	54,140.63
June 1, 2019	<u>2,625,000</u>	<u>54,140.63</u>	<u>2,679,140.63</u>
 Total	 <u>\$20,000,000</u>	 <u>\$4,609,575.24</u>	 <u>\$24,609,575.24</u>

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PHOENIX AZ 85004



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Timothy E. Pickrell, Esq.
Squire Sanders (US) LLP
1 E. Washington Street, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

**THIRD AMENDMENT
TO LEASE-PURCHASE AGREEMENT**

by and between

U.S. BANK NATIONAL ASSOCIATION, as trustee

as Lessor

and

PIMA COUNTY, ARIZONA,

as Lessee

Dated as of May 1, 2013

relating to

**\$80,175,000
Pima County, Arizona
Certificates of Participation
Series 2013A**

**\$12,705,000
Pima County, Arizona
Refunding Certificates of Participation
Series 2013B**

**THIRD AMENDMENT
TO LEASE PURCHASE AGREEMENT**

THIS THIRD AMENDMENT TO LEASE-PURCHASE AGREEMENT (this "Third Amendment"), dated as of May 1, 2013, by and between U.S. BANK NATIONAL ASSOCIATION, as lessor (the "Lessor" or "Trustee") and PIMA COUNTY, ARIZONA, as lessee (the "Lessee" or the "County");

WITNESSETH:

WHEREAS, in 1997, Pima County, Arizona (the "County") sold and leased back certain real property and improvements (the "1997 Leased Property" or the "Adult Detention Center") pursuant to a Lease-Purchase Agreement, dated as of February 1, 1997 (as supplemented and amended, the "1997 Lease-Purchase Agreement"), between U.S. Bank National Association, as successor in interest to First Trust of Arizona, National Association, as lessor (the "1997 Lessor"), and the County, as lessee, in order to finance capital projects of the County; and

WHEREAS, there were executed and delivered certificates of participation, pursuant to a Trust Agreement dated as of February 1, 1997 (as supplemented and amended, the "1997 Trust Agreement"), between the County and U.S. Bank National Association, as successor in interest to First Trust of Arizona, National Association, as trustee (in such capacity, the "1997 Trustee"), currently outstanding in the aggregate principal amount of \$13,555,000 (the "Certificates to be Refunded"), which provided the 1997 Lessor with funds to purchase the 1997 Leased Property from the County and provided the County with funds to finance or refinance costs of certain capital projects of the County and to pay the costs of issuance of the certificates of participation; and

WHEREAS, the County has determined that it is advisable to refund and redeem all of the Certificates to be Refunded; and

WHEREAS, the Lessor and the Lessee have previously entered into a Lease-Purchase Agreement, dated June 1, 2008 (the "Original Lease-Purchase Agreement,"), as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment") and by this Third Amendment (collectively, the "Lease" or "Lease-Purchase Agreement") with respect to the property described in Exhibit A to the Original Lease-Purchase Agreement; and

WHEREAS, in connection with the execution of the Lease, the County and the Trustee entered into a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement"), pursuant to which the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, and a First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement"), pursuant to which the Trustee executed and delivered \$34,400,000 principal

amount of Certificates of Participation, Series 2009 (the "2009 Certificates") and a Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement"), pursuant to which the Trustee executed and delivered \$20,000,000 principal amount of Certificates of Participation, Series 2010; and

WHEREAS, there are no 2008 Certificates or 2009 Certificates currently outstanding and there are currently outstanding \$16,225,000 aggregate principal amount of 2010 Certificates.

WHEREAS, the Original Trust Agreement, as supplemented, permits the execution and delivery of "Additional Certificates," on a parity with the 2010 Certificates, and permits the supplementation and amendment of the Original Trust Agreement, as supplemented, and the Lease to facilitate such an execution and delivery; and

WHEREAS, in consideration of the County's agreement to amend and restructure the term of its obligations under the Lease, the Trustee is willing to execute and deliver Additional Certificates (a) in a principal amount of \$80,175,000 to be denominated "Certificates of Participation, Series 2013A" (the "2013A Certificates") and (b) in a principal amount of \$12,705,000 to be denominated "Refunding Certificates of Participation, Series 2013B" (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 Certificates"), with (i) a portion of the net proceeds of the 2013A Certificates to be paid over to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the "Projects") with the remainder of the net proceeds of the 2013A Certificates to pay costs of executing and delivering the 2013A Certificates and (ii) a portion of the net proceeds of the 2013B Certificates to be paid over to the 1997 Trustee in order to refund and redeem the Certificates to be Refunded and to defease and discharge the 1997 Trust Agreement and to terminate the 1997 Lease-Purchase Agreement with the remainder of the net proceeds of the 2013B Certificates to pay costs of executing and delivering the 2013B Certificates; and

WHEREAS, concurrently with the execution and delivery of the 2013B Certificates to refund and redeem the Certificates to be Refunded and the defeasance and discharge of the 1997 Trust Agreement and the termination of the 1997 Lease-Purchase Agreement, the 1997 Leased Property will be conveyed by the 1997 Lessor to the Lessor and become a portion of the Leased Property hereunder; and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2013A Certificates in a principal amount of \$80,175,000 and the 2013B Certificates in a principal amount of \$12,705,000; and

WHEREAS, in connection with the execution and delivery of the 2013 Certificates, it will be necessary for the Lessor and the County to enter into this Third Amendment; and

WHEREAS, upon execution and delivery of the 2013 Certificates, all the conditions for execution and delivery of Additional Certificates under the Original Trust Agreement, as supplemented, will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution and delivery of this Third Amendment, entered into a Third Supplement to Trust Agreement (the "Third Supplement to Trust Agreement", and collectively with the Original Trust Agreement, the First Supplement and the Second Supplement, the "Trust Agreement"), providing for the execution and delivery of the 2013 Certificates for the purposes set forth therein, which 2013 Certificates are "Additional Certificates" under the Trust Agreement and are being executed and delivered on a parity with the outstanding 2010 Certificates;

NOW, THEREFORE, THE PARTIES HERETO AGREE TO AMEND THE LEASE AGREEMENT AS FOLLOWS:

SECTION 1.1 **Defined Terms.** Capitalized terms used and not otherwise defined herein shall the meanings set forth in the Trust Agreement or, if not defined therein, in the Lease.

SECTION 1.2 **Execution and Delivery of 2013 Certificates.** In consideration of the County's agreement to restructure the term of its obligations under the Lease and to pay or to reimburse the costs of the Projects, the parties agree that the 2013A Certificates shall be executed and delivered in a principal amount of \$80,175,000, and in consideration of the County's agreement to restructure the term of its obligations under the Lease, to restructure the Leased Property under the Lease, to refund and redeem the Certificates to be Refunded thereby defeasing and discharging the 1997 Trust Agreement and terminating the 1997 Lease-Purchase Agreement, the parties agree that the 2013B Certificates shall be executed and delivered in a principal amount of \$12,705,000.

SECTION 1.3 **Deposit of Monies.** On the Closing Date for the 2013 Certificates, there shall be deposited with the Trustee the net proceeds of sale of the 2013 Certificates, which proceeds shall be deposited as provided in Sections 2.6, 3.1 and 3.2 of the Third Supplement for disbursement pursuant thereto.

SECTION 1.4 **Term.** The Term of the Lease extends to December 1, 2022, subject to extension and earlier termination as provided in Section 4.2 and otherwise in the Original Lease-Purchase Agreement.

SECTION 1.5 **Lease Payments and Lease Payment Dates.** Exhibit B of the Original Lease-Purchase Agreement is hereby amended by substituting therefor Exhibit B attached to this Third Amendment, setting forth the Lease Payments and Lease Payment Dates under the Lease, and representing the total of payments shown on Exhibit B-1 and Exhibit B-2 attached to this Third Amendment.

SECTION 1.6 **Leased Property.** As described in the ninth WHEREAS clause above, Exhibit A of the Original Lease-Purchase Agreement is hereby amended by substituting therefor Exhibit A attached to this Third Amendment, setting forth the Leased Property under the Lease, reflecting the addition of the real property and improvements conveyed to the Lessor by the 1997 Lessor.

SECTION 1.7 **Certain References.** The provisions in Sections 10.1 through 10.5 of the Original Lease-Purchase Agreement, which refer to certain sections in the Original Trust

Agreement, regarding prepayment of the 2008 Certificates, shall hereafter be deemed to refer also to the analogous prepayment provisions in the Trust Agreement regarding the 2013 Certificates.

SECTION 1.8 **Tax Covenants.** The Lessee covenants (a) that it will take or cause to be taken all actions that may be required of it for the interest on the 2013 Certificates to remain excluded from gross income for federal income tax purposes, (b) that it will not take or authorize to be taken any actions which would adversely affect such exclusion and (c) that it, or other persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the 2013 Certificates in compliance with Arizona law and the Trust Agreement, (ii) restrict the yield on investment property, (iii) make or cause to be made timely and adequate payments to the federal government as provided in Section 8.8 of the Trust Agreement, (iv) maintain books and records, and (v) refrain from certain uses of proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of the interest on the 2013 Certificates under the Code. An officer of the Lessee shall take any and all such actions, make such rebate payments or potential payments and make or give such reports and certifications as may be appropriate to assure such exclusion of the interest.

The Lessee covenants that it will use, and will restrict the use and investment of the proceeds of the 2013 Certificates in such manner and to such extent, if any, as may be necessary, so that (a) the 2013 Certificates will not (i) constitute an arbitrage bond, a private activity bond or a hedge bond under Sections 141, 148 or 149 of the Code, or (ii) be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the 2013 Certificates will not be treated as a preference item under Section 57 of the Code.

Any officer of the Lessee having responsibility with respect to the execution and delivery of this Third Amendment shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessee, be authorized (a) to make or affect any election, selection, designation, choice, consent, approval, or waiver on behalf of the Lessee with respect to the Lease-Purchase Agreement or the Certificates as the Lessee is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, 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 interest on the 2013 Certificates 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 action will be in writing and signed by the officer, (b) to 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 Lessee, as may be appropriate to assure the exclusion of the interest on the 2013 Certificates from gross income for federal income tax purposes, and (c) to give one or more appropriate certificates of the Lessee, for inclusion in the transcript of proceedings for setting forth the reasonable expectations of the Lessee regarding the amount and use of all the proceeds relating to the 2013 Certificates and the property financed with such proceeds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the 2013 Certificates.

SECTION 1.9 **Ratification of Original Lease-Purchase Agreement, as Amended.** The Original Lease-Purchase Agreement, as amended by the First Amendment, by the Second Amendment and by this Third Amendment, is hereby ratified and confirmed in all respects.

SECTION 1.10 **Binding Effect.** This Third Amendment shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

SECTION 1.11 **Severability.** In the event any provision of this Third Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 1.12 **Execution in Counterparts.** This Third Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1.13 **Applicable Law.** This Third Amendment shall be governed by and construed in accordance with the laws of the State.

SECTION 1.14 **Captions.** The captions or headings in this Third Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Third Amendment.

SECTION 1.15 **Cancellation of Contracts.** As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Third Amendment pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this Third Amendment, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Third Amendment on behalf of the Lessee within 3 years from execution of this Third Amendment, unless a waiver of A.R.S. § 38-511 is provided by the Lessee's Board of Supervisors.

SECTION 1.16 **Certain Warranties and Certifications from the Lessor.**

(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Lessor, in its capacity as Lessor under the Lease-Purchase Agreement and as Trustee under the Trust Agreement, including its subcontractors who work on the Lease-Purchase Agreement or the Trust Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under

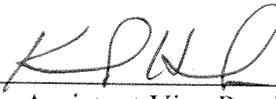
A.R.S. § 23-214(A). The breach by the Lessor of the foregoing shall be deemed a material breach by the Lessor of the Lease-Purchase Agreement and the Trust Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The Lessee retains the legal right to randomly inspect the papers and records of the Lessor to ensure that the Lessor is complying with the above-mentioned warranty. The Lessor shall keep such papers and records open for random inspection by the Lessee during normal business hours. The Lessor shall cooperate with the random inspections by the Lessee, including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(b) Pursuant to A.R.S. §§ 35-91.06 and 35-393.06, the Lessor certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, the term "scrutinized business operations" shall have the meanings set forth in A.R.S. §§ 35-391 and 35-393, as applicable. If the Lessee determines that the Lessor submitted a false certification, the Lessor may impose remedies as provided by law, including termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the Lessor has caused this Third Amendment to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Third Amendment to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Lessor

By: 
Assistant Vice President

PIMA COUNTY, ARIZONA, as Lessee

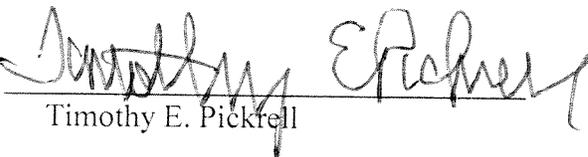
By: 
Chairman, Board of Supervisors

ATTEST:

By: 
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: 
Timothy E. Pickrell

[Signature page of Third Amendment to Lease-Purchase Agreement]

STATE OF ARIZONA)
) ss.
County of Maricopa)

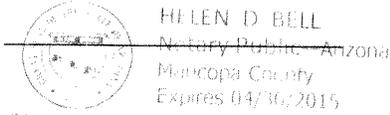
On this, the 16th day of May, 2013, before me, the undersigned Notary Public, personally appeared Keith Henselen, who acknowledged himself to be an Assistant Vice President of U.S. Bank National Association, a national association, and that he, as such officer, being authorized so to do, executed the foregoing Third Amendment to Lease-Purchase Agreement for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Heleen D. Bell

Notary Public

My Commission Expires:



[Trustee's Notarization page of Third Amendment to Lease-Purchase Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

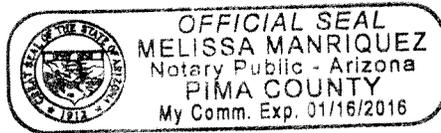
On this, the 14th day of May, 2013, before me, the undersigned Notary Public, personally appeared Ramón O. Valadez, who acknowledged himself to be Chairman of the Pima County, Arizona Board of Supervisors, and that he, as such officer, being authorized so to do, executed the foregoing Third Amendment to Lease-Purchase Agreement for the purposes therein contained by signing the name of said county by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.


Notary Public

My Commission Expires:

1/16/2016



[Pima County's Notarization page of Third Amendment to Lease-Purchase Agreement]

EXHIBIT A

AMENDED DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

ADULT DETENTION FACILITY

LEGAL DESCRIPTION

Parcel 1

All that portion of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of said Northwest Quarter of Section 23;

Thence South 89 degrees 12 minutes 13 seconds West, along the South line thereof, 1296.40 feet;

Thence North 00 degrees 27 minutes 51 seconds West, 48.00 feet to a point on the North right-of-way line of Silverlake Road, according to the City of Tucson, Silverlake Road, Mission Road to I-10 Right-of-way Plans R-95-05, dated March, 1995, said point being the POINT OF BEGINNING;

Thence continuing North 00 degrees 27 minutes 51 seconds West, 152.84 feet to a point on an existing chain link fence;

Thence along said chain link fence the following courses and distances:

North 00 degrees 31 minutes 49 seconds East, 294.49 feet;

North 02 degrees 00 minutes 34 seconds East, 290.43 feet;

North 20 degrees 22 minutes 03 seconds East, 60.61 feet;

South 88 degrees 57 minutes 28 seconds East, 228.23 feet to a point on the West line of that parcel described in Docket 6365 at page 1101, records of Pima County, Arizona;

North 17 degrees 39 minutes 43 seconds West, 219.42 feet;

North 47 degrees 58 minutes 23 seconds West, 119.42 feet;

North 64 degrees 55 minutes 15 seconds West, 80.59 feet;

North 33 degrees 40 minutes 00 seconds West, 28.38 feet;

Thence South 33 degrees 47 minutes 24 seconds West, 151.90 feet;

Thence South 43 degrees 00 minutes 27 seconds West, 110.93 feet;

Thence South 45 degrees 14 minutes 44 seconds West, 44.88 feet to a point on the North line of that parcel described in Docket 926 at page 596, Records of Pima County, Arizona;

Thence South 88 degrees 04 minutes 27 seconds West along said North line, 126.64 feet to the Northwest corner thereof;

Thence South 45 degrees 54 minutes 53 seconds West along the Westerly line of said parcel, 1028.50 feet;

Thence continuing along the Westerly line of said parcel, South 30 degrees 47 minutes 53 seconds West, 226.25 feet to a point on the North right-of-way line of said Silverlake Road;

Thence North 89 degrees 12 minutes 13 seconds East, along said North right-of-way line, 1156.35 feet to the POINT OF BEGINNING.

(JV Arb 585)

Parcel 2

A portion of the parcel described in Docket 926 at page 596, as recorded in the County Recorder's Office, Pima County, Arizona, and being within the Southeast Quarter of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a found 2" brass cap survey monument with punch mark stamped "C1/4, S23, RLS 23956" at the Southeast corner of said Southeast Quarter of the Northwest quarter to which a found 2" brass cap survey monument with punch mark stamped "W1/16 C-C, S23, RLS 23956" at the Southwest corner of said Southeast Quarter of the Northeast Quarter bears South 89 degrees 12 minutes 11 seconds West a distance of 1309.70 feet, said line being the Basis of Bearing for this description;

Thence along the South line of said Southeast Quarter of the Northwest Quarter South 89 degrees 12 minutes 11 seconds West a distance of 1296.13 feet;

Thence North 00 degrees 47 minutes 49 seconds West a distance of 48.00 feet to the POINT OF BEGINNING at the Southeast corner of the parcel described in Docket 10491 at page 246, as recorded in the County Recorder's Office, Pima County, Arizona, said point also being on the North right-of-way line of Silverlake Road as shown on right-of-way Plan #R-95-05, City of Tucson Department of Transportation;

Thence along the East line of said parcel North 00 degrees 27 minutes 53 seconds West, a distance of 152.84 feet;

Thence continuing along said East line North 00 degrees 31 minutes 17 seconds East a distance of 294.49 feet;

Thence continuing along said East line North 02 degrees 00 minutes 32 seconds East a distance of 57.00 feet;

Thence South 72 degrees 28 minutes 08 seconds East a distance of 187.70 feet;

Thence South 17 degrees 31 minutes 52 seconds West a distance of 468.95 feet to the North right-of-way line of Silverlake Road;

Thence along said North right of way line South 89 degrees 12 minutes 11 seconds West a distance of 42.21 feet to the POINT OF BEGINNING.

(JV Arb 626)

EXHIBIT B

**AMENDED SCHEDULE OF LEASE PAYMENTS
RELATING TO 2010 AND 2013 CERTIFICATES
FOLLOWING EXECUTION AND DELIVERY
OF 2013 CERTIFICATES**

	Series 2010		Series 2013		Aggregate	
	Principal	Interest	Principal	Interest	Principal	Interest
5/15/2013	\$2,065,000	\$334,241.00			\$2,065,000	\$334,241.00
11/15/2013		303,266.00	\$36,975,000	\$1,397,248.13	36,975,000	1,700,514.13
5/15/2014	2,130,000	303,266.00		1,053,400.00	2,130,000	1,356,666.00
11/15/2014		265,991.00	23,755,000	1,053,400.00	23,755,000	1,319,391.00
5/15/2015	2,200,000	265,991.00		803,750.00	2,200,000	1,069,741.00
11/15/2015		227,491.00	9,310,000	803,750.00	9,310,000	1,031,241.00
5/15/2016	2,280,000	227,491.00		571,000.00	2,280,000	798,491.00
11/15/2016		167,641.00	4,695,000	571,000.00	4,695,000	738,641.00
5/15/2017	2,400,000	167,641.00		453,625.00	2,400,000	621,266.00
11/15/2017		104,641.00	4,995,000	453,625.00	4,995,000	558,266.00
5/15/2018	2,525,000	104,641.00		328,750.00	2,525,000	433,391.00
11/15/2018		54,141.00	2,690,000	328,750.00	2,690,000	382,891.00
5/15/2019	2,625,000	54,141.00		261,500.00	2,625,000	315,641.00
11/15/2019			2,880,000	261,500.00	2,880,000	261,500.00
5/15/2020				189,500.00		189,500.00
11/15/2020			2,265,000	189,500.00	2,265,000	189,500.00
5/15/2021				132,875.00		132,875.00
11/15/2021			2,540,000	132,875.00	2,540,000	132,875.00
5/15/2022				69,375.00		69,375.00
11/15/2022			2,775,000	69,375.00	2,775,000	69,375.00
5/15/2023						
	<u>\$16,225,000</u>	<u>\$2,580,578.00</u>	<u>\$92,880,000</u>	<u>\$9,124,798.13</u>	<u>\$109,105,000</u>	<u>\$11,705,376.13</u>

EXHIBIT B-1

**AMENDED SCHEDULE OF LEASE PAYMENTS RELATING TO 2010
CERTIFICATES FOLLOWING EXECUTION AND DELIVERY OF 2013
CERTIFICATES**

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2010

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/2013	\$ 2,065,000	\$ 334,241.00	\$2,399,241.00
11/15/2013		303,266.00	303,266.00
05/15/2014	2,130,000	303,266.00	2,433,266.00
11/15/2014		265,991.00	265,991.00
05/15/2015	2,200,000	265,991.00	2,465,991.00
11/15/2015		227,491.00	227,491.00
05/15/2016	2,280,000	227,491.00	2,507,491.00
11/15/2016		167,641.00	167,641.00
05/15/2017	2,400,000	167,641.00	2,567,641.00
11/15/2017		104,641.00	104,641.00
05/15/2018	2,525,000	104,641.00	2,629,641.00
11/15/2018		54,141.00	54,141.00
05/15/2019	2,625,000	54,141.00	54,141.00
Total	<u>\$16,225,000</u>	<u>2,580,578.00</u>	<u>\$16,225,000.00</u>

EXHIBIT B-2

SCHEDULE OF LEASE PAYMENTS RELATING TO 2013 CERTIFICATES

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2013A

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
11/15/2013	\$34,645,000	\$1,131,965.63	\$35,776,965.63
05/15/2014		818,225.00	818,225.00
11/15/2014	21,335,000	818,225.00	22,153,225.00
05/15/2015		604,875.00	604,875.00
11/15/2015	6,790,000	604,875.00	7,394,875.00
05/15/2016		435,125.00	435,125.00
11/15/2016	2,045,000	435,125.00	2,480,125.00
05/15/2017		384,000.00	384,000.00
11/15/2017	2,210,000	384,000.00	2,594,000.00
05/15/2018		328,750.00	328,750.00
11/15/2018	2,690,000	328,750.00	3,018,750.00
05/15/2019		261,500.00	261,500.00
11/15/2019	2,880,000	261,500.00	3,141,500.00
05/15/2020		189,500.00	189,500.00
11/15/2020	2,265,000	189,500.00	2,454,500.00
05/15/2021		132,875.00	132,875.00
11/15/2021	2,540,000	132,875.00	2,672,875.00
05/15/2022		69,375.00	69,375.00
11/15/2022	<u>2,775,000</u>	<u>69,375.00</u>	<u>2,844,375.00</u>
Total	<u>\$80,175,000</u>	<u>\$7,580,415.63</u>	<u>\$87,755,415.63</u>

Pima County, Arizona
 Certificates of Participation
 Series 2013B

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
11/15/2013	\$2,330,000	\$265,282.50	\$2,595,282.50
05/15/2014		235,175.00	235,175.00
11/15/2014	2,420,000	235,175.00	2,655,175.00
05/15/2015		198,875.00	198,875.00
11/15/2015	2,520,000	198,875.00	2,718,875.00
05/15/2016		135,875.00	135,875.00
11/15/2016	2,650,000	135,875.00	2,785,875.00
05/15/2017		69,625.00	69,625.00
11/15/2017	<u>2,785,000</u>	<u>69,625.00</u>	<u>2,854,625.00</u>
Total	<u>\$12,705,000</u>	<u>\$1,544,382.50</u>	<u>\$14,249,382.50</u>

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F. ANN RODRIGUEZ, RECORDER
Recorded By: JAF
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SQUIRE SANDERS LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004



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AMOUNT PAID: \$39.00

Squire Sanders (US) LLP
1 E. Washington Street, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

Title Security Agency

Order # 6175860/7001431

**FOURTH AMENDMENT
TO LEASE-PURCHASE AGREEMENT**

by and between

U.S. BANK NATIONAL ASSOCIATION, as trustee

as Lessor

and

PIMA COUNTY, ARIZONA,

as Lessee

Dated as of January 1, 2014

relating to

**\$52,160,000
Pima County, Arizona
Certificates of Participation
Series 2014**

**FOURTH AMENDMENT
TO LEASE PURCHASE AGREEMENT**

THIS FOURTH AMENDMENT TO LEASE-PURCHASE AGREEMENT (this "Fourth Amendment"), dated as of January 1, 2014, by and between U.S. BANK NATIONAL ASSOCIATION, as lessor (the "Lessor" or "Trustee") and PIMA COUNTY, ARIZONA, as lessee (the "Lessee" or the "County");

WITNESSETH:

WHEREAS, the Lessor and the Lessee have previously entered into a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement,"), as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment") and by this Fourth Amendment (collectively, the "Lease" or "Lease-Purchase Agreement") with respect to the property described in Exhibit A to the Original Lease-Purchase Agreement; and

WHEREAS, in connection with the execution of the Original Lease-Purchase Agreement, the County and the Trustee entered into a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement" and, as subsequently supplemented and amended, the "Trust Agreement"), pursuant to which the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, which the parties subsequently supplemented with a First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement"), pursuant to which the Trustee executed and delivered \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the "2009 Certificates"), a Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement"), pursuant to which the Trustee executed and delivered \$20,000,000 principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates") and a Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement"), pursuant to which the Trustee executed and delivered \$80,175,000 principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and \$12,705,000 principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates"); and

WHEREAS, there are no 2008 Certificates or 2009 Certificates currently outstanding and there are currently outstanding \$14,160,000 aggregate principal amount of 2010 Certificates, \$80,175,000 aggregate principal amount of 2013A Certificates, and \$12,705,000 aggregate principal amount of 2013B Certificates; and

WHEREAS, the Trust Agreement permits the execution and delivery of "Additional Certificates," on a parity with the 2010 Certificates, the 2013A Certificates and the 2013B

Certificates, and permits the supplementation and amendment of the Trust Agreement and the Lease-Purchase Agreement to facilitate such an execution and delivery; and

WHEREAS, in consideration of the County's agreement to amend and restructure the term of its obligations under the Lease-Purchase Agreement, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$52,160,000 to be denominated "Certificates of Participation, Series 2014" (the "2014 Certificates") to pay a portion of the net proceeds of the 2014 Certificates to the County in order to acquire a leasehold interest in the hereinafter-described Public Service Center Office Tower and Parking Garage pursuant to a 2014 Ground Lease, dated as of January 1, 2014 (the "2014 Ground Lease"), and use the remainder of the net proceeds of the 2014 Certificates to pay costs of executing and delivering the 2014 Certificates; and

WHEREAS, the County will apply the amounts received from the Trustee to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the "Projects"); and

WHEREAS, the Trustee has agreed, in the 2014 Ground Lease, to lease the Public Service Center Office Tower and Parking Garage back to the County as part of the Leased Property under this Lease-Purchase Agreement, concurrently with the execution and delivery of the 2014 Certificates, the Trustee's ground leasehold interest in the Public Service Center Office Tower and Parking Garage will become a portion of the Leased Property hereunder; and

WHEREAS, in connection with the execution and delivery of the 2014 Certificates, it is therefor necessary for the Lessor and the County to enter into this Fourth Amendment; and

WHEREAS, upon execution and delivery of the 2014 Certificates, all the conditions for execution and delivery of Additional Certificates under the Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution and delivery of this Fourth Amendment, entered into a Fourth Supplement to Trust Agreement (the "Fourth Supplement to Trust Agreement,");

NOW, THEREFORE, THE PARTIES HERETO AGREE TO AMEND THE LEASE-PURCHASE AGREEMENT AS FOLLOWS:

SECTION 1.1 **Defined Terms.** Capitalized terms used and not otherwise defined herein shall the meanings set forth in the Original Lease-Purchase Agreement as previously amended or, if not defined therein, in the Trust Agreement. In addition, the terms defined in this Section shall, for all purposes of the Lease-Purchase Agreement, have the following meanings:

"2014 Ground Lease" shall mean the 2014 Ground Lease, dated as of January 1, 2014, between the County, as lessor, and the Trustee, as lessee, together with any amendments thereof

or supplements thereto, leasing the Public Service Center Office Tower and Parking Garage to the Trustee.

“Public Service Center Office Tower and Parking Garage” shall mean the land located in the City of Tucson, Pima County, Arizona, described on Exhibit A hereto, starting at page A-15, and all improvements thereon.

SECTION 1.2 **Execution and Delivery of 2014 Certificates.** In consideration of the County’s agreement to restructure the term of its obligations under the Lease-Purchase Agreement and to convey to the Trustee a leasehold interest in the Public Service Center Officer Tower and Parking Garage pursuant to the 2014 Ground Lease and to pay or to reimburse the costs of the Projects, the parties agree that the 2014 Certificates shall be executed and delivered in a principal amount of \$52,160,000.

SECTION 1.3 **Deposit of Monies.** On the Closing Date for the 2014 Certificates, there shall be deposited with the Trustee the net proceeds of sale of the 2014 Certificates, which proceeds shall be deposited as provided in Sections 2.6 and 3.1 of the Fourth Supplement to Trust Agreement for disbursement pursuant thereto.

SECTION 1.4 **Acquisition of Public Service Center Office Tower and Parking Garage.** The Lessor agrees to acquire a leasehold interest in the Public Service Center Office Tower and Parking Garage pursuant to the 2014 Ground Lease through the deposit and disbursement of funds in accordance with Section 3.1 of the Fourth Supplement to Trust Agreement.

SECTION 1.5 **Term.** The Term of the Lease-Purchase Agreement extends to December 1, 2028, subject to extension and earlier termination as provided in Section 4.2 and as otherwise provided in the Lease-Purchase Agreement.

SECTION 1.6 **Lease Payments and Lease Payment Dates.** Exhibit B of the Lease-Purchase Agreement is hereby amended by substituting therefor Exhibit B attached to this Fourth Amendment, setting forth the Lease Payments and Lease Payment Dates under the Lease, and representing the total of payments shown on Exhibit B-1, Exhibit B-2 and Exhibit B-3 attached to this Fourth Amendment.

SECTION 1.7 **Leased Property.** Exhibit A of the Lease-Purchase Agreement is hereby amended by substituting therefor Exhibit A attached to this Fourth Amendment, reflecting the addition of the Public Service Center Office Tower and Parking Garage.

SECTION 1.8 **Certain References.** The provisions in Sections 10.1 through 10.5 of the Original Lease-Purchase Agreement, which refer to certain sections in the Original Trust Agreement, regarding prepayment of the 2008 Certificates, shall hereafter be deemed to refer also to the analogous prepayment provisions in the Trust Agreement regarding the 2014 Certificates.

SECTION 1.9 **Tax Covenants.** The Lessee covenants (a) that it will take or cause to be taken all actions that may be required of it for the interest on the 2014 Certificates to remain excluded from gross income for federal income tax purposes, (b) that it will not take or

authorize to be taken any actions which would adversely affect such exclusion and (c) that it, or other persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the 2014 Certificates in compliance with Arizona law and the Trust Agreement, (ii) restrict the yield on investment property, (iii) make or cause to be made timely and adequate payments to the federal government as provided in Section 8.8 of the Trust Agreement, (iv) maintain books and records, and (v) refrain from certain uses of proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of the interest on the 2014 Certificates under the Code. An officer of the Lessee shall take any and all such actions, make such rebate payments or potential payments and make or give such reports and certifications as may be appropriate to assure such exclusion of the interest.

The Lessee covenants that it will use, and will restrict the use and investment of the proceeds of the 2014 Certificates in such manner and to such extent, if any, as may be necessary, so that (a) the 2014 Certificates will not (i) constitute an arbitrage bond, a private activity bond or a hedge bond under Sections 141, 148 or 149 of the Code, or (ii) be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the 2014 Certificates will not be treated as a preference item under Section 57 of the Code.

Any officer of the Lessee having responsibility with respect to the execution and delivery of this Fourth Amendment shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessee, be authorized (a) to make or affect any election, selection, designation, choice, consent, approval, or waiver on behalf of the Lessee with respect to the Lease-Purchase Agreement or the Certificates as the Lessee is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, 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 interest on the 2014 Certificates 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 action will be in writing and signed by the officer, (b) to 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 Lessee, as may be appropriate to assure the exclusion of the interest on the 2014 Certificates from gross income for federal income tax purposes, and (c) to give one or more appropriate certificates of the Lessee, for inclusion in the transcript of proceedings for setting forth the reasonable expectations of the Lessee regarding the amount and use of all the proceeds relating to the 2014 Certificates and the property financed with such proceeds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the 2014 Certificates.

SECTION 1.10 Amendments to Lease-Purchase Agreement Requiring
Consent of a Majority of Certificate Owners.

(a) Subject to subsection (b) of this Section, Article VIII of the Lease-Purchase Agreement shall be amended to provide for a new Section 8.3 to be added at the end of such Article, as follows:

“Section 8.3 Release of Leased Property. If, during the Term of the Lease-Purchase Agreement, the Lessee desires to release any portion of the Leased Property, the Lessor shall sell or convey all its right, title, and interest in such portion of the Leased Property to the Lessee, provided the following conditions are met, to wit:

(a) Maintenance of Value. The replacement value for insurance purposes, as certified by the County, of the remaining properties comprising the Leased Property shall not be less than the Outstanding principal amount of the Certificates;

(b) No Reduction in Lease Payments. The release of property shall not cause any decrease in the total Lease Payments required to be made under the Lease-Purchase Agreement or any change in the interest component or principal component thereof; and

(c) No Adverse Tax Effect. The Lessee shall furnish to the Trustee an opinion of Special Counsel acceptable to the Trustee that the release of property will not adversely affect the exclusion of the interest payable on the Certificates from the federal gross income of the owners thereof.”

(b) As a condition to their purchase of a 2014 Certificate in the initial offering thereof, the purchasers of the 2014 Certificates, on behalf of themselves and all successors in interest in such 2014 Certificates, will irrevocably provide written consent to the amendment to the Lease-Purchase Agreement described in subsection (a) of this Section. Such amendment shall become effective only upon the County’s receipt of the written consent of the Owners of a majority in principal amount of the Outstanding Certificates.

SECTION 1.11 Ratification of Original Lease-Purchase Agreement, as Amended. The Original Lease-Purchase Agreement, as amended by the First Amendment, by the Second Amendment, by the Third Amendment and by this Fourth Amendment, is hereby ratified and confirmed in all respects.

SECTION 1.12 Binding Effect. This Fourth Amendment shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

SECTION 1.13 Severability. In the event any provision of this Fourth Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 1.14 Execution in Counterparts. This Fourth Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1.15 Applicable Law. This Fourth Amendment shall be governed by and construed in accordance with the laws of the State.

SECTION 1.16 Captions. The captions or headings in this Fourth Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Fourth Amendment.

SECTION 1.17 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Fourth Amendment pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this Fourth Amendment, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Fourth Amendment on behalf of the Lessee within 3 years from execution of this Fourth Amendment, unless a waiver of Arizona Revised Statutes Section 38-511 is provided by the Lessee's Board of Supervisors.

SECTION 1.18 Certain Warranties and Certifications from the Lessor.

To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Lessor, in its capacity as Lessor under the Lease-Purchase Agreement and as Trustee under the Trust Agreement, including its subcontractors who work on the Lease-Purchase Agreement or the Trust Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under A.R.S. § 23-214(A). The breach by the Lessor of the foregoing shall be deemed a material breach by the Lessor of the Lease-Purchase Agreement and the Trust Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The Lessee retains the legal right to randomly inspect the papers and records of the Lessor to ensure that the Lessor is complying with the above-mentioned warranty. The Lessor shall keep such papers and records open for random inspection by the Lessee during normal business hours. The Lessor shall cooperate with the random inspections by the Lessee, including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the Lessor has caused this Fourth Amendment to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Fourth Amendment to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Lessor

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: _____
Chair, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page of Fourth Amendment to Lease-Purchase Agreement]

IN WITNESS WHEREOF, the Lessor has caused this Fourth Amendment to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Fourth Amendment to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Lessor

By: _____
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: Sharon Brinson
Chair, Board of Supervisors

ATTEST:

By: Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

[Signature page of Fourth Amendment to Lease-Purchase Agreement]

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 6th day of February, 2014, before me, the undersigned Notary Public, personally appeared Keith Henselen, who acknowledged himself to be an Vice President of U.S. Bank National Association, a national association, and that he, as such officer, being authorized so to do, executed the foregoing Fourth Amendment to Lease-Purchase Agreement for the purposes therein contained by signing the name of the association by himself as such officer.

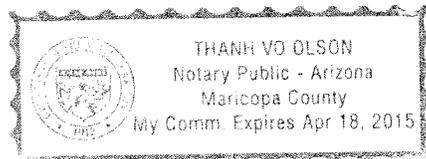
IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:

April 18, 2015



[Notarization page of Fourth Amendment to Lease-Purchase Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

On this, the 3rd day of February, 2014, before me, the undersigned Notary Public, personally appeared Sharon Bronson, who acknowledged herself to be Chair of the Pima County, Arizona Board of Supervisors, and that she, as such officer, being authorized so to do, executed the foregoing Fourth Amendment to Lease-Purchase Agreement for the purposes therein contained by signing the name of said county by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Katrina Grijalva Martinez
Notary Public

My Commission Expires:
9-19-14



[Notarization page of Fourth Amendment to Lease-Purchase Agreement]

EXHIBIT A

AMENDED DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

ADULT DETENTION FACILITY

LEGAL DESCRIPTION

Parcel 1

All that portion of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of said Northwest Quarter of Section 23;

Thence South 89 degrees 12 minutes 13 seconds West, along the South line thereof, 1296.40 feet;

Thence North 00 degrees 27 minutes 51 seconds West, 48.00 feet to a point on the North right-of-way line of Silverlake Road, according to the City of Tucson, Silverlake Road, Mission Road to I-10 Right-of-way Plans R-95-05, dated March, 1995, said point being the POINT OF BEGINNING;

Thence continuing North 00 degrees 27 minutes 51 seconds West, 152.84 feet to a point on an existing chain link fence;

Thence along said chain link fence the following courses and distances:

North 00 degrees 31 minutes 49 seconds East, 294.49 feet;

North 02 degrees 00 minutes 34 seconds East, 290.43 feet;

North 20 degrees 22 minutes 03 seconds East, 60.61 feet;

South 88 degrees 57 minutes 28 seconds East, 228.23 feet to a point on the West line of that parcel described in Docket 6365 at page 1101, records of Pima County, Arizona;

North 17 degrees 39 minutes 43 seconds West, 219.42 feet;

North 47 degrees 58 minutes 23 seconds West, 119.42 feet;

North 64 degrees 55 minutes 15 seconds West, 80.59 feet;

North 33 degrees 40 minutes 00 seconds West, 28.38 feet;

Thence South 33 degrees 47 minutes 24 seconds West, 151.90 feet;

Thence South 43 degrees 00 minutes 27 seconds West, 110.93 feet;

Thence South 45 degrees 14 minutes 44 seconds West, 44.88 feet to a point on the North line of that parcel described in Docket 926 at page 596, Records of Pima County, Arizona;

Thence South 88 degrees 04 minutes 27 seconds West along said North line, 126.64 feet to the Northwest corner thereof;

Thence South 45 degrees 54 minutes 53 seconds West along the Westerly line of said parcel, 1028.50 feet;

Thence continuing along the Westerly line of said parcel, South 30 degrees 47 minutes 53 seconds West, 226.25 feet to a point on the North right-of-way line of said Silverlake Road;

Thence North 89 degrees 12 minutes 13 seconds East, along said North right-of-way line, 1156.35 feet to the POINT OF BEGINNING.

(JV Arb 585)

Parcel 2

A portion of the parcel described in Docket 926 at page 596, as recorded in the County Recorder's Office, Pima County, Arizona, and being within the Southeast Quarter of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a found 2" brass cap survey monument with punch mark stamped "C1/4, S23, RLS 23956" at the Southeast corner of said Southeast Quarter of the Northwest quarter to which a found 2" brass cap survey monument with punch mark stamped "W1/16 C-C, S23, RLS 23956" at the Southwest corner of said Southeast Quarter of the Northeast Quarter bears South 89 degrees 12 minutes 11 seconds West a distance of 1309.70 feet, said line being the Basis of Bearing for this description;

Thence along the South line of said Southeast Quarter of the Northwest Quarter South 89 degrees 12 minutes 11 seconds West a distance of 1296.13 feet;

Thence North 00 degrees 47 minutes 49 seconds West a distance of 48.00 feet to the POINT OF BEGINNING at the Southeast corner of the parcel described in Docket 10491 at page 246, as recorded in the County Recorder's Office, Pima County, Arizona, said point also being on the North right-of-way line of Silverlake Road as shown on right-of-way Plan #R-95-05, City of Tucson Department of Transportation;

Thence along the East line of said parcel North 00 degrees 27 minutes 53 seconds West, a distance of 152.84 feet;

Thence continuing along said East line North 00 degrees 31 minutes 17 seconds East a distance of 294.49 feet;

Thence continuing along said East line North 02 degrees 00 minutes 32 seconds East a distance of 57.00 feet;

Thence South 72 degrees 28 minutes 08 seconds East a distance of 187.70 feet;

Thence South 17 degrees 31 minutes 52 seconds West a distance of 468.95 feet to the North right-of-way line of Silverlake Road;

Thence along said North right of way line South 89 degrees 12 minutes 11 seconds West a distance of 42.21 feet to the POINT OF BEGINNING.

(JV Arb 626)

PUBLIC SERVICE CENTER OFFICE TOWER AND PARKING GARAGE

LEGAL DESCRIPTION

Parcel 1

Blocks 252 and 253 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 2

Lot 1 and the North 69.00 feet of Lot 2, and Lots 4, 5, 6 and 7 in Block 254 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 3

All of Lot 1 and that portion of Lot 6 in Block 255 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the Northeast corner of said Lot 6;

Thence Southerly 50 feet;

Thence Westerly 50 feet;

Thence Northerly 50 feet;

Thence Easterly 50 feet to the Northeast corner of said Lot 6, the Place of Beginning.

Parcel 4

Portions of public rights of way as shown in Book 4 of Maps and Plats at page 81A and 81B therein, Records of Pima County, Arizona, and on file at the Pima County Recorder's Office, Tucson, Arizona, said portions lying in the southwest one-quarter of Section 12, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

All of Grossetta Avenue as shown in said Block 4 of Maps and Plats at page 81A therein, lying southerly of the southerly right of way line of Toole Avenue, more particularly described as follows:

Beginning at the northeast corner of Block 252 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence southeasterly in a straight line to the northern corner of Block 253 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Block 254 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence easterly in a straight line to the southwest corner of Block 255 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH

All of the alley lying within Block 254 as shown in Book 3 of Maps and Plats at page 81B therein, lying southerly of the southerly right of way line of Council Street more particularly described as follows:

Beginning at the northeast corner of Lot 1 of said Block 254;

Thence easterly in a straight line to the northwest corner of Lot 4 of said Block 254 and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Lot 3 of said Block 254;

Thence easterly in a straight line to the southwest corner of Lot 6 of said Block 254 and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

A portion of Council Street, shown as Miltenburg Street in said Book 4 of Maps and Plats at page 81A and 81B therein, more particularly described as follows:

Beginning at the northeast corner of said Block 254;

Thence upon the south right of way line of said Council Street, said south line coincident with the north line of said Block 254, S 89 degrees 19 minutes 31 seconds W, a distance of 132.77 feet to the northwest corner of Lot 4 thereof;

Thence continue upon said coincident line, S 89 degrees 18 minutes 58 seconds W, a distance of 17.23 feet to the northeast corner of Lot 1 thereof;

Thence continue upon said coincident line, S 89 degrees 19 minutes 23 seconds W, a distance of 145.56 feet to the northwest corner of said Block 254;

Thence leaving said south right of way line, N 03 degrees 46 minutes 35 seconds W, a distance of 50.05 feet to a point on the north right of way line of said Council Street, said point being the southwest corner of Block 252 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 252, N 89 degrees 19 minutes 22 seconds E, a distance of 298.33 feet to the southeast corner of said Block 252;

Thence N 89 degrees 15 minutes 35 seconds E, a distance of 49.99 feet to the southwest corner of Block 253 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 253, N 89 degrees 19 minutes 10 seconds East a distance of 49.70 feet;

Thence leaving said north right of way line, S 00 degrees 40 minutes 50 seconds E a distance of 50.06 feet to a point on the south right of way line of said Council Street;

Thence upon said south right of way line of Council Street, said line coincident with the north line of Block 255 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein, S 89 degrees 18 minutes 23 seconds W, a distance of 49.75 feet to the northwest corner of said Block 255;

Thence S 89 degrees 21 minutes 30 seconds W, a distance of 50.01 feet to the POINT OF BEGINNING;

EXCEPT any portion lying within the aforesaid Grossetta Avenue.

EXHIBIT B

**AMENDED SCHEDULE OF LEASE PAYMENTS
RELATING TO 2010, 2013 AND 2014 CERTIFICATES
FOLLOWING EXECUTION AND DELIVERY
OF 2014 CERTIFICATES**

	Series 2010		Series 2013		Series 2014		Aggregate	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
05/15/2014	\$ 2,130,000	\$303,265.63		\$1,053,400.00	\$ 1,755,000	\$ 2,009,031.67	\$ 2,130,000	\$ 1,356,665.63
11/15/2014		265,990.63	\$23,755,000	1,053,400.00		1,233,750.00	25,510,000	3,328,422.30
05/15/2015	2,200,000	265,990.63		803,750.00	2,585,000	1,233,750.00	2,200,000	2,303,490.63
11/15/2015		227,490.63	9,310,000	803,750.00		1,182,050.00	11,895,000	2,264,990.63
05/15/2016	2,280,000	227,490.63		571,000.00	2,690,000	1,182,050.00	2,280,000	1,980,540.63
11/15/2016		167,640.63	4,695,000	571,000.00		1,128,250.00	7,385,000	1,920,690.63
05/15/2017	2,400,000	167,640.63		453,625.00	2,815,000	1,128,250.00	2,400,000	1,749,515.63
11/15/2017		104,640.63	4,995,000	453,625.00		1,057,875.00	7,810,000	1,686,515.63
05/15/2018	2,525,000	104,640.63		328,750.00	2,960,000	1,057,875.00	2,525,000	1,491,265.63
11/15/2018		54,140.63	2,690,000	328,750.00		983,875.00	5,650,000	1,440,765.63
05/15/2019	2,625,000	54,140.63		261,500.00	3,110,000	983,875.00	2,625,000	1,299,515.63
11/15/2019			2,880,000	261,500.00		906,125.00	5,990,000	1,245,375.00
05/15/2020				189,500.00	3,270,000	906,125.00	5,535,000	1,095,625.00
11/15/2020			2,265,000	189,500.00		824,375.00		
05/15/2021				132,875.00	3,435,000	824,375.00	5,975,000	957,250.00
11/15/2021			2,540,000	132,875.00		738,500.00		
05/15/2022				69,375.00	3,615,000	738,500.00	6,390,000	807,875.00
11/15/2022			2,775,000	69,375.00		648,125.00		
05/15/2023					3,800,000	648,125.00	3,800,000	648,125.00
11/15/2023					3,995,000	553,125.00		
05/15/2024					4,200,000	553,125.00	3,995,000	553,125.00
11/15/2024					4,200,000	453,250.00	4,200,000	453,250.00
05/15/2025					4,415,000	348,250.00	4,200,000	348,250.00
11/15/2025					4,415,000	348,250.00	4,415,000	348,250.00
05/15/2026					4,640,000	237,875.00	4,415,000	237,875.00
11/15/2026					4,640,000	237,875.00	4,640,000	237,875.00
05/15/2027					4,875,000	121,875.00	4,640,000	121,875.00
11/15/2027					4,875,000	121,875.00	4,875,000	121,875.00
05/15/2028							4,875,000	121,875.00
11/15/2028							4,875,000	121,875.00
Total	\$ 14,160,000	\$ 1,943,071.93	\$ 55,095,000	\$ 7,727,550.00	\$ 52,160,000	\$ 22,843,631.67	\$122,225,000	\$32,514,253.60

EXHIBIT B-1

AMENDED SCHEDULE OF LEASE PAYMENTS RELATING TO 2010
CERTIFICATES FOLLOWING EXECUTION AND DELIVERY OF 2014
CERTIFICATES

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2010

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/2014	\$ 2,130,000.00	\$ 303,266.00	\$ 2,433,266.00
11/15/2014		265,991.00	265,991.00
05/15/2015	2,200,000.00	265,991.00	2,465,991.00
11/15/2015		227,491.00	227,491.00
05/15/2016	2,280,000.00	227,491.00	2,507,491.00
11/15/2016		167,641.00	167,641.00
05/15/2017	2,400,000.00	167,641.00	2,567,641.00
11/15/2017		104,641.00	104,641.00
05/15/2018	2,525,000.00	104,641.00	2,629,641.00
11/15/2018		54,141.00	54,141.00
05/15/2019	<u>2,625,000.00</u>	<u>54,141.00</u>	<u>2,679,141.00</u>
Total	<u>\$14,160,000.00</u>	<u>\$1,943,076.00</u>	<u>\$16,103,076.00</u>

EXHIBIT B-2

**AMENDED SCHEDULE OF LEASE PAYMENTS RELATING TO
2013 CERTIFICATES FOLLOWING EXECUTION AND DELIVERY OF
2014 CERTIFICATES**

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2013A

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/2014		\$ 818,225.00	\$ 818,225.00
11/15/2014	\$ 21,335,000.00	818,225.00	22,153,225.00
05/15/2015		604,875.00	604,875.00
11/15/2015	6,790,000.00	604,875.00	7,394,875.00
05/15/2016		435,125.00	435,125.00
11/15/2016	2,045,000.00	435,125.00	2,480,125.00
05/15/2017		384,000.00	384,000.00
11/15/2017	2,210,000.00	384,000.00	2,594,000.00
05/15/2018		328,750.00	328,750.00
11/15/2018	2,690,000.00	328,750.00	3,018,750.00
05/15/2019		261,500.00	261,500.00
11/15/2019	2,880,000.00	261,500.00	3,141,500.00
05/15/2020		189,500.00	189,500.00
11/15/2020	2,265,000.00	189,500.00	2,454,500.00
05/15/2021		132,875.00	132,875.00
11/15/2021	2,540,000.00	132,875.00	2,672,875.00
05/15/2022		69,375.00	69,375.00
11/15/2022	<u>2,775,000.00</u>	<u>69,375.00</u>	<u>2,844,375.00</u>
 Total	 <u>\$45,530,000.00</u>	 <u>\$6,448,450.00</u>	 <u>\$51,978,450.00</u>

Pima County, Arizona
 Certificates of Participation
 Series 2013B

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/2014		\$ 235,175.00	\$ 235,175.00
11/15/2014	\$ 2,420,000.00	235,175.00	2,655,175.00
05/15/2015		198,875.00	198,875.00
11/15/2015	2,520,000.00	198,875.00	2,718,875.00
05/15/2016		135,875.00	135,875.00
11/15/2016	2,650,000.00	135,875.00	2,785,875.00
05/15/2017		69,625.00	69,625.00
11/15/2017	<u>2,785,000.00</u>	<u>69,625.00</u>	<u>2,854,625.00</u>
 Total	 <u>\$10,375,000.00</u>	 <u>\$1,279,100.00</u>	 <u>\$11,654,100.00</u>

EXHIBIT B-3

SCHEDULE OF LEASE PAYMENTS RELATING TO 2014 CERTIFICATES

The following are the Lease Payments to be paid pursuant to the Lease Purchase Agreement relating to:

Pima County, Arizona
 Certificates of Participation
 Series 2014

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
11/15/14	\$ 1,755,000	\$ 2,009,031.67	\$ 3,764,031.67
05/15/15		1,233,750.00	1,233,750.00
11/15/15	2,585,000	1,233,750.00	3,818,750.00
05/15/16		1,182,050.00	1,182,050.00
11/15/16	2,690,000	1,182,050.00	3,872,050.00
05/15/17		1,128,250.00	1,128,250.00
11/15/17	2,815,000	1,128,250.00	3,943,250.00
05/15/18		1,057,875.00	1,057,875.00
11/15/18	2,960,000	1,057,875.00	4,017,875.00
05/15/19		983,875.00	983,875.00
11/15/19	3,110,000	983,875.00	4,093,875.00
05/15/20		906,125.00	906,125.00
11/15/20	3,270,000	906,125.00	4,176,125.00
05/15/21		824,375.00	824,375.00
11/15/21	3,435,000	824,375.00	4,259,375.00
05/15/22		738,500.00	738,500.00
11/15/22	3,615,000	738,500.00	4,353,500.00
05/15/23		648,125.00	648,125.00
11/15/23	3,800,000	648,125.00	4,448,125.00
05/15/24		553,125.00	553,125.00
11/15/24	3,995,000	553,125.00	4,548,125.00
05/15/25		453,250.00	453,250.00
11/15/25	4,200,000	453,250.00	4,653,250.00
05/15/26		348,250.00	348,250.00
11/15/26	4,415,000	348,250.00	4,763,250.00
05/15/27		237,875.00	237,875.00
11/15/27	4,640,000	237,875.00	4,877,875.00
05/15/28		121,875.00	121,875.00
11/15/28	4,875,000	121,875.00	4,996,875.00
Total	<u>\$ 52,160,000</u>	<u>\$ 22,843,631.67</u>	<u>\$ 75,003,631.67</u>



SEQUENCE: 20151210385
No. Pages: 99
5/1/2015 1:50 PM

F. ANN RODRIGUEZ, RECORDER
Recorded By: LW(e-recording)



When recorded return to:

Timothy E. Pickrell, Esq.
Squire Patton Boggs (US) LLP
1 E. Washington Street, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

**FIFTH AMENDMENT
TO LEASE-PURCHASE AGREEMENT**

by and between

U.S. BANK NATIONAL ASSOCIATION, as trustee

as Lessor

and

PIMA COUNTY, ARIZONA,

as Lessee

Dated as of April 1, 2015

relating to

\$57,025,000

**Pima County, Arizona
Certificates of Participation
Series 2015**

**FIFTH AMENDMENT
TO LEASE PURCHASE AGREEMENT**

THIS FIFTH AMENDMENT TO LEASE-PURCHASE AGREEMENT (this "Fifth Amendment"), dated as of April 1, 2015, by and between U.S. BANK NATIONAL ASSOCIATION, as lessor (the "Lessor" or "Trustee") and PIMA COUNTY, ARIZONA, as lessee (the "Lessee" or the "County");

WITNESSETH:

WHEREAS, the Lessor and the Lessee have previously entered into a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement"), as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment"), a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the "Fourth Amendment") and by this Fifth Amendment (collectively, the "Lease" or "Lease-Purchase Agreement") with respect to the property described in Exhibit A to the Original Lease-Purchase Agreement; and

WHEREAS, in connection with the execution of the Original Lease-Purchase Agreement, the County and the Trustee entered into a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement" and, as subsequently supplemented and amended, the "Trust Agreement"), pursuant to which the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, which the parties subsequently supplemented with a First Supplement to Trust Agreement, dated as of June 1, 2009, pursuant to which the Trustee executed and delivered \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the "2009 Certificates"), a Second Supplement to Trust Agreement, dated as of February 1, 2010, pursuant to which the Trustee executed and delivered \$20,000,000 principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates"), a Third Supplement to Trust Agreement, dated as of May 1, 2013, pursuant to which the Trustee executed and delivered \$80,175,000 principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and \$12,705,000 principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates") and a Fourth Supplement to Trust Agreement, dated as of January 1, 2014, pursuant to which the Trustee executed and delivered \$52,160,000 principal amount of Certificates of Participation, Series 2014 (the "2014 Certificates"); and

WHEREAS, there are no 2008 Certificates or 2009 Certificates currently outstanding and there are currently outstanding \$12,030,000 aggregate principal amount of 2010 Certificates, \$24,195,000 aggregate principal amount of 2013A Certificates, \$7,955,000 aggregate principal amount of 2013B Certificates and \$50,405,000 aggregate principal amount of 2014 Certificates; and

WHEREAS, the Trust Agreement permits the execution and delivery of “Additional Certificates,” on a parity with the 2010 Certificates, the 2013A Certificates, the 2013B Certificates and the 2014 Certificates, and permits the supplementation and amendment of the Trust Agreement and the Lease-Purchase Agreement to facilitate such an execution and delivery; and

WHEREAS, in consideration of the County’s agreement to amend and restructure the term of its obligations under the Lease-Purchase Agreement, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$57,025,000 to be denominated “Certificates of Participation, Series 2015” (the “2015 Certificates”) to pay a portion of the net proceeds of the 2015 Certificates to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the “Projects”) and use the remainder of the net proceeds of the 2015 Certificates to pay costs of executing and delivering the 2015 Certificates; and

WHEREAS, in connection with the execution and delivery of the 2015 Certificates, it is therefor necessary for the Lessor and the County to enter into this Fifth Amendment; and

WHEREAS, upon execution and delivery of the 2015 Certificates, all the conditions for execution and delivery of Additional Certificates under the Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution and delivery of this Fifth Amendment, entered into a Fifth Supplement to Trust Agreement (the “Fifth Supplement to Trust Agreement”);

NOW, THEREFORE, THE PARTIES HERETO AGREE TO AMEND THE LEASE-PURCHASE AGREEMENT AS FOLLOWS:

SECTION 1.1 Defined Terms. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Original Lease-Purchase Agreement as previously amended or, if not defined therein, in the Trust Agreement.

SECTION 1.2 Execution and Delivery of 2015 Certificates. In consideration of the County’s agreement to restructure the term of its obligations under the Lease-Purchase Agreement and to pay or to reimburse the costs of the Projects, the parties agree that the 2015 Certificates shall be executed and delivered in a principal amount of \$57,025,000.

SECTION 1.3 Deposit of Monies. On the Closing Date for the 2015 Certificates, there shall be deposited with the Trustee the net proceeds of sale of the 2015 Certificates, which proceeds shall be deposited as provided in Sections 2.6, 3.1 and 3.2 of the Fifth Supplement to Trust Agreement for disbursement pursuant thereto.

SECTION 1.4 Term. The Term of the Lease-Purchase Agreement extends to December 1, 2028, subject to extension and earlier termination as provided in Section 4.2 thereof and as otherwise provided in the Lease-Purchase Agreement.

SECTION 1.5 Lease Payments and Lease Payment Dates. Exhibit B of the Lease-Purchase Agreement is hereby amended by substituting therefor Exhibit B attached to this Fifth Amendment, setting forth the Lease Payments and Lease Payment Dates under the Lease, and representing the total of payments shown on Exhibit B-1, Exhibit B-2, Exhibit B-3 and Exhibit B-4 attached to this Fifth Amendment.

SECTION 1.6 Leased Property. The Leased Property consists of the properties described in Exhibit A attached to this Fifth Amendment.

SECTION 1.7 Certain References. The provisions in Sections 10.1 through 10.5 of the Original Lease-Purchase Agreement, which refer to certain sections in the Original Trust Agreement, regarding prepayment of the 2008 Certificates, shall hereafter be deemed to refer also to the analogous prepayment provisions in the Trust Agreement regarding the 2015 Certificates.

SECTION 1.8 Tax Covenants. The Lessee covenants (a) that it will take or cause to be taken all actions that may be required of it for the interest on the 2015 Certificates to remain excluded from gross income for federal income tax purposes, (b) that it will not take or authorize to be taken any actions which would adversely affect such exclusion and (c) that it, or other persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the 2015 Certificates in compliance with Arizona law and the Trust Agreement, (ii) restrict the yield on investment property, (iii) make or cause to be made timely and adequate payments to the federal government as provided in Section 8.8 of the Trust Agreement, (iv) maintain books and records, and (v) refrain from certain uses of proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of the interest on the 2015 Certificates under the Code. An officer of the Lessee shall take any and all such actions, make such rebate payments or potential payments and make or give such reports and certifications as may be appropriate to assure such exclusion of the interest.

The Lessee covenants that it will use, and will restrict the use and investment of the proceeds of the 2015 Certificates in such manner and to such extent, if any, as may be necessary, so that (a) the 2015 Certificates will not (i) constitute an arbitrage bond, a private activity bond or a hedge bond under Sections 141, 148 or 149 of the Code, or (ii) be treated other than as bonds to which Section 103(a) of the Code applies, and (b) the interest on the 2015 Certificates will not be treated as a preference item under Section 57 of the Code.

Any officer of the Lessee having responsibility with respect to the execution and delivery of this Fifth Amendment shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessee, be authorized (a) to make or affect any election, selection, designation, choice, consent, approval, or waiver on behalf of the Lessee with respect to the Lease-Purchase Agreement or the Certificates as the Lessee is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, 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 interest on the 2015 Certificates 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 action will be in writing and signed by the officer, (b) to 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 Lessee, as may be appropriate to assure the exclusion of the interest on the 2015 Certificates from gross income for federal income tax purposes, and (c) to give one or more appropriate certificates of the Lessee, for inclusion in the transcript of proceedings for setting forth the reasonable expectations of the Lessee regarding the amount and use of all the proceeds relating to the 2015 Certificates and the property financed with such proceeds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the 2015 Certificates.

SECTION 1.9 Ratification of Original Lease-Purchase Agreement, as Amended.

The Original Lease-Purchase Agreement, as amended by the First Amendment, by the Second Amendment, by the Third Amendment, by the Fourth Amendment and by this Fifth Amendment, is hereby ratified and confirmed in all respects.

SECTION 1.10 Binding Effect. This Fifth Amendment shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

SECTION 1.11 Severability. In the event any provision of this Fifth Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 1.12 Execution in Counterparts. This Fifth Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1.13 Applicable Law. This Fifth Amendment shall be governed by and construed in accordance with the laws of the State.

SECTION 1.14 Captions. The captions or headings in this Fifth Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Fifth Amendment.

SECTION 1.15 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Fifth Amendment pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this Fifth Amendment, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or

creating this Fifth Amendment on behalf of the Lessee within 3 years from execution of this Fifth Amendment, unless a waiver of Arizona Revised Statutes Section 38-511 is provided by the Lessee's Board of Supervisors.

SECTION 1.16 Certain Warranties and Certifications from the Lessor. To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Lessor, in its capacity as Lessor under the Lease-Purchase Agreement and as Trustee under the Trust Agreement, including its subcontractors who work on the Lease-Purchase Agreement or the Trust Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under A.R.S. § 23-214(A). The breach by the Lessor of the foregoing shall be deemed a material breach by the Lessor of the Lease-Purchase Agreement and the Trust Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The Lessee retains the legal right to randomly inspect the papers and records of the Lessor to ensure that the Lessor is complying with the above-mentioned warranty. The Lessor shall keep such papers and records open for random inspection by the Lessee during normal business hours. The Lessor shall cooperate with the random inspections by the Lessee, including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the Lessor has caused this Fifth Amendment to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Fifth Amendment to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Lessor

By: _____
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: Sharon Brinson
Chair, Board of Supervisors

ATTEST:

By: Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

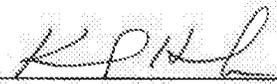
SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

[Signature page of Fifth Amendment to Lease-Purchase Agreement]

IN WITNESS WHEREOF, the Lessor has caused this Fifth Amendment to be executed in its corporate name by its duly authorized officers, and the Lessee has caused this Fifth Amendment to be executed in its name by its duly authorized officers, as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Lessor

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: _____
Chair, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page of Fifth Amendment to Lease-Purchase Agreement]

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.

(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

ADULT DETENTION FACILITY

LEGAL DESCRIPTION

Parcel 1

All that portion of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of said Northwest Quarter of Section 23;

Thence South 89 degrees 12 minutes 13 seconds West, along the South line thereof, 1296.40 feet;

Thence North 00 degrees 27 minutes 51 seconds West, 48.00 feet to a point on the North right-of-way line of Silverlake Road, according to the City of Tucson, Silverlake Road, Mission Road to I-10 Right-of-way Plans R-95-05, dated March, 1995, said point being the POINT OF BEGINNING;

Thence continuing North 00 degrees 27 minutes 51 seconds West, 152.84 feet to a point on an existing chain link fence;

Thence along said chain link fence the following courses and distances:

North 00 degrees 31 minutes 49 seconds East, 294.49 feet;

North 02 degrees 00 minutes 34 seconds East, 290.43 feet;

North 20 degrees 22 minutes 03 seconds East, 60.61 feet;

South 88 degrees 57 minutes 28 seconds East, 228.23 feet to a point on the West line of that parcel described in Docket 6365 at page 1101, records of Pima County, Arizona;

North 17 degrees 39 minutes 43 seconds West, 219.42 feet;

North 47 degrees 58 minutes 23 seconds West, 119.42 feet;

North 64 degrees 55 minutes 15 seconds West, 80.59 feet;

North 33 degrees 40 minutes 00 seconds West, 28.38 feet;

Thence South 33 degrees 47 minutes 24 seconds West, 151.90 feet;

Thence South 43 degrees 00 minutes 27 seconds West, 110.93 feet;

Thence South 45 degrees 14 minutes 44 seconds West, 44.88 feet to a point on the North line of that parcel described in Docket 926 at page 596, Records of Pima County, Arizona;

Thence South 88 degrees 04 minutes 27 seconds West along said North line, 126.64 feet to the Northwest corner thereof;

Thence South 45 degrees 54 minutes 53 seconds West along the Westerly line of said parcel, 1028.50 feet;

Thence continuing along the Westerly line of said parcel, South 30 degrees 47 minutes 53 seconds West, 226.25 feet to a point on the North right-of-way line of said Silverlake Road;

Thence North 89 degrees 12 minutes 13 seconds East, along said North right-of-way line, 1156.35 feet to the POINT OF BEGINNING.

(JV Arb 585)

Parcel 2

A portion of the parcel described in Docket 926 at page 596, as recorded in the County Recorder's Office, Pima County, Arizona, and being within the Southeast Quarter of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a found 2" brass cap survey monument with punch mark stamped "C1/4, S23, RLS 23956" at the Southeast corner of said Southeast Quarter of the Northwest quarter to which a found 2" brass cap survey monument with punch mark stamped "W1/16 C-C, S23, RLS 23956" at the Southwest corner of said Southeast Quarter of the Northeast Quarter bears South 89 degrees 12 minutes 11 seconds West a distance of 1309.70 feet, said line being the Basis of Bearing for this description;

Thence along the South line of said Southeast Quarter of the Northwest Quarter South 89 degrees 12 minutes 11 seconds West a distance of 1296.13 feet;

Thence North 00 degrees 47 minutes 49 seconds West a distance of 48.00 feet to the POINT OF BEGINNING at the Southeast corner of the parcel described in Docket 10491 at page 246, as recorded in the County Recorder's Office, Pima County, Arizona, said point also being on the North right-of-way line of Silverlake Road as shown on right-of-way Plan #R-95-05, City of Tucson Department of Transportation;

Thence along the East line of said parcel North 00 degrees 27 minutes 53 seconds West, a distance of 152.84 feet;

Thence continuing along said East line North 00 degrees 31 minutes 17 seconds East a distance of 294.49 feet;

Thence continuing along said East line North 02 degrees 00 minutes 32 seconds East a distance of 57.00 feet;

Thence South 72 degrees 28 minutes 08 seconds East a distance of 187.70 feet;

Thence South 17 degrees 31 minutes 52 seconds West a distance of 468.95 feet to the North right-of-way line of Silverlake Road;

Thence along said North right of way line South 89 degrees 12 minutes 11 seconds West a distance of 42.21 feet to the POINT OF BEGINNING.

(JV Arb 626)

PUBLIC SERVICE CENTER OFFICE TOWER AND PARKING GARAGE

LEGAL DESCRIPTION

Parcel 1

Blocks 252 and 253 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 2

Lot 1 and the North 69.00 feet of Lot 2, and Lots 4, 5, 6 and 7 in Block 254 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 3

All of Lot 1 and that portion of Lot 6 in Block 255 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the Northeast corner of said Lot 6;

Thence Southerly 50 feet;

Thence Westerly 50 feet;

Thence Northerly 50 feet;

Thence Easterly 50 feet to the Northeast corner of said Lot 6, the Place of Beginning.

Parcel 4

Portions of public rights of way as shown in Book 4 of Maps and Plats at page 81A and 81B therein, Records of Pima County, Arizona, and on file at the Pima County Recorder's Office, Tucson, Arizona, said portions lying in the southwest one-quarter of Section 12, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

All of Grossetta Avenue as shown in said Block 4 of Maps and Plats at page 81A therein, lying southerly of the southerly right of way line of Toole Avenue, more particularly described as follows:

Beginning at the northeast corner of Block 252 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence southeasterly in a straight line to the northern corner of Block 253 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Block 254 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence easterly in a straight line to the southwest corner of Block 255 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

All of the alley lying within Block 254 as shown in Book 3 of Maps and Plats at page 81B therein, lying southerly of the southerly right of way line of Council Street more particularly described as follows:

Beginning at the northeast corner of Lot 1 of said Block 254;

Thence easterly in a straight line to the northwest corner of Lot 4 of said Block 254 and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Lot 3 of said Block 254;

Thence easterly in a straight line to the southwest corner of Lot 6 of said Block 254 and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

A portion of Council Street, shown as Miltenburg Street in said Book 4 of Maps and Plats at page 81A and 81B therein, more particularly described as follows:

Beginning at the northeast corner of said Block 254;

Thence upon the south right of way line of said Council Street, said south line coincident with the north line of said Block 254, S 89 degrees 19 minutes 31 seconds W, a distance of 132.77 feet to the northwest corner of Lot 4 thereof;

Thence continue upon said coincident line, S 89 degrees 18 minutes 58 seconds W, a distance of 17.23 feet to the northeast corner of Lot 1 thereof;

Thence continue upon said coincident line, S 89 degrees 19 minutes 23 seconds W, a distance of 145.56 feet to the northwest corner of said Block 254;

Thence leaving said south right of way line, N 03 degrees 46 minutes 35 seconds W, a distance of 50.05 feet to a point on the north right of way line of said Council Street, said point being the southwest corner of Block 252 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 252, N 89 degrees 19 minutes 22 seconds E, a distance of 298.33 feet to the southeast corner of said Block 252;

Thence N 89 degrees 15 minutes 35 seconds E, a distance of 49.99 feet to the southwest corner of Block 253 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 253, N 89 degrees 19 minutes 10 seconds East a distance of 49.70 feet;

Thence leaving said north right of way line, S 00 degrees 40 minutes 50 seconds E a distance of 50.06 feet to a point on the south right of way line of said Council Street;

Thence upon said south right of way line of Council Street, said line coincident with the north line of Block 255 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein, S 89 degrees 18 minutes 23 seconds W, a distance of 49.75 feet to the northwest corner of said Block 255;

Thence S 89 degrees 21 minutes 30 seconds W, a distance of 50.01 feet to the POINT OF BEGINNING;

EXCEPT any portion lying within the aforesaid Grossetta Avenue.

EXHIBIT B

**AMENDED SCHEDULE OF LEASE PAYMENTS
RELATING TO 2010, 2013, 2014 AND 2015 CERTIFICATES
FOLLOWING EXECUTION AND DELIVERY
OF 2015 CERTIFICATES**

	Series 2010		Series 2013		Series 2014		Series 2015		Aggregate	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
05/15/2015	\$ 2,200,000	\$ 265,990.63	\$ 9,310,000	\$ 803,750.00	\$ 2,585,000	\$ 1,233,750.00	\$ 15,000,000	\$ 1,130,784.72	\$ 2,200,000	\$ 2,303,491.00
11/15/2015		227,490.63		803,750.00		1,233,750.00			26,895,000	3,395,775.00
05/15/2016	2,280,000	227,490.63	4,695,000	571,000.00	2,690,000	1,182,050.00	15,000,000	825,625.00	2,280,000	2,806,166.00
11/15/2016		167,640.63		571,000.00		1,182,050.00			22,385,000	2,746,316.00
05/15/2017	2,400,000	167,640.63	4,995,000	453,625.00	2,815,000	1,128,250.00	15,000,000	675,625.00	2,400,000	2,425,141.00
11/15/2017		104,640.63		453,625.00		1,128,250.00			22,810,000	2,362,141.00
05/15/2018	2,525,000	104,640.63	2,690,000	328,750.00	2,960,000	1,057,875.00	12,025,000	300,625.00	2,525,000	1,791,891.00
11/15/2018		54,140.63		328,750.00		1,057,875.00			17,675,000	1,741,391.00
05/15/2019	2,625,000	54,140.63	2,880,000	261,500.00	3,110,000	983,875.00			2,625,000	1,299,516.00
11/15/2019				261,500.00		983,875.00			5,990,000	1,245,375.00
05/15/2020			2,265,000	189,500.00	3,270,000	906,125.00			5,535,000	1,095,625.00
11/15/2020				189,500.00		906,125.00			5,975,000	957,250.00
05/15/2021			2,540,000	132,875.00	3,435,000	824,375.00			6,390,000	807,875.00
11/15/2021				132,875.00		824,375.00			3,800,000	648,125.00
05/15/2022			2,775,000	69,375.00	3,615,000	738,500.00			3,800,000	553,125.00
11/15/2022				69,375.00		738,500.00			4,200,000	453,250.00
05/15/2023					3,800,000	648,125.00			4,200,000	453,250.00
11/15/2023						648,125.00			4,415,000	348,250.00
05/15/2024					3,995,000	553,125.00			4,415,000	348,250.00
11/15/2024						553,125.00			4,640,000	237,875.00
05/15/2025					4,200,000	453,250.00			4,640,000	237,875.00
11/15/2025						453,250.00			4,875,000	121,875.00
05/15/2026					4,415,000	348,250.00			4,875,000	121,875.00
11/15/2026						348,250.00				
05/15/2027					4,640,000	237,875.00				
11/15/2027						237,875.00				
05/15/2028					4,875,000	121,875.00				
11/15/2028						121,875.00				
Total	\$ 12,030,000	\$ 1,373,815.67	\$ 32,150,000	\$ 5,620,750.00	\$ 50,405,000	\$ 20,834,600.00	\$ 57,025,000	\$ 4,734,534.72	\$ 151,610,000	\$ 32,563,700.00

EXHIBIT B-1

**AMENDED SCHEDULE OF LEASE PAYMENTS
RELATING TO 2010 CERTIFICATES FOLLOWING
EXECUTION AND DELIVERY OF 2015 CERTIFICATES**

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2010

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/2015	\$ 2,200,000.00	\$ 265,990.63	\$ 2,465,990.63
11/15/2015		227,490.63	227,490.63
05/15/2016	2,280,000.00	227,490.63	2,507,490.63
11/15/2016		167,640.63	167,640.63
05/15/2017	2,400,000.00	167,640.63	2,567,640.63
11/15/2017		104,640.63	104,640.63
05/15/2018	2,525,000.00	104,640.63	2,629,640.63
11/15/2018		54,140.63	54,140.63
05/15/2019	<u>2,625,000.00</u>	<u>54,140.63</u>	<u>2,679,140.63</u>
Total	<u>\$12,030,000.00</u>	<u>\$ 1,373,815.67</u>	<u>\$13,403,815.67</u>

EXHIBIT B-2

**AMENDED SCHEDULE OF LEASE PAYMENTS
RELATING TO 2013 CERTIFICATES FOLLOWING
EXECUTION AND DELIVERY OF 2015 CERTIFICATES**

The following are the Lease Payments to be paid pursuant to the Lease-Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2013A

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/2015		\$ 604,875.00	\$ 604,875.00
11/15/2015	\$ 6,790,000.00	604,875.00	7,394,875.00
05/15/2016		435,125.00	435,125.00
11/15/2016	2,045,000.00	435,125.00	2,480,125.00
05/15/2017		384,000.00	384,000.00
11/15/2017	2,210,000.00	384,000.00	2,594,000.00
05/15/2018		328,750.00	328,750.00
11/15/2018	2,690,000.00	328,750.00	3,018,750.00
05/15/2019		261,500.00	261,500.00
11/15/2019	2,880,000.00	261,500.00	3,141,500.00
05/15/2020		189,500.00	189,500.00
11/15/2020	2,265,000.00	189,500.00	2,454,500.00
05/15/2021		132,875.00	132,875.00
11/15/2021	2,540,000.00	132,875.00	2,672,875.00
05/15/2022		69,375.00	69,375.00
11/15/2022	<u>2,775,000.00</u>	<u>69,375.00</u>	<u>2,844,375.00</u>
Total	<u>\$24,195,000.00</u>	<u>\$ 4,812,000.00</u>	<u>\$29,007,000.00</u>

Pima County, Arizona
 Certificates of Participation
 Series 2013B

<u>Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/2015		\$ 198,875.00	\$ 198,875.00
11/15/2015	\$ 2,520,000.00	198,875.00	2,718,875.00
05/15/2016		135,875.00	135,875.00
11/15/2016	2,650,000.00	135,875.00	2,785,875.00
05/15/2017		69,625.00	69,625.00
11/15/2017	<u>2,785,000.00</u>	<u>69,625.00</u>	<u>2,854,625.00</u>
Total	<u>\$ 7,955,000.00</u>	<u>\$ 808,750.00</u>	<u>\$ 8,763,750.00</u>

EXHIBIT B-3

**AMENDED SCHEDULE OF LEASE PAYMENTS RELATING
TO 2014 CERTIFICATES FOLLOWING EXECUTION
AND DELIVERY OF 2015 CERTIFICATES**

The following are the Lease Payments to be paid pursuant to the Lease Purchase Agreement relating to:

Pima County, Arizona
Certificates of Participation
Series 2014

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
05/15/15		\$ 1,233,750.00	\$ 1,233,750.00
11/15/15	\$ 2,585,000.00	1,233,750.00	3,818,750.00
05/15/16		1,182,050.00	1,182,050.00
11/15/16	2,690,000.00	1,182,050.00	3,872,050.00
05/15/17		1,128,250.00	1,128,250.00
11/15/17	2,815,000.00	1,128,250.00	3,943,250.00
05/15/18		1,057,875.00	1,057,875.00
11/15/18	2,960,000.00	1,057,875.00	4,017,875.00
05/15/19		983,875.00	983,875.00
11/15/19	3,110,000.00	983,875.00	4,093,875.00
05/15/20		906,125.00	906,125.00
11/15/20	3,270,000.00	906,125.00	4,176,125.00
05/15/21		824,375.00	824,375.00
11/15/21	3,435,000.00	824,375.00	4,259,375.00
05/15/22		738,500.00	738,500.00
11/15/22	3,615,000.00	738,500.00	4,353,500.00
05/15/23		648,125.00	648,125.00
11/15/23	3,800,000.00	648,125.00	4,448,125.00
05/15/24		553,125.00	553,125.00
11/15/24	3,995,000.00	553,125.00	4,548,125.00
05/15/25		453,250.00	453,250.00
11/15/25	4,200,000.00	453,250.00	4,653,250.00
05/15/26		348,250.00	348,250.00
11/15/26	4,415,000.00	348,250.00	4,763,250.00
05/15/27		237,875.00	237,875.00
11/15/27	4,640,000.00	237,875.00	4,877,875.00
05/15/28		121,875.00	121,875.00
11/15/28	<u>4,875,000.00</u>	<u>121,875.00</u>	<u>4,996,875.00</u>
Total	<u>\$50,405,000.00</u>	<u>\$20,834,600.00</u>	<u>\$71,239,600.00</u>

EXHIBIT B-4

Pima County, Arizona
Certificates of Participation
Series 2015

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Component</u>	<u>Total Lease Payments</u>
11/15/15	\$15,000,000.00	\$1,130,784.72	\$16,130,784.72
05/15/16		825,625.00	825,625.00
11/15/16	15,000,000.00	825,625.00	15,825,625.00
05/15/17		675,625.00	675,625.00
11/15/17	15,000,000.00	675,625.00	15,675,625.00
05/15/18		300,625.00	300,625.00
11/15/18	<u>12,025,000.00</u>	<u>300,625.00</u>	<u>12,325,625.00</u>
Total	<u>\$57,025,000.00</u>	<u>\$4,734,534.72</u>	<u>\$61,759,534.72</u>

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F. ANN RODRIGUEZ, RECORDER
RECORDED BY: C_V
DEPUTY RECORDER
1016 PE1



TLATI
TIMOTHY PICKRELL
40 N CENTRAL AVE STE 2700
PHOENIX AZ 85004

DOCKET: 13336
PAGE: 86
NO. OF PAGES: 67
SEQUENCE: 20081240006
06/26/2008
AG 08:35

MAIL
AMOUNT PAID \$ 72.00

Timothy E. Pickrell, Esq.
Squire, Sanders & Dempsey L.L.P.
40 North Central Avenue, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

and

PIMA COUNTY, ARIZONA

as Lessee

Dated as of June 1, 2008

relating to

**\$50,000,000
Pima County, Arizona
Certificates of Participation
Series 2008**

UNRECORDED

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TRUST AGREEMENT

THIS TRUST AGREEMENT (the "Trust Agreement"), dated as of June 1, 2008, by and between U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee" or "Lessor"), and PIMA COUNTY, ARIZONA, (the "Lessee" or the "County");

RECITALS

WHEREAS, the County has determined that it will be beneficial for its citizens to sell and lease certain County property and the Trustee has agreed to acquire the property in accordance with the terms and conditions of this Trust Agreement; and

WHEREAS, pursuant to a Deed (as defined herein), the County has conveyed to the Trustee certain interests in the County-utilized portion of the public works building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit B-1 hereto (the "Public Works Building"); and

WHEREAS, pursuant to a Deed, the County has conveyed to the Trustee certain interests in the legal services building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit B-2 hereto (the "Legal Services Building"); and

WHEREAS, pursuant to a Ground Lease (as defined herein), the County has leased to the Trustee a certain parking garage located next to the Public Works Building in the City of Tucson, Pima County, Arizona, as more fully described on Exhibit B-3 hereto (the "Public Works Parking Garage"); and

WHEREAS, the Trustee, as lessor, and the County, as lessee, have entered into a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Lease-Purchase Agreement"), whereby the Trustee has agreed to lease the Public Works Building, the Legal Services Building and the Public Works Parking Garage (collectively, the "Leased Property") to the County, and the County has agreed to lease the Leased Property from the Trustee, pursuant to the terms thereof; and

WHEREAS, in order to (i) finance the acquisition of the Leased Property, and (ii) pay certain Delivery Costs (as defined herein) associated with the execution and delivery of the 2008 Certificates (as defined herein), the Lessor, as trustee, has executed and delivered simultaneously herewith \$50,000,000 aggregate original amount of Pima County, Arizona, Certificates of Participation, Series 2008 (the "2008 Certificates"), representing the undivided proportionate interests of the owners thereof in the Lease-Purchase Agreement and the lease payments to be made by the Lessee pursuant hereto (the "Lease Payments"), pursuant to this Trust Agreement:

GRANTING CLAUSES

NOW, THEREFORE, in order to secure (i) all Certificates (as such term and all other undefined terms hereafter used are hereinafter defined) executed and delivered and outstanding under this Trust Agreement, (ii) the payment of principal thereof and interest thereon, (iii) the rights of the Owners of the Certificates and the performance and observance of the covenants and conditions contained in the Certificates, the Lease-Purchase Agreement and herein, and (iv)

after payment of Lease Payments and Prepayments, the Trustee and its successors and assigns is hereby directed to acquire, to receive and to hold as security for the Owners of the Certificates, and does hereby declare an irrevocable trust and acknowledge its acceptance of all right, title and interest in and to, the following described property:

GRANTING CLAUSE FIRST

All right, title and interest of the Lessor in and to the Leased Property, including pursuant to the Ground Lease; subject, however, to the rights of the Lessee under the Lease-Purchase Agreement.

GRANTING CLAUSE SECOND

All right, title and interest of the Lessor in and to the Ground Lease, the Deed and the Lease-Purchase Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, (ii) bring actions and proceedings thereunder or for the enforcement thereof, and (iii) do any and all things which the Lessor is or may become entitled to do thereunder; provided that this clause shall not transfer, impair or diminish any right of the Lessor under any of the assigned instruments for indemnification, reimbursement of fees, costs and expenses or to receive notices or approve amendments.

GRANTING CLAUSE THIRD

All right, title and interest of the Lessor in and to amounts on deposit from time to time in the funds and accounts created pursuant hereto (other than the Rebate Fund), subject to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein.

GRANTING CLAUSE FOURTH

All rights held by the Trustee hereunder shall be administered according to the provisions of this Trust Agreement and for the equal and proportionate benefit of the Owners of Certificates.

ARTICLE I DEFINITIONS

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

"2008 Certificates" shall mean the \$50,000,000 aggregate principal amount of Certificates of Participation, Series 2008, to be executed and delivered pursuant hereto.

"Acquisition Fund" shall mean the fund by that name established and held by the Trustee pursuant to Section 3.1 hereof.

"Additional Certificates" shall mean any certificates executed and delivered pursuant to Section 2.11 hereof.

"Additional Rent" shall mean any payments to be made pursuant to Section 4.7 of the Lease-Purchase Agreement in addition to Lease Payments.

"Aggregate Value" shall mean with respect to the Certificates, the Outstanding principal amount thereof.

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as amended (Title 11 of the United States Code, as amended).

"Beneficial Owner" shall have the meaning provided in Section 2.12 hereof.

"Business Day" shall mean a day of the year other than (a) a Saturday or Sunday or (b) a day on which banking institutions located in the city designated by the Trustee for the presentation and payment of Certificates are required or authorized to remain closed.

"Certificates" shall mean, collectively, the 2008 Certificates and any Additional Certificates executed and delivered pursuant hereto.

"Closing Date" shall mean, with respect to the 2008 Certificates, the day when the 2008 Certificates, duly executed by the Trustee, are delivered to the Original Purchaser, and with respect to any other series of Certificates, the day when the Certificates of such series, duly executed by the Trustee, are delivered to the initial purchasers thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

"Deed" shall mean the Special Warranty Deed, dated as of June 1, 2008, between the County, as grantor, and the Trustee, as grantee, conveying the Public Works Building and the Legal Services Building to the Trustee.

"Defeasance Obligations" means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause) and (ii) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including (A) United States Treasury obligations, including State and Local Government Series, and (B) all direct or fully guaranteed obligations of the Farmers Home Administration, General Services Administration, Guaranteed title XI financing, and Government National Mortgage Association (GNMA). Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

"Delivery Costs" shall mean all items of expense directly or indirectly payable by or reimbursable to the Lessee or the Lessor relating to the execution, sale and delivery of the Lease-

Purchase Agreement, the Ground Lease, the Deed, this Trust Agreement or the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and the Lessor, legal fees and charges, accountants' verification fees, insurance fees and charges, premiums for title insurance, the premiums for the Certificate Insurance Policy, if any, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and any other costs, expenses, fees and charges in connection with the foregoing.

"Delivery Costs Fund" shall mean the fund by that name established and held by the Trustee pursuant to Section 3.2 hereof.

"DTC" shall mean The Depository Trust Company, New York, New York, and any successor corporation.

"DTC Participant" shall mean those broker-dealers, banks and other financial institutions reflected on the books of DTC as holding beneficial interests in the Certificates.

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

"Event of Bankruptcy" shall mean the commencement of a case by or against the Lessee under the Bankruptcy Code or under any other domestic bankruptcy act or any similar act which hereafter may be enacted (other than such proceedings initiated by the Lessee against third parties other than the Lessee), unless such case shall have been dismissed and such dismissal shall be final and not subject to appeal.

"Event of Default" shall mean (i) an event of default under the Lease-Purchase Agreement, as defined in Section 9.1 thereof, (ii) if the Lease-Purchase Agreement has terminated pursuant to subsection (b) of Section 4.2 thereof and not been reinstated pursuant to subsection (c) of Section 4.2 thereof, or (iii) the failure of the Trustee to receive from Lessee an amount sufficient to pay principal of or interest on the Certificates on any date payment thereof is due.

"Fiscal Period" shall mean a period of 12 consecutive months commencing on the first day of July and ending on the last day of June, or any other consecutive 12-month period which may be established hereafter as the fiscal year of the Lessee for budgeting and appropriation purposes.

"Ground Lease" shall mean the Ground Lease, dated as of June 1, 2008, between the County, as lessor, and the Trustee, as lessee, together with any amendments thereof or supplements thereto, leasing the Public Works Parking Garage to the Trustee.

"Independent Counsel" shall mean an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Lessor, the Trustee or the Lessee.

“Insurance and Condemnation Fund” shall mean the fund by that name established and held by the Trustee pursuant to Article VII hereof.

“Interest Payment Date” shall mean each of the dates specified in Section 2.3 hereof on which interest is due and payable with respect to the Certificates or the next succeeding Business Day if such date is not a Business Day.

“Lease-Purchase Agreement” or “Lease” shall mean the Lease-Purchase Agreement, dated as of June 1, 2008, by and between the Lessee and the Lessor, together with any duly authorized and executed amendment thereto.

“Lease Payment” shall mean all payments required to be paid by the Lessee on any date pursuant to Section 4.4(a) of the Lease-Purchase Agreement and as set forth in Exhibit B to the Lease-Purchase Agreement.

“Lease Payment Fund” shall mean the fund by that name established and held by the Trustee pursuant to Article V hereof.

“Leased Property” shall mean, collectively, the Public Works Building, the Legal Services Building and the Public Works Parking Garage, as more fully described in Exhibit B hereto.

“Lessee” shall mean Pima County, Arizona.

“Lessee Representative” shall mean the Chairman of the Board of Supervisors of the Lessee, the County Administrator of the Lessee, the Director of Finance of the Lessee or the designee of any of them, or any other person authorized by resolution of the Lessee to act on behalf of the Lessee under or with respect to this Trust Agreement and the Lease-Purchase Agreement.

“Lessor” shall mean U.S. Bank National Association, as Trustee, and its successors and assigns hereunder and under the Lease-Purchase Agreement.

“Moody’s” shall mean Moody’s Investors Service or any successor nationally recognized securities rating agency.

“Net Proceeds” shall mean any insurance proceeds (other than proceeds of any insurance policy maintained pursuant to Section 5.3 of the Lease-Purchase Agreement) or condemnation award in excess of \$100,000, paid with respect to the Leased Property, or any proceeds resulting from the sale of the Leased Property pursuant to Section 9.2(b) of the Lease-Purchase Agreement, remaining after payment therefrom of all expenses incurred in the collection thereof.

“Original Purchaser” shall mean RBC Capital Markets Corporation, as original purchaser of the 2008 Certificates.

“Outstanding”, when used with reference to the Certificates, shall mean, as of any date of determination, all Certificates theretofore executed and delivered except:

(a) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Certificates which are deemed paid and no longer Outstanding as provided herein;

(c) Certificates in lieu of which other Certificates of the same series shall have been executed and delivered pursuant to the provisions hereof relating to Certificates destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Certificate is held by a bona fide purchaser; and

(d) For the purposes described in Section 10.3 hereof, the Certificates described in said Section 10.3.

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

“Paying Agent shall mean the Trustee.

“Permitted Encumbrances” shall mean, as of any particular time (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the Lessee may, pursuant to provisions of Article V of the Lease-Purchase Agreement, permit to remain unpaid, (ii) the Lease-Purchase Agreement, (iii) the Ground Lease, (iv) this Trust Agreement, (v) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist as of the Closing Date and which the Lessee certifies in writing will not materially impair the use of the Leased Property for purposes of the Lease-Purchase Agreement or the security granted to the Trustee in this Trust Agreement, and (vi) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Lessor and the Lessee consent in writing.

“Permitted Investments” shall mean and include (to the extent permitted by law):

(a) Defeasance Obligations.

(b) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: (A) the Export Import Bank of the United States, (B) the Rural Economic Community Development Administration (formerly the Farmers Home Administration), (C) the U.S. Maritime Administration, (D) the Small Business Administration, (E) the U.S. Department of Housing and Urban Development (PHA's), (F) the Federal Housing Administration, and (G) the Federal Financing Bank.

(c) Direct obligations of any of the following federal agencies which are not fully guaranteed by the full faith and credit of the United States of America: (A) senior debt obligations rated “Aaa” by Moody's and “AAA” by S&P issued by Fannie Mae or the Freddie Mac, (B) obligations of the Resolution Funding Corporation (REFCORP), and (C) senior debt obligations of the Federal Home Loan Bank System.

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's, and which matures not more than 270 days after the date of purchase.

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P.

(g) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(h) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or Moody's or any successors thereto, or

(i) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of obligations described in clause (B) of the definition of Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally-recognized independent certified public accountant or firm of such accountants, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vii) on the maturity or redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(j) General obligations of any state of the United States of America rated at least "A2/A" or higher by both S&P and Moody's.

(k) Investment agreements and other forms of investments, including repurchase agreements (in the case of investment agreements, with appropriate opinions of counsel) with notice to S&P.

"Prepayment" shall mean any payment applied towards the prepayment of the Lease Payments, in whole or in part, pursuant to Article X of the Lease-Purchase Agreement.

"Rebate Fund" shall mean the fund created by Section 8.8(b) hereof.

"Register" shall mean the registration books maintained by the Trustee pursuant to Section 2.10 hereof.

"Registrar" shall mean the Trustee.

"Regular Record Date" shall mean the close of business on the fifteenth day of the month preceding an Interest Payment Date, whether or not such fifteenth day is a Business Day.

"S&P" shall mean Standard & Poor's Rating Group or any successor nationally recognized securities rating agency.

"Special Counsel" shall mean any law firm, acceptable to the Lessee Representative having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations.

"Special Interest Payment Date" shall mean the Business Day established by the Trustee for the payment of overdue interest on the 2008 Certificates pursuant to the third paragraph of Section 2.2 hereof.

"Special Record Date" shall mean the Business Day established by the Trustee for determination of the registered Owners entitled to receive overdue interest on the 2008 Certificates pursuant to the third paragraph of Section 2.2 hereof.

"State" shall mean the State of Arizona.

"Tax Compliance Certificate" shall mean any agreement or certificate of the Lessee which the Lessee may execute in order to establish and maintain the exclusion from gross income for federal income tax purposes of the interest component of the Lease Payments payable with respect to the 2008 Certificates.

"Term of the Lease-Purchase Agreement" shall mean the time during which the Lease-Purchase Agreement is in effect, as provided in Section 4.2 of the Lease-Purchase Agreement.

"Trust Agreement" shall mean this Trust Agreement, together with any duly authorized and executed amendments or supplements hereto.

"Trustee" shall mean U.S. Bank National Association, or any successor thereto acting as Trustee pursuant to this Trust Agreement.

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

Section 1.3 Interpretation.

(a) Any reference herein to the Lessor, Trustee or Lessee or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for

convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein, but defined in the Lease-Purchase Agreement shall have the same meaning herein.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not mean or include the payment of a Certificate at its stated maturity or the purchase of a Certificate.

ARTICLE II
THE 2008 CERTIFICATES; ADDITIONAL CERTIFICATES

Section 2.1 Authorization.

(a) The Trustee is hereby authorized and directed to prepare, execute and deliver, to the Original Purchaser, 2008 Certificates in an aggregate principal amount of \$50,000,000, evidencing proportionate ownership interests in the Lease Payments and the Prepayments.

(b) Except as provided in Section 2.11 hereof, the Trustee shall not at any time while the Certificates are Outstanding execute and deliver additional certificates payable from the Lease Payments and secured by a lien and charge upon the Leased Property on a parity with or prior to the lien and charge securing the Outstanding Certificates hereunder.

Section 2.2 General Terms of 2008 Certificates. The 2008 Certificates shall be executed and delivered only in fully registered form, without coupons, and shall be numbered from one upwards, in the order of their execution, with any other designation as the Trustee deems appropriate. The 2008 Certificates shall be subject to redemption prior to their specified principal payment dates as provided in Article IV hereof.

Each 2008 Certificate shall bear the dated date of the date of the initial delivery thereof, and shall also bear the date of its execution and interest with respect thereto shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed prior to December 1, 2008, in which event interest with respect thereto shall be payable from June 1, 2008, (ii) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such date of execution, or (iii) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; provided, however, that if, as of the date of execution of any 2008 Certificate, interest is in default with respect to any Outstanding 2008 Certificates, interest with respect to such 2008 Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding 2008 Certificates, or, if prior to December 1, 2008, interest shall be payable from the dated date thereof, unless it is executed after a Special Record Date and before

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the following Special Interest Payment Date, in which event interest with respect thereto shall be payable from the scheduled Interest Payment Date next preceding such date of execution.

Payment of interest on any 2008 Certificate on any Interest Payment Date or any Special Interest Payment Date shall be made to the person appearing on the Register as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special Interest Payment Date. Such interest shall be paid by (i) check or draft mailed to such Owner at his address as it appears on the Register or at such other address as he may have filed with the Trustee for that purpose, or (ii) to any Owner of \$1,000,000 or more in aggregate principal amount of 2008 Certificates, as of the close of business of the Trustee on the Regular Record Date for a particular Interest Payment Date or, if applicable, the Special Record Date for a Special Interest Payment Date, by wire transfer in immediately available funds sent on the Interest Payment Date or Special Interest Payment Date, as the case may be, to any bank or trust company in the continental United States, in accordance with written notice from such Owner containing the wire transfer address, which written notice is received not later than five (5) days before the Regular Record Date with respect to such Interest Payment Date or, if applicable, the Special Record Date for any Special Interest Payment Date, it being understood that such notice may refer to multiple interest payments.

In the event there are insufficient funds available on any Interest Payment Date to pay the interest then due on the 2008 Certificates, the Regular Record Date shall no longer be applicable with respect to the 2008 Certificates. If sufficient funds for the payment of such interest thereafter become available, the Trustee shall immediately establish a Special Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than ten (10) days prior to the Special Record Date nor more than thirty (30) days prior to the Special Interest Payment Date. Such overdue interest shall be paid on the Special Interest Payment Date to the Owners of the 2008 Certificates as of the Special Record Date.

Section 2.3 Maturity; Interest Rates.

(a) The 2008 Certificates of each series shall be in the denomination of \$5,000 or any integral multiple thereof (except that no 2008 Certificate may have principal maturing in more than one year) and shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

<u>2008 Certificates</u>		
Maturity Date (June 1)	<u>Amount</u>	Interest <u>Rate</u>
2009	20,000,000	5.00%
2010	20,000,000	5.00
2011	10,000,000	5.00

(b) Interest with respect to the 2008 Certificates shall be payable on December 1, 2008, and thereafter semiannually on December 1 and June 1 of each year to and including the date of maturity or redemption, whichever is earlier. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six (6) month period preceding each Interest Payment Date with respect to the 2008 Certificates or in the case of the first Lease Payment, the period since the dated date of the 2008 Certificates. The proportionate share of the portion of Lease Payments designated as interest with respect to any 2008 Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such 2008 Certificate by the rate of interest applicable to such 2008 Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.4 Form of the 2008 Certificates. The 2008 Certificates shall be in fully registered form without coupons. The fully registered form of the 2008 Certificates and the assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with such necessary or appropriate variations, omissions and insertions.

Section 2.5 Execution. The 2008 Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any officer whose signature appears on any 2008 Certificate ceases to be such officer before the date of delivery thereof, such signature shall nevertheless be as effective as if the officer had remained in office until such date of delivery. Any 2008 Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such 2008 Certificate shall be the proper officer of the Trustee although at the nominal date of such 2008 Certificate such person shall not have been such officer of the Trustee.

Section 2.6 Application of Proceeds and Other Moneys. The proceeds received by the Trustee from the sale of the 2008 Certificates shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

- (a) The Trustee shall deposit into the Delivery Costs Fund, an amount equal to \$176,650.00.
- (b) The Trustee shall deposit into the Acquisition Fund, an amount equal to \$51,042,950.00 of proceeds of the 2008 Certificates.

Section 2.7 Registration, Transfer and Exchange of 2008 Certificates.

(a) All 2008 Certificates issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the 2008 Certificates.

(b) So long as any 2008 Certificates are Outstanding, the Trustee shall maintain at its designated office books for the registration and transfer of 2008 Certificates, and shall provide for the registration and transfer of any 2008 Certificate under such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering 2008 Certificates in accordance with the provisions hereof.

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(c) Each 2008 Certificate shall be transferable only upon the Register by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any 2008 Certificate, the Trustee shall execute and deliver, in the name of the transferee, one or more new 2008 Certificates, of the same aggregate principal amount and maturity as the surrendered 2008 Certificate.

(d) Any 2008 Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of 2008 Certificates with the same maturity of any other authorized denominations.

(e) All 2008 Certificates surrendered in any exchange or transfer of 2008 Certificates shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of 2008 Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(g) The Trustee may but shall not be obligated to exchange or register the transfer of any 2008 Certificate (i) which has been called or selected for call for redemption in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If the transfer of any 2008 Certificate 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 shall be binding upon the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the 2008 Certificate or 2008 Certificates.

Section 2.8 Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated 2008 Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2008 Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such 2008 Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the Trustee shall cause to be executed and shall deliver, in exchange for such mutilated 2008 Certificate or in lieu of such destroyed, lost or stolen 2008 Certificate, a new 2008 Certificate of like principal amount, date and tenor. If the principal of any such mutilated, destroyed, lost or stolen 2008 Certificate has become, or will on or before the next Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such 2008 Certificate when due instead of delivering a new 2008 Certificate.

Section 2.9 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by 2008 Certificate Owners may be in any number

of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 2008 Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of 2008 Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of 2008 Certificates by any person and the amount, the maturity and the numbers of such 2008 Certificates and the date of his holding the same shall be proved by the Register maintained pursuant to Section 2.10 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any 2008 Certificate shall bind every future Owner of the same 2008 Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.10 Certificate Register. The Trustee will keep or cause to be kept, at its designated office, sufficient books for the registration and transfer of the 2008 Certificates which shall at all times be open to inspection by the Lessee and the Lessor during normal business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2008 Certificates as hereinbefore provided.

Section 2.11 Execution and Delivery of Additional Certificates. So long as the Lease-Purchase Agreement remains in effect and no Event of Default under this Trust Agreement has occurred, the Trustee may execute and deliver, at the direction of the Lessee, Additional Certificates from time to time to provide funds to pay any one or more of (i) the costs of refunding Outstanding Certificates, or (ii) the costs of making any modifications or improvements to the Leased Property as the Lessee may deem necessary or desirable.

Before the Trustee shall deliver any Additional Certificates executed pursuant to a supplement authorized by Article X hereof, the following items shall have been received by the Trustee:

(a) Original executed counterparts of any amendments or supplements to the Lease-Purchase Agreement and of the Trust Agreement entered into in connection with the execution and delivery of the Additional Certificates, which are necessary or advisable, in the opinion of

Special Counsel, to provide that the Additional Certificates will be executed and delivered in compliance with the provisions of this Trust Agreement.

(b) A written opinion of Special Counsel to the effect that (i) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of this Trust Agreement, (ii) any filings required to be made under Section 11.4 of this Trust Agreement have been made, and (iii) all conditions precedent to the delivery of the Additional Certificates have been fulfilled.

(c) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above), to the effect that (i) when executed and delivered by the Trustee, those Additional Certificates will be valid and binding in accordance with their terms and will be secured hereunder equally and on a parity with all other Certificates at the time Outstanding hereunder as to the assignment to the Trustee of the amounts pledged hereunder, and (ii) the execution and delivery of the Additional Certificates will not result in the portion of the Lease Payments designated as interest evidenced by the Certificates Outstanding immediately prior to that execution and delivery of such Additional Certificates becoming includable in gross income for purposes of federal income taxation.

(d) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above) to the effect that any amendments or supplements to the Lease-Purchase Agreement entered into in connection with the execution and delivery of the Additional Certificates have been duly authorized, executed and delivered by the Lessee, and that the Lease-Purchase Agreement, as amended or supplemented, constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to exceptions reasonably satisfactory to the Trustee for bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

(e) Written confirmation from Moody's, if the Certificates are then rated by Moody's, and from S&P, if the Certificates are then rated by S&P, that the issuance of the Additional Certificates will not cause the then-assigned rating assigned to the Certificates to be reduced or withdrawn.

When the documents listed above have been received by the Trustee, the Trustee shall execute and deliver the Additional Certificates to or on the order of the original purchaser thereof, but only upon payment of the agreed-upon purchase price for the Additional Certificates.

Prior to the issuance of any Additional Certificates, the Lessee shall inform the Trustee of the names of all entities which have rated the outstanding Certificates.

Section 2.12 Book-Entry-Only System. The 2008 Certificates shall be initially issued in the form of a single fully registered certificate for each scheduled principal payment date for each series of 2008 Certificates. Upon initial execution and delivery, the ownership of such 2008 Certificates shall be registered in the Register in the name of Cede & Co., as nominee of DTC, and, except as hereinafter otherwise provided, all of the Outstanding 2008 Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

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With respect to the 2008 Certificates registered in the Register in the name of Cede & Co., as nominee of DTC, the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the 2008 Certificates (a "Beneficial Owner"), nor any responsibility or obligation to any DTC Participant, any Beneficial Owner or any other person claiming a beneficial ownership interest in the 2008 Certificates under or through DTC or any DTC Participant, or any other person with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the payment by DTC or any DTC Participant of any amount in respect of the 2008 Certificates, (iii) the giving of any notice that is permitted or required to be given to Owners under this Trust Agreement, or (iv) any consent given or other action taken by DTC as an Owner.

Notwithstanding any other provision of this Trust Agreement to the contrary, the Trustee shall be entitled to treat and consider the person in whose name each 2008 Certificate is registered in the Register as an absolute Owner of such 2008 Certificate for the purpose of payment, for the purpose of giving notices of prepayment with respect to any 2008 Certificate, for the purpose of registering transfers with respect to such 2008 Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by any 2008 Certificate only to or upon the order of the respective 2008 Certificate Owners, as shown in the Register, as provided in this Trust Agreement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the 2008 Certificates to the extent of the sum or sums so paid. No person other than a 2008 Certificate Owner, as shown in the Register, shall receive a 2008 Certificate evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Trust Agreement.

Notwithstanding any other provision of this Trust Agreement or the 2008 Certificates, so long as the 2008 Certificates are held in book-entry form and registered in the name of Cede & Co., as nominee or DTC, or registered in the name of any successor securities depository, or its nominee, the following provisions shall apply:

(a) **Presentation.** Presentation of 2008 Certificates to the Paying Agent at their scheduled payment dates or upon prepayment prior thereto shall be deemed made to the Paying Agent when the right to exercise ownership rights in the 2008 Certificates through DTC or a DTC Participant is transferred by DTC on its books.

(b) **Fractionalized Representation.** DTC may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this Trust Agreement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the 2008 Certificates through DTC or DTC Participants.

The 2008 Certificate Owners have no right to a depository for the 2008 Certificates. The Lessee or the Trustee may remove DTC or any successor thereto for any reason at any time. In such event, the Trustee shall (i) appoint a successor securities depository qualified to act as such under Section 17(i) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate 2008 Certificates to such successor securities depository, or (ii) notify DTC of the availability through

**ARTICLE IV
REDEMPTION OF 2008 CERTIFICATES**

Section 4.1 Right to Redeem. The 2008 Certificates shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein and with respect to any Additional Certificates, as set forth in a supplement to this Trust Agreement.

Section 4.2 Redemption.

(a) **No Prior Optional Redemption.** The 2008 Certificates are not subject to optional redemption prior to their stated maturity dates.

(b) **Redemption from Net Proceeds of Insurance and Condemnation.** The 2008 Certificates are subject to redemption on any Interest Payment Date in whole or in part, from the Net Proceeds of insurance or condemnation, which Net Proceeds are deposited in the Lease Payment Fund and credited towards the Prepayment made by the Lessee pursuant to Section 10.4 of the Lease-Purchase Agreement, in any order of maturity designated by the Lessee (or by the Trustee by lot in the event that no such designation is received by the Trustee at the time such Net Proceeds are deposited with the Trustee), and by lot within a maturity at a redemption price equal to the principal amount of the 2008 Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Section 4.3 Selection of Certificates to be Redeemed. If less than all of the 2008 Certificates of the same maturity are to be redeemed upon redemption of 2008 Certificates hereunder, the Trustee shall select the 2008 Certificates to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each 2008 Certificate as representing that number of 2008 Certificates of \$5,000 denomination as is obtained by dividing the principal amount of such 2008 Certificate by \$5,000.

Section 4.4 Partial Redemption of Certificates. Upon the selection and call for redemption of, and the surrender of, any 2008 Certificate for redemption in part only, the Trustee shall cause to be executed and delivered to or upon the written order of the Owner thereof, at the expense of the Lessee, a new 2008 Certificate or 2008 Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the 2008 Certificate surrendered, in accordance with instructions received from the Owner thereof, with one 2008 Certificate being delivered in the absence of such instructions.

Section 4.5 Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2008 Certificates so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2008 Certificates on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Trustee as provided herein, interest on the 2008 Certificates so called for redemption shall cease to accrue, such 2008 Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such 2008 Certificates so called for redemption shall be deemed paid and no longer Outstanding.

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the Called Bond Service of Kenney Information Services, New York, New York; Moody's Municipal and Government, New York, New York; and S&P's Called Bond Record, New York, New York).

(d) A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to each of the Owners of the 2008 Certificates designated for redemption which have not been presented for payment within thirty (30) days after the redemption date.

ARTICLE V LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.1 Holding Rights in Lease-Purchase Agreement. The Trustee, as Lessor under the Lease-Purchase Agreement, holds certain rights and interest in the Lease-Purchase Agreement, including but not limited to all of the Lessor's rights to receive and collect all of the Lease Payments, Additional Rent, the Prepayments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease-Purchase Agreement or pursuant hereto. All Lease Payments and Prepayments to which the Lessor may at any time be entitled shall be paid directly to the Trustee.

Section 5.2 Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the Lessee nor the Lessor shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.3 Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments and Prepayments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to Section 4.4(a) or Articles VI or X of the Lease-Purchase Agreement and any other moneys required to be deposited therein pursuant to the Lease-Purchase Agreement or pursuant to this Trust Agreement.

Section 5.4 Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest and redemption premiums (if any) with respect to the Certificates as the same shall become due and payable, in accordance with the provisions of Article II and Article IV hereof.

Section 5.5 Transfers of Investment Earnings to Lease Payment Fund. Except as otherwise provided in the Tax Compliance Certificate, the Trustee shall, on each December 15 and June 15, or the next succeeding Business Day if such date is not a Business Day, transfer any income or profit on the investment of moneys in the funds hereunder (except the Rebate Fund) to the Lease Payment Fund.

Section 5.6 Surplus. Any surplus remaining in the Lease Payment Fund, after redemption and payment of all Certificates, including premiums and accrued interest (if any) and

payment of any Additional Rent, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the Lessee.

**ARTICLE VI
[RESERVED]**

**ARTICLE VII
INSURANCE AND CONDEMNATION FUND;
INSURANCE; EMINENT DOMAIN**

Section 7.1 Establishment of Insurance and Condemnation Fund; Application of Net Deeds of Insurance Award. Any Net Proceeds of insurance against accident to or destruction of any structure constituting any part of the Leased Property collected by the Lessee in the event of any such accident or destruction shall be transferred to the Trustee pursuant to Section 6.2 of the Lease-Purchase Agreement and deposited by the Trustee in a special fund designated as the "Insurance and Condemnation Fund" to be applied and disbursed by the Trustee as provided in Section 6.2(a) of the Lease-Purchase Agreement.

Section 7.2 Application of Net Proceeds of Eminent Domain Award. If all or any part of the Leased Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(b) of the Lease-Purchase Agreement and shall be applied and disbursed by the Trustee as follows:

(i) If the Lessee determines, based upon a report of an independent engineer or other independent professional, that (A) such eminent domain proceedings have not materially affected the operation of any of the Leased Property or the ability of the Lessee to meet any of its obligations under the Lease-Purchase Agreement, and (B) that such proceeds are not needed for repair or rehabilitation of the Leased Property, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited towards the Prepayments required to be paid pursuant to Section 10.4 of the Lease-Purchase Agreement and applied to the redemption of Certificates in the manner provided in Article IV hereof.

(ii) If the Lessee determines, based upon a report of an independent engineer or other independent professional, that (A) such eminent domain proceedings have not materially affected the operation of any of the Leased Property or the ability of the Lessee to meet any of its obligations under the Lease-Purchase Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Leased Property, the Trustee shall pay to the Lessee, or to its order, from said proceeds such amounts as the Lessee may expend for such repair, rehabilitation or replacement, upon the filing of requisitions of the Lessee Representative, certificates of architects or engineers and other documents as the Trustee may at its discretion request.

(iii) If (A) less than all of the Leased Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent

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investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Sections 8.2 and 8.6 hereof.

The Lessee acknowledges that, to the extent regulations of the Comptroller of the Currency or any other regulatory entity grants the Lessee the right to receive brokerage confirmations of security transactions made by the Trustee as they occur, the Lessee will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Lessee with periodic account transaction statements that will include the detail for all investment transactions made by the Trustee hereunder.

Section 8.4 Allocation of Earnings. Any loss on investments shall be charged to the respective funds from which such investments were made, and any interest, income or profit on any deposit of funds shall be deposited and transferred as provided in Section 5.5 hereof.

Section 8.5 Valuation and Disposition of Investment. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued on the basis of fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns, or Lehman Brothers. Certificates of deposit and bankers' acceptances shall be valued at the face amount thereof, plus accrued interest thereon. The value of Permitted Investments which cannot be determined as described above shall be established by prior agreement between the County and the Trustee.

Section 8.6 Deposit and Investment of Moneys in Funds.

(a) Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated office, to the fullest amount possible in Permitted Investments as directed, in writing or by telephonic or other reasonable means, by the Lessee or, in the absence of direction by the Lessee, the Trustee shall invest in item (f) of the definition of Permitted Investments; provided that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made, and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

(c) The Trustee may make any investment permitted by this Section, through or with its own commercial banking or investment departments unless otherwise directed by the Lessee.

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(d) The Trustee shall sell at the best price obtainable, or present for redemption, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made.

Section 8.7 Liability of Trustee for Investments. The Trustee shall not be liable for any loss resulting from the making of any investment made in accordance with the provisions hereof, except for its own negligence, willful misconduct or breach of trust.

Section 8.8 Tax Compliance Certificate; Creation of Rebate Fund.

(a) The Lessee hereby agrees to abide by each of its covenants contained in Section 2.3 of the Lease-Purchase Agreement and in any Tax Compliance Certificate as required by Special Counsel and to perform in accordance with this Section 8.8.

(b) There is hereby created, at the direction of the Lessee, and ordered established with the Trustee an irrevocable trust fund to be designated the "Rebate Fund," which shall be administered in accordance with the provisions of this Section 8.8 and the Tax Compliance Certificate.

(c) The foregoing provisions of this Section 8.8 notwithstanding, (i) the Rebate Fund shall not be considered a part of the Trust Estate created hereunder, and (ii) the Trustee shall be permitted to transfer moneys on deposit in any of the trust funds established under this Trust Agreement to the Rebate Fund in accordance with the provisions of the Tax Compliance Certificate. The Trustee shall hold moneys delivered or held in the Rebate Fund as a trust fund separate from any other fund or account established hereunder, and shall apply such moneys only in accordance with the provisions of the Tax Compliance Certificate.

**ARTICLE IX
THE TRUSTEE**

Section 9.1 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement; but in the case of any such certificates or opinions which are required by any provision hereof or thereof the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Trust Agreement.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement including those described in (a) above, and use the same degree of care and skill in their exercise, as a prudent corporate indenture trustee would exercise or use under the circumstances.

(c) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) The Trustee shall not be liable for any error of judgment made in good faith and without negligence by a chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Owners of the Outstanding Certificates as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement; and

(iv) Except for the obligation (A) Owners of any Event of Default pursuant to Section 13.9 hereof, (B) to notify the Owners of a declaration of acceleration pursuant to Section 13.2 hereof, or (C) to take action to exclude the Lessee from possession of the Leased Property, no provision of this Trust Agreement or the Agreements shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity or other assurance against such risk or liability is not reasonably assured to it. Without limiting the generality of the foregoing, such other assurance may include, but shall not be limited to, environmental audits or other evidence satisfactory to the Trustee that it will not incur liability by reason of any remedial action taken pursuant hereto. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the Lessee for all reasonable costs, expenses, attorneys, and other fees, and all other reasonable disbursements, including its own fees, and for all liability and damages suffered by the

Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(e) The Trustee is authorized and directed to execute the Ground Lease, Lease and accept the Deed.

(f) The Trustee is not responsible for any official statement or any offering or disclosure materials prepared in connection with the Certificates

Section 9.2 Certain Rights of Trustee. Except as otherwise provided in Section 9.1 hereof:

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

(b) Any request or direction of the Lessee mentioned herein shall be sufficiently evidenced by a certificate of a Lessee Representative, and any action of the governing board of the Lessee may be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Lessee to have been duly adopted by the governing board of the Lessee and to be in full force and effect on the date of such certification and delivered to the Trustee.

(c) Whenever in the administration of this Trust Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of a Lessee Representative.

(d) The Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Certificate Owners pursuant to this Trust Agreement, unless such Certificate Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(g) The Trustee may engage agents and attorneys to assist it in executing any of the trusts or powers hereunder or performing any duties hereunder and shall not be liable for the negligence or misconduct of such agents and attorneys so long as the Trustee exercises due care in the selection thereof.

Section 9.3 Employment of Experts. The Trustee is hereby authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Trustee), as it reasonably may deem necessary to assist it to carry out any of its obligations hereunder, and shall be reimbursed by the Lessee for all reasonable expenses and charges in so doing.

Section 9.4 Enforcement of Performance by Others. It shall not be the duty of the Trustee, except as herein provided, to see that any duties and obligations imposed upon the Lessee are performed.

Section 9.5 Right to Deal in Certificates and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Certificates with like effect as if it were not such Trustee and may commence or join in any action which an Owner is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof is to be construed to limit or restrict the right of the Trustee or any affiliate of the Trustee to engage in such business with the Lessee or any Owner. So engaging in such business shall not constitute a breach of trust on the part of the Trustee, but neither shall engaging in such business abrogate, alter or diminish any duty or obligation of the Trustee as Trustee hereunder.

Section 9.6 Removal and Resignation of the Trustee. The Trustee may resign at any time, or may be removed at any time for any breach of its duties hereunder by an instrument or instruments in writing signed by the Owners of not less than a majority in Aggregate Value of Certificates then Outstanding. Written notice of such resignation or removal shall be given by the Trustee to the Lessee and such resignation or removal shall take effect only upon the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation is given, the Trustee or the Lessee may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the Lessee shall be entitled to appoint a successor Trustee, unless an Event of Default has occurred and is continuing.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall (i) be a trust company or bank in good standing and duly authorized to exercise trust powers within the State, (ii) be subject to examination by a federal or state authority, and (iii) maintain a reported surplus of not less than fifty million dollars (\$50,000,000).

Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Lessee an instrument in writing, accepting such

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appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, power and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Each successor Trustee, not later than ten (10) days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Owner of a Certificate.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible as a successor Trustee under Section 9.6 hereof in the case of the Trustee, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 9.7 Proof of Claim. The Trustee shall have the right and power to take actions in the name and place of the Lessee or Owners to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all of the Owners.

Section 9.8 Trustee's Fees and Expenses. The Lessee hereby covenants and agrees (i) to pay as Additional Rent to the Trustee reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (ii) to reimburse as Additional Rent the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust, and (iii) to indemnify and hold the Trustee harmless for, from and against any loss, liability or expense, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder; provided, however, that such indemnification shall not extend to claims successfully brought against the Trustee for, or losses, liabilities or expenses incurred as a result, of the Trustee's negligence, bad faith, willful misconduct or breach of trust. The Trustee's rights to compensation, reimbursement and indemnity while serving as Trustee hereunder shall survive resignation or removal of the Trustee or discharge of the Trust Agreement.

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Any provision hereof to the contrary notwithstanding, if the Lessee fails to make any payment properly due the Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Trustee) incurred in performance of its duties or for which the Trustee is entitled to indemnity, the Trustee may reimburse itself from any surplus moneys on hand in any fund or account created pursuant hereto, provided that application of funds upon an Event of Default shall be governed by Section 13.3 hereof.

Section 9.9 Intervention by Trustee. The Trustee may intervene on behalf of the Owners, and shall intervene if requested by an instrument or instruments in writing signed by the Owners of not less than a majority in Aggregate Value of the Certificates Outstanding, in any judicial proceeding to which the Lessee is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Owners of the Certificates. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Section 9.1 hereof before it takes action hereunder.

Section 9.10 Destruction of Certificates. Upon payment of or surrender to the Trustee for cancellation of any Certificate, the Trustee shall destroy such Certificate.

Section 9.11 Reports. The Trustee shall quarterly, or at such other intervals as the Trustee and the Lessee shall from time to time agree upon (but in no event less frequently than semiannually or more frequently than monthly), prepare and submit to the Lessee reports covering all moneys received and all payments, expenditures and investments made as the Trustee hereunder since the last previous such report.

Section 9.12 Separate or Co-Trustee. At any time or times, solely for the purpose of meeting the legal requirements of any jurisdiction, the Lessee and the Trustee shall have power to appoint, and, upon the request of the Trustee or the Owners of at least a majority in aggregate principal amount of Certificates then Outstanding, the Lessee shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons, approved by the Trustee and, unless an Event of Default has occurred and is continuing by the Lessee, either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the pledged property, or to act as separate trustee or separate trustees of all or any part of the pledged property, and to vest in such person or persons, in such capacity, such title to the pledged property or any part thereof, and such rights, powers, duties, trusts or obligations as the Lessee and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

If the Lessee shall not have joined in such appointment within fifteen (15) days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

The Lessee shall execute, acknowledge and deliver all such instruments as may reasonably be required by any such co-trustee or separate trustee for more fully and certainly vesting in such co-trustee or separate trustee the property, rights, powers and duties intended to

be vested in such co-trustee or separate trustee. The Lessee shall be under no obligation to prepare any such instruments.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Certificates shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations hereby conferred upon the trustee in respect to the custody, control and management of moneys, papers, securities and other personal property shall be exercised solely by the trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee and such co-trustee or separate trustee shall abide by such request.

(d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee may at any time, by any instrument in writing, with the concurrence of the Lessee, accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Lessee. Upon the request of the Trustee, the Lessee shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. The Lessee shall be under no obligation to prepare, record or file any such instruments or agreements.

(f) No Trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder, nor will the act or omission of any Trustee hereunder be imputed to any other Trustee.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) with such title to the pledged property or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment subject to all the terms hereof. Every such acceptance shall be filed with the Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee, its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the pledged property, and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 9.13 Recitals and Representations. The recitals, statements and representations contained herein or in the Lease-Purchase Agreement, or in any certificate (excluding the Trustee's execution of the Certificates or any recitals or representations concerning the Trustee or its powers) shall not be taken or construed as made by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Certificates, or the validity or sufficiency of insurance to be provided or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such security. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without actual knowledge of or receipt by the Trustee of written notice of a default or an Event of Default from the Lessee, any Owner.

ARTICLE X MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.1 Amendments Permitted. This Trust Agreement, the rights and obligations of the Owners of the Certificates, and the Ground Lease and the Lease-Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of a majority in Aggregate Value of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.3 hereof, shall have been filed with the Trustee, provided, however, that no such modification or amendment shall (i) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express consent of the Owner of such Certificate, (ii) reduce or have the effect of reducing the percentage of

Certificates required for the affirmative vote or written consent to an amendment or modification of the Ground Lease, the Lease-Purchase Agreement or this Trust Agreement, or (iii) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.2 hereof.

This Trust Agreement, the rights and obligations of the Owners of the Certificates, and the Ground Lease and the Lease-Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any Owners of the Certificates, but only to the extent permitted by law and only (i) to add to the covenants and agreements of any party other covenants to be observed or to surrender any right or power herein reserved to the Lessor or the Lessee, (ii) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (iii) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the judgment of the Trustee, materially adversely affect the interests of the Owners of the Certificates, or (iv) to provide additional terms and conditions in connection with the issuance of Additional Certificates in accordance with Section 2.11 hereof and which shall not, in the judgment of the Trustee, materially adversely affect the interests of the Owners of the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

Section 10.2 Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement, the Ground Lease and the Lease-Purchase Agreement may be amended by supplemental agreement as provided in this Section 10.2 in the event the consent of the Owners of the Certificates is required pursuant to Section 10.1 hereof. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by first class United States mail postage prepaid by the Trustee to each Owner of a Certificate at his address as set forth on the Certificate Register maintained pursuant to Section 2.10 hereof, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in Aggregate Value of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.3 hereof) and a notice shall have been mailed as hereinafter in this Section provided. The consent of an Owner of a Certificate shall be effective only if ownership of the Certificates for which such consent is given is proved in accordance with Section 2.9 hereof. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental

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agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after the filing of the papers required by this Section, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 10.3 Disqualified Certificates. Certificates owned or held by or for the account of the Lessee or by any person directly or indirectly controlled by, or under direct or indirect common control with, the Lessee (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement and shall not be entitled to vote upon, consent to or take any other action provided for in this Trust Agreement.

Section 10.4 Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement, the Ground Lease or the Lease-Purchase Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement, the Ground Lease or the Lease-Purchase Agreement, as the case may be, for any and all purposes.

The Trustee may require each Certificate Owner, before his consent provided for in this Article X shall be deemed effective, to certify that the Certificates as to which such consent is given are not disqualified as provided in Section 10.3 hereof.

Section 10.5 Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. No such notation shall be made by the Trustee unless the Trustee shall have received an opinion of Special Counsel to the effect that such modification of the Certificate form will not adversely effect the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments paid with respect to the Certificates. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for such purpose at the principal corporate trust office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action, is necessary and such substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute

Certificate shall be exchanged at the principal corporate trust office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 10.6 Amendatory Endorsement of Certificates. The provisions of this Article X shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

ARTICLE XI COVENANTS; NOTICES

Section 11.1 Compliance With and Enforcement of Lease-Purchase Agreement. The Lessee covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease-Purchase Agreement.

Subject to Section 4.2(b) of the Lease-Purchase Agreement, the Lessee will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease-Purchase Agreement by the Lessor thereunder. The Lessor and the Lessee, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Leased Property, which may or can in any manner affect such estate of the Lessee, will deliver the same, or a copy thereof, to the Trustee.

Section 11.2 Observance of Laws and Regulations. The Lessee will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract or prescribed by any law of the United States, of the State or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Lessee, including its right to exist as a body corporate under the laws of the State, to the end that such rights, privileges and franchises shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 11.3 Prosecution and Defense of Suits. The Lessee shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify and save the Trustee and every Certificate Owner harmless for, from and against all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.4 Recordation and Filing. The Lessee shall record and file the Lease-Purchase Agreement, and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such

manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 11.5 Further Assurances. The Lessor and the Lessee will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease-Purchase Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

Section 11.6 Action Upon Termination of Lease-Purchase Agreement. In the event the Lease-Purchase Agreement is terminated pursuant to Section 4.2(b) thereof, the Trustee shall take possession of the Leased Property on the day following the forty-five (45) day reinstatement period provided in Section 4.2(c) of the Lease-Purchase Agreement or seek a judicial order excluding, or take other action preventing, the Lessee from using the Leased Property and use its best efforts to re-let or sell the same. This covenant shall be enforceable by the Owners (subject to the requirements set forth in Section 13.8 hereof).

ARTICLE XII LIMITATION OF LIABILITY

Section 12.1 Limited Liability of Lessee. Except for the payment of Lease Payments and Prepayments when due in accordance with the Lease-Purchase Agreement and the payment of Additional Rent and the performance of the other covenants and agreements of the Lessee contained in said Lease-Purchase Agreement, including the payment of fees and expenses and indemnities of the Trustee, the Lessee shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

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

Section 12.3 Indemnification. To the extent permitted by law, the Lessee agrees to indemnify and save the Trustee harmless for, from and against (i) all claims, suits and actions brought against it, or to which it is made a party, and from all losses and damages and expenses, including attorneys fees, suffered or incurred by it as a result thereof, where and to the extent such claim, suit or action arises out of the actions of any other party to this Trust Agreement including but not limited to the ownership, operation or use of the Leased Property by the Lessee, and (ii) any taxes required to be paid by the Trustee as a result of the receipt of any amounts under the Lease-Purchase Agreement. Such indemnification shall not extend to claims, suits and actions successfully brought against the Trustee for failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Trust Agreement. In the event the Lessee is required to indemnify the Trustee as herein provided, the Lessee shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

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

Section 12.5 Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the Lessee, the Lessor, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof, and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the Lessee, the Lessor, the Trustee and said Owners.

Section 12.6 No Liability of the Trustee for Payment of Lease Payments by Lessee. Except as expressly provided herein, the Trustee shall have no obligation or liability to the Owners of the Certificates with respect to the payment of the Lease Payments by the Lessee when due, or with respect to the performance by the Lessee of any other covenant made by it in the Lease-Purchase Agreement.

ARTICLE XIII EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.1 Rights Under the Lease. The Trustee has the right to exercise such rights and remedies conferred on the Lessor pursuant to the Lease-Purchase Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments, Additional Rent, Prepayments and any other amounts required to be deposited in the Lease Payment Fund, the Rebate Fund or the Insurance and Condemnation Fund, and (ii) to otherwise exercise the Lessor's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 13.2 Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee (i) shall take action to exclude the Lessee from the Leased Property, and (ii) may with the prior written consent of the Owners of not less than five percent (5 %) in aggregate principal amount of Certificates then Outstanding, shall exercise any and all other remedies available pursuant to law or granted pursuant to the Lease-Purchase Agreement including the option to re-rent or re-lease all or any portion of the Leased Property pursuant to Article IX thereof. Upon the occurrence and continuance of any Event of Default, the Trustee may with the prior written consent of the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then Outstanding, shall, declare the principal amount of the Certificates then Outstanding to be immediately due and payable, whereupon such principal amount shall, without further action, become and be immediately due and payable, anything in this Trust Agreement or in the Certificates to the contrary notwithstanding; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay

Lease Payments and Additional Rent only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement. The Trustee shall give notice of such declaration of acceleration to the Lessee and shall give notice thereof by first-class mail to Owners of all Certificates then Outstanding.

Section 13.3 Application of Funds. Upon an Event of Default, all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIII or Article IX of the Lease-Purchase Agreement shall be applied by the Trustee in the order following upon presentation of the Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the ordinary and extraordinary fees and the costs and expenses of the Trustee in declaring and pursuing remedies in connection with such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of amounts, if any, payable pursuant to the Tax Compliance Certificate;

Third, to the payment of the whole amount then owing and unpaid with respect to the Certificates, whether by acceleration or otherwise, for principal and interest, with interest on the overdue principal and, to the extent lawful, installments of interest at the rate of ten percent (10%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 13.4 Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may with the prior written consent of the Owners of a majority in Aggregate Value of the Certificates shall proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, the foreclosure of any lien granted herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 13.5 Non-waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the Lessee, which is absolute and unconditional, to pay or prepay the Lease Payments and Additional Rent as provided in the Lease-Purchase Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to

exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trustee or the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 13.6 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.7 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in Aggregate Value of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of the Owners of a majority in Aggregate Value of the Certificates.

Section 13.8 Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (i) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder, (ii) the Owners of at least a majority in Aggregate Value of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request, and (iv) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such

Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

Section 13.9 Notice of Default.

(a) Within thirty (30) days after (i) the occurrence of an Event of Default under clause (iii) of the definition thereof in the Lease-Purchase Agreement, or (ii) receipt, in writing or otherwise, by the Trustee of actual knowledge or notice of an Event of Default under clauses (i) or (ii) of the definition thereof, the Trustee shall give written notice thereof by first-class mail to each Owner of a Certificate then Outstanding, unless such Event of Default shall have theretofore been cured; provided that, except in the case of a default in the payment of principal or the redemption price of or interest on any of the Certificates, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Owners.

(b) The Trustee shall immediately notify the Lessee of (i) the occurrence of an Event of Default under clause (iii) of the definition thereof, and (ii) when the Trustee has received actual knowledge or notice, in writing or otherwise, of an Event of Default under clause (i) or (ii) of the definition thereof.

**ARTICLE XIV
MISCELLANEOUS**

Section 14.1 Defeasance. If and when any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) By well and truly paying or causing to be paid the principal of and interest and redemption premiums (if any) with respect to such Certificates Outstanding, as and when the same become due and payable;

(b) By making an irrevocable deposit with the Trustee, in trust, at or before maturity, of money which, together with the amounts then on deposit in the Lease Payment Fund is fully sufficient to pay such Certificates Outstanding, including all principal of and interest and premium, if any;

(c) By making an irrevocable deposit with the Trustee, in trust, of Defeasance Obligations, together with other money, if required, in such amount as will, in the opinion of an independent certified public accountant acceptable to the Trustee, together with the interest to accrue thereon, but without reinvestment thereof, and amounts then on deposit in the Lease Payment Fund together with the interest to accrue thereon, but without reinvestment, be fully sufficient to pay and discharge such Certificates (including all principal, interest and redemption premiums) at or before their respective maturity dates and pay all unpaid Additional Rent; or

(d) By making an irrevocable deposit with the Trustee, under an escrow deposit and trust agreement, of security for the payment of Lease Payments and Additional Rent as more particularly described in Section 10.1 of the Lease-Purchase Agreement, said security to be held by the Trustee as agent for the Lessee to be applied by the Trustee to pay the Lease Payments and Additional Rent as the same become due and payable and make a Prepayment in full on any

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Prepayment Date, pursuant to Section 10.1 of the Lease-Purchase Agreement; notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Lessor, the Trustee and the Lessee with respect to such Outstanding Certificates shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the Lessee from funds deposited pursuant to paragraphs (b) through (d) of this Section, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d), the Certificates shall continue to represent direct and proportionate interests of the Owners thereof in Lease Payments under the Lease-Purchase Agreement.

Other than as required by the Tax Compliance Certificate, any funds held by the Trustee, at the time of one of the events described in paragraphs (a) through (d) of this Section, which are not required for the payment to be made to Owners, shall first be applied to the payment of Additional Rent and, thereafter, be paid over to the Lessee, subject to Section 9.8 hereof.

Any Certificate or portion thereof in authorized denominations may be paid and discharged as provided in this Section; provided, however, that if any such Certificate or portion thereof is to be redeemed, notice of such redemption shall have been given in accordance with the provisions hereof or the Lessee shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Certificate or portion thereof is to be redeemed and as to the giving of notice of such redemption; provided further, that if any such Certificate or portion thereof will not mature or be redeemed within sixty (60) days of the deposit referred to in paragraphs (b) through (d) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

If the Lessee prepays the Lease Payments and Additional Rent in full pursuant to Article X of the Lease-Purchase Agreement, makes the advance deposit required by Section 10.1 of the Lease-Purchase Agreement or pays all Lease Payments and Additional Rent during the term of the Lease-Purchase Agreement as the same become due and payable, all right, title and interest of the Trustee and the Lessor in and to each element of the Leased Property shall be transferred to and vested in the Lessee. Title shall be transferred to and vested in the Lessee hereunder without the necessity for any further instrument of transfer; but the Trustee and the Lessor agree to take any and all steps and execute and record any and all documents reasonably required by the Lessee to consummate such transfer of title.

Section 14.2 Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the Lessee and any Owner, or the agent of any of them, at any time during regular business hours of the corporate trust department of the Trustee.

Section 14.3 Notices. All written notices to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below, except that notice to the Trustee shall be effective only upon receipt by an officer of the Trustee responsible for the administration of the trusts created under this Trust Agreement:

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If to the Lessee:

Pima County, Arizona
130 West Congress, 6th Floor
Tucson, Arizona 85701
Attention: Finance and Risk Management Director

If to the Trustee:

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Attention: Corporate Trust Services

Section 14.4 Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.5 Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Lessor, the Lessee or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Lessor, the Lessee or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.6 Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.7 Destruction of Cancelled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the Lessee of any Certificates, the Trustee may, upon the request of the Lessee Representative, in lieu of such cancellation and delivery, destroy such Certificates and deliver a certificate of such destruction to the Lessee.

Section 14.8 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.9 Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.10 Severability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

Section 14.11 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Trust Agreement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Trust Agreement on behalf of the Lessee within 3 years from execution of this Trust Agreement, unless a waiver of A.R.S. §38-511 is provided by the Lessee's Board of Supervisors.

[Signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: _____
Chairman, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page to Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Vice President

PIMA COUNTY, ARIZONA, as Lessee

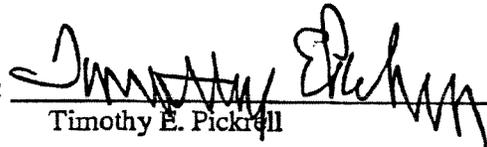
By:  _____
Chairman, Board of Supervisors

ATTEST:

By:  _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By:  _____
Timothy E. Pickrell

[Signature page to Trust Agreement]

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STATE OF ARIZONA)
) ss.
County of Maricopa)

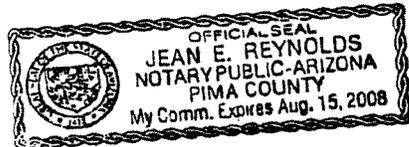
On this, the 26th day of June, 2008, before me, the undersigned Notary Public, personally appeared Robert Von Hess, who acknowledged himself to be a Vice President of U.S. Bank National Association, and that he, as such officer, being authorized so to do, executed the foregoing Trust Agreement for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:
August 15, 2008



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[Notarization page of Trust Agreement]

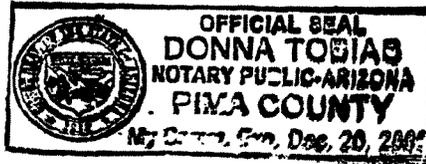
STATE OF ARIZONA)
) ss.
County of Pima)

On this, the 17 day of June, 2008, before me, the undersigned Notary Public, personally appeared Richard Elias, who acknowledged himself to be the Chairman of the Pima County Board of Supervisors and that he, such officer, being authorized so to do, executed the foregoing Trust Agreement for the purposes therein contained by signing the name of the County by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Donna Tobias
Notary Public

My Commission Expires:
12-20-08



[Notarization page of Trust Agreement]

434243.4

EXHIBIT A

FORM OF FACE OF SERIES 2008 CERTIFICATE OF PARTICIPATION

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

CERTIFICATE OF PARTICIPATION, SERIES 2008

**Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by**

Pima County, Arizona

No: R-

Denomination:

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	June 1, 20____		

Registered Owner: CEDE & CO.

Principal Amount:

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2008 (the "2008 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

The Registered Owner of this 2008 Certificate is entitled to receive, subject to the terms of the Lease-Purchase Agreement, on the Maturity Date set forth above, the Principal Amount set forth above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on December 1, 2008, and semiannually

434243 01-01-01

thereafter on December 1 and June 1 of each year (the "Interest Payment Dates") until payment in full of said portion of principal, the Registered Owner's proportionate share of the Lease Payments designated as interest coming due preceding each of the Interest Payment Dates; provided that interest with respect hereto shall be payable from the Interest Payment Date next preceding the date of execution of this 2008 Certificate (unless (i) this 2008 Certificate is executed prior to December 1, 2008, in which event interest shall be payable from the Dated Date identified above, (ii) this 2008 Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) this 2008 Certificate is executed after the close of business on the fifteenth (15th) day of the month preceding an Interest Payment Date, whether or not such fifteenth day is a Business Day, in which event interest shall be payable from such Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any 2008 Certificates of the issue of which this is one, interest hereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment, or, if prior to December 1, 2008, interest shall be payable from the Dated Date identified above, unless this 2008 Certificate is executed after a Special Record Date (as defined in the hereinafter-described Trust Agreement) and before the following Special Interest Payment Date (as defined in the Trust Agreement), in which event interest shall be payable from the scheduled Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner's share of the Lease Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee on each Interest payment Date to the Registered Owner at the close of business on the fifteenth (15th) day of the month preceding such Interest Payment Date (the "Record Date"), whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Lease Payments designated as interest shall be made on Special Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of \$1,000,000 or more in aggregate principal amount of 2008 Certificates as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date or, if applicable, the Special Record Date for a particular Special Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner's expense) on the Interest Payment Date or Special Interest Payment Date to such Registered Owner in accordance with written notice from such Registered Owner containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire transfer directed, which written notice is received not later than five (5) days prior to the Record Date with respect to such Interest Payment Date or, if applicable, the Special Record Date for such Special Interest Payment Date. Said amounts representing the Registered Owner's share of the Lease Payments designated as principal are payable when due upon surrender of this 2008 Certificate at the principal corporate trust office of the Trustee.

This 2008 Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement between the Trustee and the Lessee, dated as of June 1, 2008 (the

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"Trust Agreement"), and is one of a series of certificates limited in aggregate principal amount to \$50,000,000 (the 2008 Certificates, together with any additional certificates which may hereafter be executed and delivered under the Trust Agreement being herein collectively referred to as the "Certificates"). The Lessee is authorized to enter into the Lease-Purchase Agreement and the Trust Agreement under the laws of the State of Arizona. Reference is hereby made to the Lease-Purchase Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2008 Certificates are delivered, the rights thereunder of the Registered Owners of the 2008 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee under the Lease-Purchase Agreement, to all of the provisions of which Lease-Purchase Agreement and Trust Agreement the Registered Owner of this 2008 Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee, the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease-Purchase Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including June 1, 2011, unless terminated prior thereto in accordance with the provisions of the Lease-Purchase Agreement. The continuation of the Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments after the end of the Lessee's Fiscal Period during which the Lease-Purchase Agreement commenced is subject to and dependent upon the moneys necessary to make such payments being lawfully budgeted by the Lessee. If the Lessee fails to obtain prior to the last date on which the Lessee is required or permitted to adopt its budget for the next Fiscal Period a proper budgeting and final appropriation of the Lessee's Board of Supervisors of the full amount of funds necessary to make all Lease Payments coming due during the next occurring Fiscal Period for which such budgeting and appropriation are made, the Lease-Purchase Agreement shall terminate effective on the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which such funds were determined to be lawfully available and allocated, subject to reinstatement at the option of the Lessee within forty-five (45) days thereafter.

Upon the occurrence and continuance of any event of default under the Trust Agreement, the Trustee may, and at the written direction of the Owners of not less than five percent (5 %) in Aggregate Value (as defined in the Trust Agreement) of Certificates then outstanding shall, declare the principal amount of the Certificates then outstanding to be immediately due and payable; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay Lease Payments only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto and the Owners of a majority in Aggregate Value of the Certificates then outstanding, and may be amended without notice to or the consent of such Owners under certain circumstances, provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's Certificate.

This 2008 Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this 2008 Certificate. Upon such transfer a new 2008 Certificate or 2008 Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, whether or not this 2008 Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2008 Certificates are not subject to optional redemption prior to maturity.

The 2008 Certificates are subject to redemption on any Interest Payment Date, in whole, or in part, in any order of maturity designated by the Lessee, or, under certain circumstances, by lot by the Trustee, and by lot within a maturity from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the Lessee pursuant to Section 10.4 of the Lease-Purchase Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest, without premium.

Notice of redemption shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption to each Registered Owner of a 2008 Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any 2008 Certificate shall not affect the validity of the proceedings for the redemption of any other 2008 Certificate. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Trust Agreement provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this 2008 Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Its: Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, 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 the above list.

ASSIGNMENT

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

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

Dated _____

Signature Guaranteed:

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

(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

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EXHIBIT B

DESCRIPTION OF LEASED PROPERTY

B-1: Public Works Building

B-2: Legal Services Building

B-3: Public Works Parking Garage

(See attached pages)

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EXHIBIT B-1

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

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EXHIBIT B-2

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

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EXHIBIT B-3

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June

RECORDED

26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

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BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

2025-08-10 10:10:10

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

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F. ANN RODRIGUEZ, RECORDER
RECORDED BY: LLW
DEPUTY RECORDER
1956 PE-2



DOCKET: 13592
PAGE: 2101
NO. OF PAGES: 26
SEQUENCE: 20091270578
07/02/2009
MISC 16:38
MAIL
AMOUNT PAID \$ 31.00

W
SQUIRE SANDERS & DEMPSEY
40 N CENTRAL AVE 27TH FL
PHOENIX AZ 85004

When recorded return to:

Timothy E. Pickrell, Esq.
Squire, Sanders & Dempsey L.L.P.
40 North Central Avenue, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

FIRST SUPPLEMENT TO TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

and

PIMA COUNTY, ARIZONA

as Lessee

Dated as of June 1, 2009

relating to

\$34,400,000

**Pima County, Arizona
Certificates of Participation
Series 2009**

PHOENIX RECORDER

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FIRST SUPPLEMENT TO TRUST AGREEMENT

THIS FIRST SUPPLEMENT TO TRUST AGREEMENT (this "First Supplement"), dated as of June 1, 2009, by and between U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee" or "Lessor"), and PIMA COUNTY, ARIZONA, (the "Lessee" or the "County");

RECITALS

WHEREAS, the Trustee and the County previously entered into that certain Trust Agreement dated as of June 1, 2008 (the "Original Trust Agreement", and together with this First Supplement, the "Trust Agreement"); and

WHEREAS, the County, as lessee, previously entered into that certain Lease-Purchase Agreement dated June 1, 2008 (the "Original Lease-Purchase Agreement") with U.S. Bank National Association, as lessor, pursuant to which the Lessor leases to the County certain Leased Property (as defined in the Trust Agreement); and

WHEREAS, pursuant to that Original Trust Agreement, the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement; and

WHEREAS, the Original Trust Agreement permits the execution and delivery of "Additional Certificates," on a parity with the 2008 Certificates, and permits the supplementation and amendment of the Original Trust Agreement and the Original Lease-Purchase Agreement to facilitate such an execution and delivery of Additional Certificates; and

WHEREAS, in consideration of the County's agreement to amend and extend the term of its obligations under the Original Lease-Purchase Agreement, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$34,400,000 to be denominated "Certificates of Participation, Series 2009" (the "2009 Certificates"), with the net proceeds therefrom to be paid over to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County sites, buildings and facilities and for other capital purposes (the "Projects"); and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2009 Certificates in a principal amount of \$34,400,000; and

WHEREAS, in connection with the execution and delivery of the 2009 Certificates, it will be necessary for the Trustee and the County to enter into this First Supplement; and

WHEREAS, upon execution and delivery of the 2009 Certificates, all the conditions for execution and delivery of Additional Certificates under the Original Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution of this First Supplement, entered into that certain First Amendment to Lease-Purchase

Agreement (the "First Amendment to Lease-Purchase Agreement", and together with the Original Lease-Purchase Agreement, the "Lease" or the "Lease-Purchase Agreement"),

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I DEFINITIONS

Section 1.1 **Definitions.** Unless the context otherwise requires or unless amended by this Section 1.1, capitalized terms used herein shall, for all purposes of this First Supplement have the meaning specified below or in the recitals hereto or the meaning given in Section 1.1 of the Original Trust Agreement:

"2009 Certificates" shall mean the \$34,400,000 aggregate principal amount of Certificates of Participation, Series 2009, to be executed and delivered pursuant to the Original Trust Agreement, as supplemented by this First Supplement.

"2009 Delivery Costs Fund" shall mean the fund by that name established and held by the Trustee pursuant to Section 3.2 hereof, which fund shall be a subfund of the Delivery Cost Fund.

"2009 Interest Payment Date" shall mean the dates specified in Section 2.3 hereof instead of as provided in Section 2.3 of the Original Trust Agreement, but for all other purposes shall have the meaning provided in the Original Trust Agreement.

"2009 Project Fund" shall mean the fund by that name established and held by the Trustee pursuant to Section 3.1 hereof, which fund shall be a subaccount of the Acquisition Fund.

"Certificates" shall mean the 2008 Certificates, the 2009 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

"Original Purchaser" shall mean RBC Capital Markets Corporation, as original purchaser of the 2009 Certificates.

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

Section 1.3 **Interpretation.**

(a) Any reference herein to the Lessor, Trustee or Lessee or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for

convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein or in the Original Trust Agreement, but defined in the Lease-Purchase Agreement shall have the same meaning herein.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not mean or include the payment of a Certificate at its stated maturity or the purchase of a Certificate.

ARTICLE II THE 2009 CERTIFICATES

Section 2.1 Authorization.

(a) The Trustee is hereby authorized and directed to prepare, execute and deliver, to the Original Purchaser, 2009 Certificates in an aggregate principal amount of \$34,400,000, evidencing proportionate ownership interests in the Lease Payments and the Prepayments.

(b) Except as provided in Section 2.11 of the Original Trust Indenture, as supplemented by this First Supplement, the Trustee shall not at any time while the Certificates are Outstanding execute and deliver additional certificates payable from the Lease Payments and secured by a lien and charge upon the Leased Property on a parity with or prior to the lien and charge securing the Outstanding Certificates hereunder.

Section 2.2 General Terms of 2009 Certificates. The 2009 Certificates shall be executed and delivered only in fully registered form, without coupons, and shall be numbered from one upwards, in the order of their execution, with any other designation as the Trustee deems appropriate. The 2009 Certificates shall be subject to redemption prior to their specified principal payment dates as provided in Article IV hereof.

Each 2009 Certificate shall bear the dated date of the date of the initial delivery thereof, and shall also bear the date of its execution and interest with respect thereto shall be payable from the 2009 Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed prior to December 1, 2009, in which event interest with respect thereto shall be payable from the date of delivery of the 2009 Certificates, (ii) it is executed as of a 2009 Interest Payment Date, in which event interest with respect thereto shall be payable from such date of execution, or (iii) it is executed after a Regular Record Date and before the following 2009 Interest Payment Date, in which event interest with respect thereto shall be payable from such 2009 Interest Payment Date; provided, however, that if, as of the date of execution of any 2009 Certificate, interest is in default with respect to any Outstanding 2009 Certificates, interest with respect to such 2009 Certificate shall be payable from the 2009 Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding 2009 Certificates, or, if prior to December 1, 2009, interest shall be payable from the dated date

thereof, unless it is executed after a Special Record Date and before the following Special 2009 Interest Payment Date, in which event interest with respect thereto shall be payable from the scheduled 2009 Interest Payment Date next preceding such date of execution.

Payment of interest on any 2009 Certificate on any 2009 Interest Payment Date or any Special 2009 Interest Payment Date shall be made to the person appearing on the Register as the Owner thereof as of the Regular Record Date immediately preceding such 2009 Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special 2009 Interest Payment Date. Such interest shall be paid by (i) check or draft mailed to such Owner at his address as it appears on the Register or at such other address as he may have filed with the Trustee for that purpose, or (ii) to any Owner of \$1,000,000 or more in aggregate principal amount of 2009 Certificates, as of the close of business of the Trustee on the Regular Record Date for a particular 2009 Interest Payment Date or, if applicable, the Special Record Date for a Special 2009 Interest Payment Date, by wire transfer in immediately available funds sent on the 2009 Interest Payment Date or Special 2009 Interest Payment Date, as the case may be, to any bank or trust company in the continental United States, in accordance with written notice from such Owner containing the wire transfer address, which written notice is received not later than five (5) days before the Regular Record Date with respect to such 2009 Interest Payment Date or, if applicable, the Special Record Date for any Special 2009 Interest Payment Date, it being understood that such notice may refer to multiple interest payments.

In the event there are insufficient funds available on any 2009 Interest Payment Date to pay the interest then due on the 2009 Certificates, the Regular Record Date shall no longer be applicable with respect to the 2009 Certificates. If sufficient funds for the payment of such interest thereafter become available, the Trustee shall immediately establish a Special 2009 Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special 2009 Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than ten (10) days prior to the Special Record Date nor more than thirty (30) days prior to the Special 2009 Interest Payment Date. Such overdue interest shall be paid on the Special 2009 Interest Payment Date to the Owners of the 2009 Certificates as of the Special Record Date.

Section 2.3 Maturity; Interest Rates.

(a) The 2009 Certificates shall be in the denomination of \$5,000 or any integral multiple thereof (except that no 2009 Certificate may have principal maturing in more than one year) and shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

2009 Certificates

<u>Maturity Date</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
2010	\$20,000,000	3.000%
2011	10,000,000	4.000
2012	4,400,000	4.000

(b) Interest with respect to the 2009 Certificates shall be payable on December 1, 2009, and thereafter semiannually on December 1 and June 1 of each year to and including the date of maturity or redemption, whichever is earlier. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six (6) month period preceding each 2009 Interest Payment Date with respect to the 2009 Certificates or in the case of the first Lease Payment, the period since the dated date of the 2009 Certificates. The proportionate share of the portion of Lease Payments designated as interest with respect to any 2009 Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such 2009 Certificate by the rate of interest applicable to such 2009 Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.4 Form of the 2009 Certificates. The 2009 Certificates shall be in fully registered form without coupons. The fully registered form of the 2009 Certificates and the assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with such necessary or appropriate variations, omissions and insertions.

Section 2.5 Execution. The 2009 Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any officer whose signature appears on any 2009 Certificate ceases to be such officer before the date of delivery thereof, such signature shall nevertheless be as effective as if the officer had remained in office until such date of delivery. Any 2009 Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such 2009 Certificate shall be the proper officer of the Trustee although at the nominal date of such 2009 Certificate such person shall not have been such officer of the Trustee.

Section 2.6 Application of Proceeds and Other Moneys. The proceeds received by the Trustee from the sale of the 2009 Certificates shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

- (a) The Trustee shall deposit into the 2009 Delivery Costs Fund, an amount equal to \$131,500.00.
- (b) The Trustee shall deposit into the 2009 Project Fund, an amount equal to \$34,864,732.00 of proceeds of the 2009 Certificates.

Section 2.7 Registration, Transfer and Exchange of 2009 Certificates.

(a) All 2009 Certificates issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the 2009 Certificates.

(b) So long as any 2009 Certificates are Outstanding, the Trustee shall maintain at its designated office books for the registration and transfer of 2009 Certificates, and shall provide for the registration and transfer of any 2009 Certificate under such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering 2009 Certificates in accordance with the provisions hereof.

(c) Each 2009 Certificate shall be transferable only upon the Register by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any 2009 Certificate, the Trustee shall execute and deliver, in the name of the transferee, one or more new 2009 Certificates, of the same aggregate principal amount and maturity as the surrendered 2009 Certificate.

(d) Any 2009 Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of 2009 Certificates with the same maturity of any other authorized denominations.

(e) All 2009 Certificates surrendered in any exchange or transfer of 2009 Certificates shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of 2009 Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(g) The Trustee may but shall not be obligated to exchange or register the transfer of any 2009 Certificate (i) which has been called or selected for call for redemption in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If the transfer of any 2009 Certificate 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 shall be binding upon the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the 2009 Certificate or 2009 Certificates.

Section 2.8 Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated 2009 Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2009 Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such 2009 Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the Trustee shall cause to be executed and shall deliver, in exchange for such mutilated 2009 Certificate or in lieu of such destroyed, lost or stolen 2009 Certificate, a new 2009 Certificate of like principal amount, date and tenor. If the principal of any such mutilated, destroyed, lost or stolen 2009 Certificate has become, or will on or before the next 2009 Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such 2009 Certificate when due instead of delivering a new 2009 Certificate.

Section 2.9 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Trust Agreement to be signed or executed by 2009 Certificate Owners may be in any number

of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 2009 Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of 2009 Certificates shall be sufficient for any purpose of the Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of 2009 Certificates by any person and the amount, the maturity and the numbers of such 2009 Certificates and the date of his holding the same shall be proved by the Register maintained pursuant to Section 2.10 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any 2009 Certificate shall bind every future Owner of the same 2009 Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.10 Certificate Register. The Trustee will keep or cause to be kept, at its designated office, sufficient books for the registration and transfer of the 2009 Certificates which shall at all times be open to inspection by the Lessee and the Lessor during normal business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2009 Certificates as hereinbefore provided.

Section 2.11 Book-Entry-Only System. The 2009 Certificates shall be initially issued in the form of a single fully registered certificate for each scheduled principal payment date for each 2009 Certificate. Upon initial execution and delivery, the ownership of such 2009 Certificates shall be registered in the Register in the name of Cede & Co., as nominee of DTC, and, except as hereinafter otherwise provided, all of the Outstanding 2009 Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the 2009 Certificates registered in the Register in the name of Cede & Co., as nominee of DTC, the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the 2009 Certificates (a "Beneficial Owner"), nor any responsibility or obligation to any DTC Participant, any Beneficial Owner or any other person claiming a beneficial ownership interest in the 2009 Certificates under or through DTC or any DTC Participant, or any other person with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the payment by DTC or any DTC Participant of any amount in respect of the 2009 Certificates, (iii)

the giving of any notice that is permitted or required to be given to Owners under the Trust Agreement, or (iv) any consent given or other action taken by DTC as an Owner.

Notwithstanding any other provision of the Trust Agreement to the contrary, the Trustee shall be entitled to treat and consider the person in whose name each 2009 Certificate is registered in the Register as an absolute Owner of such 2009 Certificate for the purpose of payment, for the purpose of giving notices of prepayment with respect to any 2009 Certificate, for the purpose of registering transfers with respect to such 2009 Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by any 2009 Certificate only to or upon the order of the respective 2009 Certificate Owners, as shown in the Register, as provided in this First Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the 2009 Certificates to the extent of the sum or sums so paid. No person other than a 2009 Certificate Owner, as shown in the Register, shall receive a 2009 Certificate evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this First Supplement.

Notwithstanding any other provision of the Trust Agreement or the 2009 Certificates, so long as the 2009 Certificates are held in book-entry form and registered in the name of Cede & Co., as nominee or DTC, or registered in the name of any successor securities depository, or its nominee, the following provisions shall apply:

(a) **Presentation.** Presentation of 2009 Certificates to the Paying Agent at their scheduled payment dates or upon prepayment prior thereto shall be deemed made to the Paying Agent when the right to exercise ownership rights in the 2009 Certificates through DTC or a DTC Participant is transferred by DTC on its books.

(b) **Fractionalized Representation.** DTC may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this First Supplement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the 2009 Certificates through DTC or DTC Participants.

The 2009 Certificate Owners have no right to a depository for the 2009 Certificates. The Lessee or the Trustee may remove DTC or any successor thereto for any reason at any time. In such event, the Trustee shall (i) appoint a successor securities depository qualified to act as such under Section 17(i) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate 2009 Certificates to such successor securities depository, or (ii) notify DTC of the availability through DTC of 2009 Certificates and transfer one or more separate 2009 Certificates to DTC Participants having 2009 Certificates credited to their DTC accounts as directed by DTC. In such event, the 2009 Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving 2009 Certificates shall designate, in accordance with the provisions of the Trust Agreement.

The Trustee and the Lessee may execute the letter of representation in connection with the execution and delivery of the 2009 Certificates. The letter of representation is for the purpose of effectuating the book-entry-only system only and shall not be deemed to amend, supersede or supplement the terms of this First Supplement that are intended to be complete without reference to the letter of representation. In the event of any conflict between the terms of the letter of representation and the terms of this First Supplement, the terms of the Trust Agreement shall control. DTC may exercise the rights of a 2009 Certificate Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

ARTICLE III ACQUISITION FUND AND DELIVERY COSTS FUND

Section 3.1 2009 Project Fund. The Trustee shall establish a special fund designated as the "2009 Project Fund" as a subfund within the Acquisition Fund. There shall be deposited in the 2009 Project Fund the proceeds of the sale of the 2009 Certificates required to be deposited therein pursuant to Section 2.6(b) hereof. The Trustee shall immediately release and disburse the amounts in the 2009 Project Fund to the County as consideration for the County executing and delivering the First Amendment to Lease-Purchase Agreement.

Section 3.2 Delivery Costs Fund. The Trustee shall establish a special fund designated as the "2009 Delivery Costs Fund." The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein and in the Lease-Purchase Agreement. There shall be deposited in the 2009 Delivery Costs Fund the proceeds of sale of the 2009 Certificates required to be deposited therein pursuant to Section 2.6(a) hereof.

The Trustee shall disburse moneys in the 2009 Delivery Costs Fund only upon a requisition signed by the Lessee Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the 2009 Delivery Costs Fund. Amounts remaining in the 2009 Delivery Costs Fund after October 1, 2009, shall be transferred to the Lease Payment Fund.

The Trustee shall be responsible for the safekeeping and investment, upon the written direction of the Lessee Representative, of the moneys held in the 2009 Delivery Costs Fund in Permitted Investments and the payment thereof in accordance with this Section. Notwithstanding the foregoing, the Trustee shall be entitled to rely conclusively on the requisitions and written orders supplied to it by the Lessee Representative in connection with disbursements made pursuant to this Section.

ARTICLE IV REDEMPTION OF 2009 CERTIFICATES

Section 4.1 Right to Redeem. The 2009 Certificates shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein.

Section 4.2 Redemption.

(a) **No Prior Optional Redemption.** The 2009 Certificates are not subject to optional redemption prior to their stated maturity dates.

(b) **Redemption from Net Proceeds of Insurance and Condemnation.** The 2009 Certificates are subject to redemption on any 2009 Interest Payment Date in whole or in part, from the Net Proceeds of insurance or condemnation, which Net Proceeds are deposited in the Lease Payment Fund and credited towards the Prepayment made by the Lessee pursuant to Section 10.4 of the Lease-Purchase Agreement, in any order of maturity designated by the Lessee (or by the Trustee by lot in the event that no such designation is received by the Trustee at the time such Net Proceeds are deposited with the Trustee), and by lot within a maturity at a redemption price equal to the principal amount of the 2009 Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Section 4.3 Selection of Certificates to be Redeemed. If less than all of the 2009 Certificates of the same maturity are to be redeemed upon redemption of 2009 Certificates hereunder, the Trustee shall select the 2009 Certificates to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each 2009 Certificate as representing that number of 2009 Certificates of \$5,000 denomination as is obtained by dividing the principal amount of such 2009 Certificate by \$5,000.

Section 4.4 Partial Redemption of Certificates. Upon the selection and call for redemption of, and the surrender of, any 2009 Certificate for redemption in part only, the Trustee shall cause to be executed and delivered to or upon the written order of the Owner thereof, at the expense of the Lessee, a new 2009 Certificate or 2009 Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the 2009 Certificate surrendered, in accordance with instructions received from the Owner thereof, with one 2009 Certificate being delivered in the absence of such instructions.

Section 4.5 Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2009 Certificates so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2009 Certificates on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Trustee as provided herein, interest on the 2009 Certificates so called for redemption shall cease to accrue, such 2009 Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such 2009 Certificates so called for redemption shall be deemed paid and no longer Outstanding.

Section 4.6 Notice of Redemption.

(a) Whenever redemption of 2009 Certificates is to be made, the Trustee shall give notice of the redemption of such 2009 Certificates, which notice shall specify the redemption date, the redemption price and the place or places where such redemption price will be payable and, if less than all of the 2009 Certificates are to be redeemed, the numbers or other distinguishing marks of such 2009 Certificates so to be redeemed, and, in the case of 2009

Certificates to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2009 Certificate to be redeemed the redemption price of such 2009 Certificate or the specified portion thereof in the case of a 2009 Certificate to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on such 2009 Certificate or portion thereof so to be redeemed.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date, to all Owners of any 2009 Certificates or portions of 2009 Certificates which are to be redeemed at their last addresses appearing upon the Register, but failure so to mail any such notice, or a defect in such notice, as to any 2009 Certificate shall not affect the validity of the proceedings for the redemption of any other 2009 Certificate.

(c) In addition to the notice called for in subsections (a) and (b), further notice shall be given by the Trustee as set out below, but no defect in said further notice or any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption or result in a breach of trust by the Trustee of notice thereof is given as above prescribed:

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all 2009 Certificates being redeemed; (B) the date of issue of the 2009 Certificates as originally issued; (C) the rate of interest borne by each 2009 Certificate being redeemed; (D) the maturity date of each 2009 Certificate being redeemed; and (E) any other descriptive information needed to identify accurately the 2009 Certificates being redeemed.

(ii) Each further notice of redemption shall be sent at least 35 days before the redemption date, return receipt requested, to all registered securities depositories which are registered owners of the 2009 Certificates then in the business of holding substantial amounts of obligations of types such as the 2009 Certificates (such as, at the time of execution and delivery of this First Supplement, Depository Trust Company of New York, New York; Midwest Securities Trust Company of Chicago, Illinois; Pacific Securities Depository Trust Company of San Francisco, California; and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the 2009 Certificates (such as, at the time of execution and delivery of this First Supplement, the Daily Called Bond Service of Financial Information, Inc., Jersey City, New Jersey; the Called Bond Service of Kenney Information Services, New York, New York; Moody's Municipal and Government, New York, New York; and S&P's Called Bond Record, New York, New York).

(d) A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to each of the Owners of the 2009 Certificates

designated for redemption which have not been presented for payment within thirty (30) days after the redemption date.

ARTICLE V
AMENDMENT OF SECTION 2.11 OF ORIGINAL TRUST AGREEMENT

Section 2.11 of the Original Trust Agreement is hereby amended to read, in its entirety, as set forth below, effective simultaneously with the execution and delivery of the 2009 Certificates, the delivery and acceptance thereof by the purchasers of the 2009 Certificates to evidence the consent of the Owners of a majority in Aggregate Value of the Certificates Outstanding.

"Section 2.11. Execution and Delivery of Additional Certificates. So long as the Lease-Purchase Agreement remains in effect and no Event of Default under this Trust Agreement has occurred, the Trustee may execute and deliver, at the direction of the Lessee, Additional Certificates from time to time to provide funds to pay any one or more of (i) the costs of refunding Outstanding Certificates or restructuring the Lease Payments under the Lease-Purchase Agreement, or (ii) the costs of making any modifications or improvements to the Leased Property as the Lessee may deem necessary or desirable.

Before the Trustee shall deliver any Additional Certificates executed pursuant to a supplement authorized by Article X hereof, the following items shall have been received by the Trustee:

(a) Original executed counterparts of any amendments or supplements to the Lease-Purchase Agreement and of the Trust Agreement entered into in connection with the execution and delivery of the Additional Certificates, which are necessary or advisable, in the opinion of Special Counsel, to provide that the Additional Certificates will be executed and delivered in compliance with the provisions of this Trust Agreement.

(b) A written opinion of Special Counsel to the effect that (i) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of this Trust Agreement, (ii) any filings required to be made under Section 11.4 of this Trust Agreement have been made, and (iii) all conditions precedent to the delivery of the Additional Certificates have been fulfilled.

(c) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above), to the effect that (i) when executed and delivered by the Trustee, those Additional Certificates will be valid and binding in accordance with their terms and will be secured hereunder equally and on a parity with all other Certificates at the time Outstanding hereunder as to the assignment to the Trustee of the amounts pledged hereunder, and (ii) the execution and delivery of the Additional Certificates will not result in the portion of the Lease Payments designated as interest evidenced by the Certificates Outstanding immediately prior to that execution and delivery of such Additional Certificates becoming includable in gross income for purposes of federal income taxation.

(d) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above) to the effect that any amendments or supplements to

the Lease-Purchase Agreement entered into in connection with the execution and delivery of the Additional Certificates have been duly authorized, executed and delivered by the Lessee, and that the Lease-Purchase Agreement, as amended or supplemented, constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to exceptions reasonably satisfactory to the Trustee for bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

(e) Written confirmation from Moody's, if the Certificates are then rated by Moody's, and from S&P, if the Certificates are then rated by S&P, that the issuance of the Additional Certificates will not cause the then-assigned rating assigned to the Certificates to be reduced or withdrawn.

When the documents listed above have been received by the Trustee, the Trustee shall execute and deliver the Additional Certificates to or on the order of the original purchaser thereof, but only upon payment of the agreed-upon purchase price for the Additional Certificates.

Prior to the issuance of any Additional Certificates, the Lessee shall inform the Trustee of the names of all entities which have rated the outstanding Certificates."

ARTICLE VI MISCELLANEOUS

Section 6.1 **Binding Effect; Successors.** This First Supplement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this First Supplement either the County or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this First Supplement contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 6.2 **Execution in Counterparts.** This First Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 6.3 **Headings.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this First Supplement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this First Supplement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this First Supplement as a whole and not to any particular Article, Section or subdivision hereof.

Section 6.4 **Waiver of Notice.** Whenever in this First Supplement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 6.5 Severability of Invalid Provisions. In case any one or more of the provisions contained in this First Supplement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this First Supplement, and this First Supplement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this First Supplement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this First Supplement may be held illegal, invalid or unenforceable.

Section 6.6 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this First Supplement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this First Supplement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this First Supplement on behalf of the Lessee within 3 years from execution of this First Supplement, unless a waiver of A.R.S. §38-511 is provided by the Lessee's Board of Supervisors.

Section 6.7 Certain Warranties and Certifications from the Lessor.

(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Trustee, in its capacity as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement, including its subcontractors who work on this First Supplement or the Lease-Purchase Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under A.R.S. § 23-214(A). The breach by the Trustee of the foregoing shall be deemed a material breach of the Trustee's duties under the Trust Agreement and the Lease-Purchase Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The County retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection by the County during normal business hours. The Trust shall cooperate with the random inspections by the County, including granting the County entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(b) Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, the Trustee certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, the term "scrutinized business operations" shall have the meanings set forth in A.R.S. §§ 35-391 and 35-393, as applicable. If the County determines that the Trustee submitted a false certification, the County may impose remedies as provided by law, including termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement.

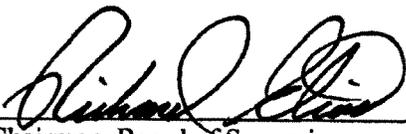
[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have executed this First Supplement as of the date and year first above written.

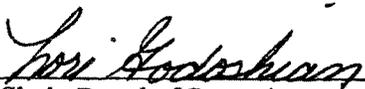
U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: 
Chairman, Board of Supervisors

ATTEST:

By: 
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

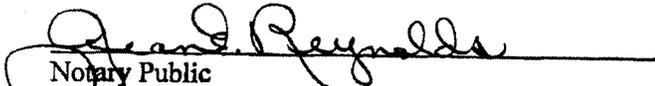
By: 
Timothy E. Pickrell

[Signature page of First Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 10th day of June, 2009, before me, the undersigned Notary Public, personally appeared Brad Stevenson, who acknowledged himself to be a Vice President of U.S. Bank National Association, and that he, as such officer, being authorized so to do, executed the foregoing First Supplement for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.


Notary Public

My Commission Expires:

August 15, 2012



JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

[Notarization page of First Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

On this, the 1st day of June, 2009, before me, the undersigned Notary Public, personally appeared Richard Elias, who acknowledged himself to be the Chairman of the Pima County Board of Supervisors and that he, such officer, being authorized so to do, executed the foregoing First Supplement for the purposes therein contained by signing the name of the County by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Donna Tobias
Notary Public

My Commission Expires:

12-20-12

[Notarization page of First Supplement to Trust Agreement]

EXHIBIT A

FORM OF SERIES 2009 CERTIFICATE OF PARTICIPATION

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

CERTIFICATE OF PARTICIPATION, SERIES 2009

**Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by**

Pima County, Arizona

No: R-

Denomination:

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	June 1, 20__	June 10, 2009	721664__

Registered Owner: CEDE & CO.

Principal Amount:

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2009 (the "2009 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, (the "First Amendment", and together with the Original Lease-Purchase Agreement, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

The Registered Owner of this 2009 Certificate is entitled to receive, subject to the terms of the Lease-Purchase Agreement, on the Maturity Date set forth above, the Principal Amount set forth above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on December 1, 2009, and semiannually thereafter on December 1 and June 1 of each year (the "2009 Interest Payment Dates") until payment in full of said portion of principal, the Registered Owner's proportionate share of the Lease Payments designated as interest coming due preceding each of the 2009 Interest Payment

Dates; provided that interest with respect hereto shall be payable from the 2009 Interest Payment Date next preceding the date of execution of this 2009 Certificate (unless (i) this 2009 Certificate is executed prior to December 1, 2009, in which event interest shall be payable from the Dated Date identified above, (ii) this 2009 Certificate is executed on a 2009 Interest Payment Date, in which event interest shall be payable from such 2009 Interest Payment Date, or (iii) this 2009 Certificate is executed after the close of business on the fifteenth (15th) day of the month preceding a 2009 Interest Payment Date, whether or not such fifteenth day is a Business Day, in which event interest shall be payable from such 2009 Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any 2009 Certificates of the issue of which this is one, interest hereon shall be payable from the 2009 Interest Payment Date to which interest has previously been paid or made available for payment, or, if prior to December 1, 2009, interest shall be payable from the Dated Date identified above, unless this 2009 Certificate is executed after a Special Record Date (as defined in the Original Trust Agreement) and before the following Special 2009 Interest Payment Date (as defined in the Original Trust Agreement), in which event interest shall be payable from the scheduled 2009 Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner's share of the Lease Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee on each Interest payment Date to the Registered Owner at the close of business on the fifteenth (15th) day of the month preceding such 2009 Interest Payment Date (the "Record Date"), whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Lease Payments designated as interest shall be made on Special 2009 Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of \$1,000,000 or more in aggregate principal amount of 2009 Certificates as of the close of business of the Trustee on the Record Date for a particular 2009 Interest Payment Date or, if applicable, the Special Record Date for a particular Special 2009 Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner's expense) on the 2009 Interest Payment Date or Special 2009 Interest Payment Date to such Registered Owner in accordance with written notice from such Registered Owner containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire transfer directed, which written notice is received not later than five (5) days prior to the Record Date with respect to such 2009 Interest Payment Date or, if applicable, the Special Record Date for such Special 2009 Interest Payment Date. Said amounts representing the Registered Owner's share of the Lease Payments designated as principal are payable when due upon surrender of this 2009 Certificate at the principal corporate trust office of the Trustee.

This 2009 Certificate has been executed and delivered by the Trustee pursuant to the terms of an Original Trust Agreement between the Trustee and the Lessee, dated as of June 1, 2008 (the "Original Trust Agreement"), authorizing the execution and delivery of the aggregate principal amount of \$50,000,000 (the "2008 Certificates"), as supplemented by the First Supplemental to Trust Agreement, dated June 1, 2009 (the "First Supplement", together with the

Original Trust Agreement, the "Trust Agreement") authorizing a series of certificates limited in aggregate principal amount to \$34,400,000 (the "2009 Certificates", and together with the 2008 Certificates and any Additional Certificates which may hereafter be executed and delivered under the Trust Agreement being herein collectively referred to as the "Certificates"). The Lessee is authorized to enter into the First Amendment to Lease-Purchase Agreement and the First Amendment to Trust Agreement under the laws of the State of Arizona. Reference is hereby made to the Lease-Purchase Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2009 Certificates are delivered, the rights thereunder of the Registered Owners of the 2009 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee under the Lease-Purchase Agreement, to all of the provisions of which Lease-Purchase Agreement and Trust Agreement the Registered Owner of this 2009 Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee, the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease-Purchase Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including June 1, 2012, unless terminated prior thereto in accordance with the provisions of the Lease-Purchase Agreement. The continuation of the Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments after the end of the Lessee's Fiscal Period during which the Lease-Purchase Agreement commenced is subject to and dependent upon the moneys necessary to make such payments being lawfully budgeted by the Lessee. If the Lessee fails to obtain prior to the last date on which the Lessee is required or permitted to adopt its budget for the next Fiscal Period a proper budgeting and final appropriation of the Lessee's Board of Supervisors of the full amount of funds necessary to make all Lease Payments coming due during the next occurring Fiscal Period for which such budgeting and appropriation are made, the Lease-Purchase Agreement shall terminate effective on the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which such funds were determined to be lawfully available and allocated, subject to reinstatement at the option of the Lessee within forty-five (45) days thereafter.

Upon the occurrence and continuance of any event of default under the Trust Agreement, the Trustee may, and at the written direction of the Owners of not less than five percent (5 %) in Aggregate Value (as defined in the Trust Agreement) of Certificates then outstanding shall, declare the principal amount of the Certificates then outstanding to be immediately due and payable; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay Lease Payments only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto and the Owners of a majority in Aggregate Value of the Certificates then outstanding, and may be amended without notice to or the consent of such Owners under certain circumstances, provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's Certificate.

This 2009 Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this 2009 Certificate. Upon such transfer a new 2009 Certificate or 2009 Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, whether or not this 2009 Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2009 Certificates are not subject to optional redemption prior to maturity.

The 2009 Certificates are subject to redemption on any 2009 Interest Payment Date, in whole, or in part, in any order of maturity designated by the Lessee, or, under certain circumstances, by lot by the Trustee, and by lot within a maturity from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the Lessee pursuant to Section 10.4 of the Original Lease-Purchase Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest, without premium.

Notice of redemption shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption to each Registered Owner of a 2009 Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any 2009 Certificate shall not affect the validity of the proceedings for the redemption of any other 2009 Certificate. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Trust Agreement provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this 2009 Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Its: Authorized Representative

ABBREVIATIONS

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

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

UNIF GIFT/TRANS MIN ACT --

Custodian _____
(Cust) (Minor)
Under Uniform Gifts/Transfers to
Minors Act _____
(State)

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

ASSIGNMENT

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

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

Dated _____

Signature Guaranteed:

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

(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

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SECOND SUPPLEMENT TO TRUST AGREEMENT

THIS SECOND SUPPLEMENT TO TRUST AGREEMENT (this "Second Supplement"), dated as of February 1, 2010, by and between U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee" or "Lessor"), and PIMA COUNTY, ARIZONA, (the "Lessee" or the "County");

RECITALS

WHEREAS, the Trustee and the County previously entered into a Trust Agreement dated as of June 1, 2008 (the "Original Trust Agreement"), as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement") and this Second Supplement and, together with the Original Trust Agreement and the First Supplement, the "Trust Agreement"); and

WHEREAS, the County, as lessee, previously entered into a Lease-Purchase Agreement dated June 1, 2008 (the "Original Lease-Purchase Agreement") with U.S. Bank National Association, as lessor, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment") and by a Second Amendment, dated as of February 1, 2010 (the "Second Amendment" and, together with the Original Lease-Purchase Agreement and the First Amendment, the "Lease" or the "Lease-Purchase Agreement"), pursuant to which the Lessor leases to the County certain Leased Property (as defined in the Trust Agreement); and

WHEREAS, pursuant to that Original Trust Agreement, as supplemented by the First Supplement, the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates") and \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the "2009 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, as amended by the First Amendment; and

WHEREAS, the Original Trust Agreement, as supplemented, permits the execution and delivery of "Additional Certificates," on a parity with the 2008 Certificates and the 2009 Certificates, and permits the supplementation and amendment of the Original Trust Agreement, as supplemented and the Lease-Purchase Agreement to facilitate such an execution and delivery of Additional Certificates; and

WHEREAS, in consideration of the County's agreement to amend and extend the term of its obligations under the Original Lease-Purchase Agreement, as amended by the First Amendment, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$20,000,000 to be denominated "Certificates of Participation, Series 2010" (the "2010 Certificates"), with the net proceeds therefrom to be paid over to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the "Projects"); and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2010 Certificates in a principal amount of \$20,000,000; and

WHEREAS, in connection with the execution and delivery of the 2010 Certificates, it will be necessary for the Trustee and the County to enter into this Second Supplement; and

WHEREAS, upon execution and delivery of the 2010 Certificates, all the conditions for execution and delivery of Additional Certificates under the Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution of this Second Supplement, entered into the Second Amendment,

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires or unless amended by this Section 1.1, capitalized terms used herein shall, for all purposes of this Second Supplement have the meaning specified below or in the recitals hereto or the meaning given in Section 1.1 of the Original Trust Agreement:

"2010 Certificates" shall mean the \$20,000,000 aggregate principal amount of Certificates of Participation, Series 2010, to be executed and delivered pursuant to the Original Trust Agreement, as supplemented by this Second Supplement.

"2010 Delivery Costs Fund" shall mean the fund by that name established and held by the Trustee pursuant to Section 3.2 hereof, which fund shall be a subfund of the Delivery Cost Fund.

"2010 Interest Payment Date" shall mean the dates specified in Section 2.3 hereof instead of as provided in Section 2.3 of the Original Trust Agreement, but for all other purposes shall have the meaning provided in the Original Trust Agreement.

"2010 Project Fund" shall mean the fund by that name established and held by the Trustee pursuant to Section 3.1 hereof, which fund shall be a subaccount of the Acquisition Fund.

"Certificates" shall mean the 2008 Certificates, the 2009 Certificates, the 2010 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

"Original Purchaser" shall mean RBC Capital Markets Corporation, as original purchaser of the 2010 Certificates.

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

Section 1.3 Interpretation.

(a) Any reference herein to the Lessor, Trustee or Lessee or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein or in the Original Trust Agreement, but defined in the Lease-Purchase Agreement shall have the same meaning herein.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not mean or include the payment of a Certificate at its stated maturity or the purchase of a Certificate.

**ARTICLE II
THE 2010 CERTIFICATES**

Section 2.1 Authorization.

(a) The Trustee is hereby authorized and directed to prepare, execute and deliver, to the Original Purchaser, 2010 Certificates in an aggregate principal amount of \$20,000,000, evidencing proportionate ownership interests in the Lease Payments and the Prepayments.

(b) Except as provided in Section 2.11 of the Original Trust Indenture, as supplemented by this Second Supplement, the Trustee shall not at any time while the Certificates are Outstanding execute and deliver additional certificates payable from the Lease Payments and secured by a lien and charge upon the Leased Property on a parity with or prior to the lien and charge securing the Outstanding Certificates hereunder.

Section 2.2 General Terms of 2010 Certificates. The 2010 Certificates shall be executed and delivered only in fully registered form, without coupons, and shall be numbered from one upwards, in the order of their execution, with any other designation as the Trustee deems appropriate. The 2010 Certificates shall be subject to redemption prior to their specified principal payment dates as provided in Article IV hereof.

Each 2010 Certificate shall bear the dated date of the date of the initial delivery thereof, and shall also bear the date of its execution and interest with respect thereto shall be payable from the 2010 Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed prior to December 1, 2010, in which event interest with respect thereto shall be payable from the date of delivery of the 2010 Certificates, (ii) it is executed as of a 2010 Interest Payment

Date, in which event interest with respect thereto shall be payable from such date of execution, or (iii) it is executed after a Regular Record Date and before the following 2010 Interest Payment Date, in which event interest with respect thereto shall be payable from such 2010 Interest Payment Date; provided, however, that if, as of the date of execution of any 2010 Certificate, interest is in default with respect to any Outstanding 2010 Certificates, interest with respect to such 2010 Certificate shall be payable from the 2010 Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding 2010 Certificates, or, if prior to December 1, 2010, interest shall be payable from the dated date thereof, unless it is executed after a Special Record Date and before the following Special 2010 Interest Payment Date, in which event interest with respect thereto shall be payable from the scheduled 2010 Interest Payment Date next preceding such date of execution.

Payment of interest on any 2010 Certificate on any 2010 Interest Payment Date or any Special 2010 Interest Payment Date shall be made to the person appearing on the Register as the Owner thereof as of the Regular Record Date immediately preceding such 2010 Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special 2010 Interest Payment Date. Such interest shall be paid by (i) check or draft mailed to such Owner at his address as it appears on the Register or at such other address as he may have filed with the Trustee for that purpose, or (ii) to any Owner of \$1,000,000 or more in aggregate principal amount of 2010 Certificates, as of the close of business of the Trustee on the Regular Record Date for a particular 2010 Interest Payment Date or, if applicable, the Special Record Date for a Special 2010 Interest Payment Date, by wire transfer in immediately available funds sent on the 2010 Interest Payment Date or Special 2010 Interest Payment Date, as the case may be, to any bank or trust company in the continental United States, in accordance with written notice from such Owner containing the wire transfer address, which written notice is received not later than five (5) days before the Regular Record Date with respect to such 2010 Interest Payment Date or, if applicable, the Special Record Date for any Special 2010 Interest Payment Date, it being understood that such notice may refer to multiple interest payments.

In the event there are insufficient funds available on any 2010 Interest Payment Date to pay the interest then due on the 2010 Certificates, the Regular Record Date shall no longer be applicable with respect to the 2010 Certificates. If sufficient funds for the payment of such interest thereafter become available, the Trustee shall immediately establish a Special 2010 Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special 2010 Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than ten (10) days prior to the Special Record Date nor more than thirty (30) days prior to the Special 2010 Interest Payment Date. Such overdue interest shall be paid on the Special 2010 Interest Payment Date to the Owners of the 2010 Certificates as of the Special Record Date.

Section 2.3 Maturity; Interest Rates.

(a) The 2010 Certificates shall be in the denomination of \$5,000 or any integral multiple thereof (except that no 2010 Certificate may have principal maturing in more than one year) and shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

2010 Certificates

<u>Maturity Date</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
2011	\$1,750,000	2.000%
2012	2,025,000	2.000
2013	2,065,000	3.000
2014	2,130,000	3.500
2015	2,200,000	3.500
2016	2,280,000	5.250
2017	2,400,000	5.250
2018	2,525,000	4.000
2019	2,625,000	4.125

(b) Interest with respect to the 2010 Certificates shall be payable on December 1, 2010 and thereafter semiannually on June 1 and December 1 of each year to and including the date of maturity or redemption, whichever is earlier. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six (6) month period preceding each 2010 Interest Payment Date with respect to the 2010 Certificates or in the case of the first Lease Payment, the period since the dated date of the 2010 Certificates. The proportionate share of the portion of Lease Payments designated as interest with respect to any 2010 Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such 2010 Certificate by the rate of interest applicable to such 2010 Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.4 Form of the 2010 Certificates. The 2010 Certificates shall be in fully registered form without coupons. The fully registered form of the 2010 Certificates and the assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with such necessary or appropriate variations, omissions and insertions.

Section 2.5 Execution. The 2010 Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any officer whose signature appears on any 2010 Certificate ceases to be such officer before the date of delivery thereof, such signature shall nevertheless be as effective as if the officer had remained in office until such date of delivery. Any 2010 Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such 2010 Certificate shall be the proper officer of the Trustee although at the nominal date of such 2010 Certificate such person shall not have been such officer of the Trustee.

Section 2.6 Application of Proceeds and Other Moneys. The proceeds received by the Trustee from the sale of the 2010 Certificates shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

- (a) The Trustee shall deposit into the 2010 Delivery Costs Fund, an amount equal to \$86,400.00.

- (b) The Trustee shall deposit into the 2010 Project Fund, an amount equal to \$20,325,680.10 of proceeds of the 2010 Certificates.

Section 2.7 Registration, Transfer and Exchange of 2010 Certificates.

(a) All 2010 Certificates issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the 2010 Certificates.

(b) So long as any 2010 Certificates are Outstanding, the Trustee shall maintain at its designated office books for the registration and transfer of 2010 Certificates, and shall provide for the registration and transfer of any 2010 Certificate under such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering 2010 Certificates in accordance with the provisions hereof.

(c) Each 2010 Certificate shall be transferable only upon the Register by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any 2010 Certificate, the Trustee shall execute and deliver, in the name of the transferee, one or more new 2010 Certificates, of the same aggregate principal amount and maturity as the surrendered 2010 Certificate.

(d) Any 2010 Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of 2010 Certificates with the same maturity of any other authorized denominations.

(e) All 2010 Certificates surrendered in any exchange or transfer of 2010 Certificates shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of 2010 Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(g) The Trustee may but shall not be obligated to exchange or register the transfer of any 2010 Certificate (i) which has been called or selected for call for redemption in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If the transfer of any 2010 Certificate 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 shall be binding upon the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the 2010 Certificate or 2010 Certificates.

Section 2.8 Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated 2010 Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2010 Certificate, and (ii) there is delivered to

the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such 2010 Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the Trustee shall cause to be executed and shall deliver, in exchange for such mutilated 2010 Certificate or in lieu of such destroyed, lost or stolen 2010 Certificate, a new 2010 Certificate of like principal amount, date and tenor. If the principal of any such mutilated, destroyed, lost or stolen 2010 Certificate has become, or will on or before the next 2010 Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such 2010 Certificate when due instead of delivering a new 2010 Certificate.

Section 2.9 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Trust Agreement to be signed or executed by 2010 Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 2010 Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of 2010 Certificates shall be sufficient for any purpose of the Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of 2010 Certificates by any person and the amount, the maturity and the numbers of such 2010 Certificates and the date of his holding the same shall be proved by the Register maintained pursuant to Section 2.10 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any 2010 Certificate shall bind every future Owner of the same 2010 Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.10 Certificate Register. The Trustee will keep or cause to be kept, at its designated office, sufficient books for the registration and transfer of the 2010 Certificates which shall at all times be open to inspection by the Lessee and the Lessor during normal business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2010 Certificates as hereinbefore provided.

Section 2.11 Book-Entry-Only System. The 2010 Certificates shall be initially issued in the form of a single fully registered certificate for each scheduled principal payment date for

each 2010 Certificate. Upon initial execution and delivery, the ownership of such 2010 Certificates shall be registered in the Register in the name of Cede & Co., as nominee of DTC, and, except as hereinafter otherwise provided, all of the Outstanding 2010 Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the 2010 Certificates registered in the Register in the name of Cede & Co., as nominee of DTC, the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the 2010 Certificates (a "Beneficial Owner"), nor any responsibility or obligation to any DTC Participant, any Beneficial Owner or any other person claiming a beneficial ownership interest in the 2010 Certificates under or through DTC or any DTC Participant, or any other person with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the payment by DTC or any DTC Participant of any amount in respect of the 2010 Certificates, (iii) the giving of any notice that is permitted or required to be given to Owners under the Trust Agreement, or (iv) any consent given or other action taken by DTC as an Owner.

Notwithstanding any other provision of the Trust Agreement to the contrary, the Trustee shall be entitled to treat and consider the person in whose name each 2010 Certificate is registered in the Register as an absolute Owner of such 2010 Certificate for the purpose of payment, for the purpose of giving notices of prepayment with respect to any 2010 Certificate, for the purpose of registering transfers with respect to such 2010 Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by any 2010 Certificate only to or upon the order of the respective 2010 Certificate Owners, as shown in the Register, as provided in this Second Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the 2010 Certificates to the extent of the sum or sums so paid. No person other than a 2010 Certificate Owner, as shown in the Register, shall receive a 2010 Certificate evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Second Supplement.

Notwithstanding any other provision of the Trust Agreement or the 2010 Certificates, so long as the 2010 Certificates are held in book-entry form and registered in the name of Cede & Co., as nominee or DTC, or registered in the name of any successor securities depository, or its nominee, the following provisions shall apply:

(a) **Presentation.** Presentation of 2010 Certificates to the Paying Agent at their scheduled payment dates or upon prepayment prior thereto shall be deemed made to the Paying Agent when the right to exercise ownership rights in the 2010 Certificates through DTC or a DTC Participant is transferred by DTC on its books.

(b) **Fractionalized Representation.** DTC may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this Second Supplement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the 2010 Certificates through DTC or DTC Participants.

The 2010 Certificate Owners have no right to a depository for the 2010 Certificates. The Lessee or the Trustee may remove DTC or any successor thereto for any reason at any time. In such event, the Trustee shall (i) appoint a successor securities depository qualified to act as such under Section 17(i) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate 2010 Certificates to such successor securities depository, or (ii) notify DTC of the availability through DTC of 2010 Certificates and transfer one or more separate 2010 Certificates to DTC Participants having 2010 Certificates credited to their DTC accounts as directed by DTC. In such event, the 2010 Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving 2010 Certificates shall designate, in accordance with the provisions of the Trust Agreement.

The Trustee and the Lessee may execute the letter of representation in connection with the execution and delivery of the 2010 Certificates. The letter of representation is for the purpose of effectuating the book-entry-only system only and shall not be deemed to amend, supersede or supplement the terms of this Second Supplement that are intended to be complete without reference to the letter of representation. In the event of any conflict between the terms of the letter of representation and the terms of this Second Supplement, the terms of the Trust Agreement shall control. DTC may exercise the rights of a 2010 Certificate Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

ARTICLE III ACQUISITION FUND AND DELIVERY COSTS FUND

Section 3.1 2010 Project Fund. The Trustee shall establish a special fund designated as the "2010 Project Fund" as a subfund within the Acquisition Fund. There shall be deposited in the 2010 Project Fund the proceeds of the sale of the 2010 Certificates required to be deposited therein pursuant to Section 2.6(b) hereof. The Trustee shall immediately release and disburse the amounts in the 2010 Project Fund to the County as consideration for the County executing and delivering the Second Amendment to Lease-Purchase Agreement.

Section 3.2 Delivery Costs Fund. The Trustee shall establish a special fund designated as the "2010 Delivery Costs Fund." The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein and in the Lease-Purchase Agreement. There shall be deposited in the 2010 Delivery Costs Fund the proceeds of sale of the 2010 Certificates required to be deposited therein pursuant to Section 2.6(a) hereof.

The Trustee shall disburse moneys in the 2010 Delivery Costs Fund only upon a requisition signed by the Lessee Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the 2010 Delivery Costs Fund. Amounts remaining in the 2010 Delivery Costs Fund after May 1, 2010, shall be transferred to the Lease Payment Fund.

The Trustee shall be responsible for the safekeeping and investment, upon the written direction of the Lessee Representative, of the moneys held in the 2010 Delivery Costs Fund in Permitted Investments and the payment thereof in accordance with this Section. Notwithstanding the foregoing, the Trustee shall be entitled to rely conclusively on the requisitions and written orders supplied to it by the Lessee Representative in connection with disbursements made pursuant to this Section.

ARTICLE IV REDEMPTION OF 2010 CERTIFICATES

Section 4.1 **Right to Redeem.** The 2010 Certificates shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein.

Section 4.2 **Redemption.**

(a) **No Prior Optional Redemption.** The 2010 Certificates are not subject to optional redemption prior to their stated maturity dates.

(b) **Redemption from Net Proceeds of Insurance and Condemnation.** The 2010 Certificates are subject to redemption on any 2010 Interest Payment Date in whole or in part, from the Net Proceeds of insurance or condemnation, which Net Proceeds are deposited in the Lease Payment Fund and credited towards the Prepayment made by the Lessee pursuant to Section 10.4 of the Lease-Purchase Agreement, in any order of maturity designated by the Lessee (or by the Trustee by lot in the event that no such designation is received by the Trustee at the time such Net Proceeds are deposited with the Trustee), and by lot within a maturity at a redemption price equal to the principal amount of the 2010 Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Section 4.3 **Selection of Certificates to be Redeemed.** If less than all of the 2010 Certificates of the same maturity are to be redeemed upon redemption of 2010 Certificates hereunder, the Trustee shall select the 2010 Certificates to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each 2010 Certificate as representing that number of 2010 Certificates of \$5,000 denomination as is obtained by dividing the principal amount of such 2010 Certificate by \$5,000.

Section 4.4 **Partial Redemption of Certificates.** Upon the selection and call for redemption of, and the surrender of, any 2010 Certificate for redemption in part only, the Trustee shall cause to be executed and delivered to or upon the written order of the Owner thereof, at the expense of the Lessee, a new 2010 Certificate or 2010 Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the 2010 Certificate surrendered, in accordance with instructions received from the Owner thereof, with one 2010 Certificate being delivered in the absence of such instructions.

Section 4.5 **Effect of Call for Redemption.** On the date designated for redemption by notice given as herein provided, the 2010 Certificates so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2010 Certificates on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Trustee as provided herein, interest on the

2010 Certificates so called for redemption shall cease to accrue, such 2010 Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such 2010 Certificates so called for redemption shall be deemed paid and no longer Outstanding.

Section 4.6 Notice of Redemption.

(a) Whenever redemption of 2010 Certificates is to be made, the Trustee shall give notice of the redemption of such 2010 Certificates, which notice shall specify the redemption date, the redemption price and the place or places where such redemption price will be payable and, if less than all of the 2010 Certificates are to be redeemed, the numbers or other distinguishing marks of such 2010 Certificates so to be redeemed, and, in the case of 2010 Certificates to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2010 Certificate to be redeemed the redemption price of such 2010 Certificate or the specified portion thereof in the case of a 2010 Certificate to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on such 2010 Certificate or portion thereof so to be redeemed.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date, to all Owners of any 2010 Certificates or portions of 2010 Certificates which are to be redeemed at their last addresses appearing upon the Register, but failure so to mail any such notice, or a defect in such notice, as to any 2010 Certificate shall not affect the validity of the proceedings for the redemption of any other 2010 Certificate.

(c) In addition to the notice called for in subsections (a) and (b), further notice shall be given by the Trustee as set out below, but no defect in said further notice or any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption or result in a breach of trust by the Trustee of notice thereof is given as above prescribed:

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all 2010 Certificates being redeemed; (B) the date of issue of the 2010 Certificates as originally issued; (C) the rate of interest borne by each 2010 Certificate being redeemed; (D) the maturity date of each 2010 Certificate being redeemed; and (E) any other descriptive information needed to identify accurately the 2010 Certificates being redeemed.

(ii) Each further notice of redemption shall be sent at least 35 days before the redemption date, return receipt requested, to all registered securities depositories which are registered owners of the 2010 Certificates then in the business of holding substantial amounts of obligations of types such as the 2010 Certificates (such as, at the time of execution and delivery of this Second Supplement, Depository Trust Company of New York, New York; Midwest Securities Trust Company of Chicago, Illinois; Pacific

Securities Depository Trust Company of San Francisco, California; and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the 2010 Certificates (such as, at the time of execution and delivery of this Second Supplement, the Daily Called Bond Service of Financial Information, Inc., Jersey City, New Jersey; the Called Bond Service of Kenney Information Services, New York, New York; Moody's Municipal and Government, New York, New York; and S&P's Called Bond Record, New York, New York).

(d) A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to each of the Owners of the 2010 Certificates designated for redemption which have not been presented for payment within thirty (30) days after the redemption date.

ARTICLE V MISCELLANEOUS

Section 5.1 Binding Effect; Successors. This Second Supplement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Second Supplement either the County or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Second Supplement contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 5.2 Execution in Counterparts. This Second Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 5.3 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Second Supplement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Second Supplement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Second Supplement as a whole and not to any particular Article, Section or subdivision hereof.

Section 5.4 Waiver of Notice. Whenever in this Second Supplement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 5.5 Severability of Invalid Provisions. In case any one or more of the provisions contained in this Second Supplement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Second Supplement, and this Second

Supplement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Second Supplement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Second Supplement may be held illegal, invalid or unenforceable.

Section 5.6 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Second Supplement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Second Supplement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Second Supplement on behalf of the Lessee within 3 years from execution of this Second Supplement, unless a waiver of A.R.S. §38-511 is provided by the Lessee's Board of Supervisors.

Section 5.7 Certain Warranties and Certifications from the Lessor.

(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Trustee, in its capacity as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement, including its subcontractors who work on this Second Supplement or the Lease-Purchase Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under A.R.S. § 23-214(A). The breach by the Trustee of the foregoing shall be deemed a material breach of the Trustee's duties under the Trust Agreement and the Lease-Purchase Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The County retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection by the County during normal business hours. The Trustee shall cooperate with the random inspections by the County, including granting the County entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(b) Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, the Trustee certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, the term "scrutinized business operations" shall have the meanings set forth in A.R.S. §§ 35-391 and 35-393, as applicable. If the County determines that the Trustee submitted a false

certification, the County may impose remedies as provided by law, including termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement.

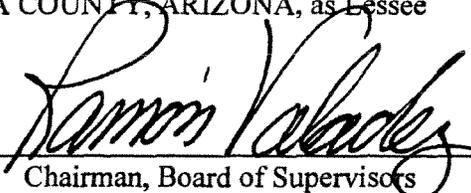
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IN WITNESS WHEREOF, the parties have executed this Second Supplement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

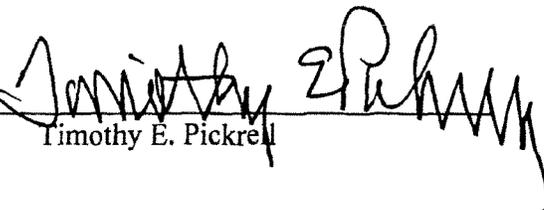
By: 
Chairman, Board of Supervisors

ATTEST:

By: 
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

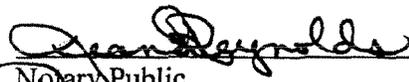
By: 
Timothy E. Pickrell

[Signature page of Second Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 4th day of February 2010, before me, the undersigned Notary Public, personally appeared Brenda D. Black, who acknowledged herself to be a Vice President of U.S. Bank National Association, and that he/she, as such officer, being authorized so to do, executed the foregoing Second Supplement to Trust Agreement for the purposes therein contained by signing the name of the association by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:

August 15, 2012



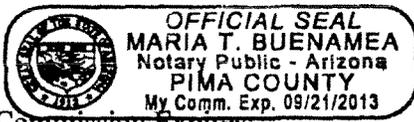
JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

[Notarization page of Second Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

On this, the 26th day of January, 2010, before me, the undersigned Notary Public, personally appeared Ramón O. Valadez, who acknowledged himself to be the Chairman of the Pima County Board of Supervisors and that he, such officer, being authorized so to do, executed the foregoing Second Supplement to Trust Agreement for the purposes therein contained by signing the name of the County by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



My Commission Expires:

Sept 21, 2013

Maria T. Buenamea
Notary Public

[Notarization page of Second Supplement to Trust Agreement]

EXHIBIT A

FORM OF SERIES 2010 CERTIFICATES OF PARTICIPATION

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

CERTIFICATES OF PARTICIPATION, SERIES 2010

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-

Denomination:

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	June 1, 20 ____	February ___, 2010	721664 ____

Registered Owner: CEDE & CO.

Principal Amount:

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2010 (the "2010 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease Purchase Agreement, dated as of June 1, 2009 (the "First Amendment") and a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, (the "Second Amendment", and together with the Original Lease-Purchase Agreement and the First Amendment, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

The Registered Owner of this 2010 Certificate is entitled to receive, subject to the terms of the Lease-Purchase Agreement, on the Maturity Date set forth above, the Principal Amount set forth above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on December 1, 2010, and semiannually thereafter on June 1 and December 1 of each year (the "2010 Interest Payment Dates") until

payment in full of said portion of principal, the Registered Owner's proportionate share of the Lease Payments designated as interest coming due preceding each of the 2010 Interest Payment Dates; provided that interest with respect hereto shall be payable from the 2010 Interest Payment Date next preceding the date of execution of this 2010 Certificate (unless (i) this 2010 Certificate is executed prior to December 1, 2010, in which event interest shall be payable from the Dated Date identified above, (ii) this 2010 Certificate is executed on a 2010 Interest Payment Date, in which event interest shall be payable from such 2010 Interest Payment Date, or (iii) this 2010 Certificate is executed after the close of business on the fifteenth (15th) day of the month preceding a 2010 Interest Payment Date, whether or not such fifteenth day is a Business Day, in which event interest shall be payable from such 2010 Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any 2010 Certificates of the issue of which this is one, interest hereon shall be payable from the 2010 Interest Payment Date to which interest has previously been paid or made available for payment, or, if prior to December 1, 2010, interest shall be payable from the Dated Date identified above, unless this 2010 Certificate is executed after a Special Record Date (as defined in the Original Trust Agreement) and before the following Special 2010 Interest Payment Date (as defined in the Original Trust Agreement), in which event interest shall be payable from the scheduled 2010 Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner's share of the Lease Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee on each Interest payment Date to the Registered Owner at the close of business on the fifteenth (15th) day of the month preceding such 2010 Interest Payment Date (the "Record Date"), whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Lease Payments designated as interest shall be made on Special 2010 Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of \$1,000,000 or more in aggregate principal amount of 2010 Certificates as of the close of business of the Trustee on the Record Date for a particular 2010 Interest Payment Date or, if applicable, the Special Record Date for a particular Special 2010 Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner's expense) on the 2010 Interest Payment Date or Special 2010 Interest Payment Date to such Registered Owner in accordance with written notice from such Registered Owner containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire transfer directed, which written notice is received not later than five (5) days prior to the Record Date with respect to such 2010 Interest Payment Date or, if applicable, the Special Record Date for such Special 2010 Interest Payment Date. Said amounts representing the Registered Owner's share of the Lease Payments designated as principal are payable when due upon surrender of this 2010 Certificate at the principal corporate trust office of the Trustee.

This 2010 Certificate has been executed and delivered by the Trustee pursuant to the terms of an Original Trust Agreement between the Trustee and the Lessee, dated as of June 1, 2008 (the "Original Trust Agreement"), authorizing the execution and delivery of the aggregate

principal amount of \$50,000,000 Certificates of Participation, Series 2008 (the "2008 Certificates"), as supplemented by the First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement") authorizing the execution and delivery of the aggregate principal amount of \$34,400,000 Certificates of Participation, Series 2009 (the "2009 Certificates") and a Second Supplemental to Trust Agreement, dated February 1, 2010 (the "Second Supplement", together with the Original Trust Agreement and the First Supplement, the "Trust Agreement") authorizing a series of certificates limited in aggregate principal amount to \$20,000,000 (the "2010 Certificates", and together with the 2008 Certificates, the 2009 Certificates and any Additional Certificates which may hereafter be executed and delivered under the Trust Agreement being herein collectively referred to as the "Certificates"). The Lessee is authorized to enter into the Second Amendment and the Second Amendment under the laws of the State of Arizona. Reference is hereby made to the Lease-Purchase Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2010 Certificates are delivered, the rights thereunder of the Registered Owners of the 2010 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee under the Lease-Purchase Agreement, to all of the provisions of which Lease-Purchase Agreement and Trust Agreement the Registered Owner of this 2010 Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee, the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease-Purchase Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including June 1, 2019, unless terminated prior thereto in accordance with the provisions of the Lease-Purchase Agreement. The continuation of the Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments after the end of the Lessee's Fiscal Period during which the Lease-Purchase Agreement commenced is subject to and dependent upon the moneys necessary to make such payments being lawfully budgeted by the Lessee. If the Lessee fails to obtain prior to the last date on which the Lessee is required or permitted to adopt its budget for the next Fiscal Period a proper budgeting and final appropriation of the Lessee's Board of Supervisors of the full amount of funds necessary to make all Lease Payments coming due during the next occurring Fiscal Period for which such budgeting and appropriation are made, the Lease-Purchase Agreement shall terminate effective on the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which such funds were determined to be lawfully available and allocated, subject to reinstatement at the option of the Lessee within forty-five (45) days thereafter.

Upon the occurrence and continuance of any event of default under the Trust Agreement, the Trustee may, and at the written direction of the Owners of not less than five percent (5 %) in Aggregate Value (as defined in the Trust Agreement) of Certificates then outstanding shall, declare the principal amount of the Certificates then outstanding to be immediately due and

payable; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay Lease Payments only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto and the Owners of a majority in Aggregate Value of the Certificates then outstanding, and may be amended without notice to or the consent of such Owners under certain circumstances, provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's Certificate.

This 2010 Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this 2010 Certificate. Upon such transfer a new 2010 Certificate or 2010 Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, whether or not this 2010 Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2010 Certificates are not subject to optional redemption prior to maturity.

The 2010 Certificates are subject to redemption on any 2010 Interest Payment Date, in whole, or in part, in any order of maturity designated by the Lessee, or, under certain circumstances, by lot by the Trustee, and by lot within a maturity from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the Lessee pursuant to Section 10.4 of the Original Lease-Purchase Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest, without premium.

Notice of redemption shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption to each Registered Owner of a 2010 Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any 2010 Certificate shall not affect the validity of the proceedings for the redemption of any other 2010 Certificate. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Trust Agreement provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this 2010 Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Its: Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, 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 the above list.

ASSIGNMENT

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

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

Dated _____

Signature Guaranteed:

(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

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

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Recorded By: MNC
DEPUTY RECORDER
4903

LANTI
SQUIRE SANDERS US LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004



SEQUENCE: 20131420008
NO. PAGES: 43
AG 05/22/2013 8:05
MAIL
AMOUNT PAID: \$48.00

When recorded return to:
Timothy E. Pickrell, Esq.
Squire Sanders (US) LLP
1 E. Washington Street, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

EXECUTION COPY

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

THIRD SUPPLEMENT TO TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

and

PIMA COUNTY, ARIZONA

as Lessee

Dated as of May 1, 2013

relating to

\$80,175,000
Pima County, Arizona
Certificates of Participation
Series 2013A

\$12,705,000
Pima County, Arizona
Refunding Certificates of Participation
Series 2013B

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THIRD SUPPLEMENT TO TRUST AGREEMENT

THIS THIRD SUPPLEMENT TO TRUST AGREEMENT (this "Third Supplement"), dated as of May 1, 2013, by and between U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee" or "Lessor"), and PIMA COUNTY, ARIZONA, (the "Lessee" or the "County");

RECITALS

WHEREAS, in 1997, Pima County, Arizona (the "County") sold and leased back certain real property and improvements (the "1997 Leased Property" or the "Adult Detention Center") pursuant to a Lease-Purchase Agreement, dated as of February 1, 1997 (as supplemented and amended, the "1997 Lease-Purchase Agreement"), between U.S. Bank National Association, as successor in interest to First Trust of Arizona, National Association, as lessor (the "1997 Lessor"), and the County, as lessee, in order to finance capital projects of the County; and

WHEREAS, there were executed and delivered certificates of participation, pursuant to a Trust Agreement dated as of February 1, 1997 (as supplemented and amended, the "1997 Trust Agreement"), between the County and U.S. Bank National Association as successor in interest to First Trust of Arizona, National Association, as trustee (in such capacity, the "1997 Trustee"), consisting of the Certificates of Participation, Series 1999 and the Certificates of Participation, Series 2003 identified in Exhibit B hereto, currently outstanding in the aggregate principal amount of \$13,555,000 (the "Certificates to be Refunded"), which provided the 1997 Lessor with funds to purchase the 1997 Leased Property from the County and provided the County with funds to finance or refinance costs of certain capital projects of the County and to pay the costs of issuance of the certificates of participation; and

WHEREAS, the County has determined that it is advisable to refund and redeem all of the Certificates to be Refunded; and

WHEREAS, the Trustee and the County previously entered into a Trust Agreement dated as of June 1, 2008 (the "Original Trust Agreement"), as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement"), a Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement") and this Third Supplement and, together with the Original Trust Agreement, the First Supplement and the Second Supplement, the "Trust Agreement"; and

WHEREAS, the County, as lessee, previously entered into a Lease-Purchase Agreement dated June 1, 2008 (the "Original Lease-Purchase Agreement") with U.S. Bank National Association, as lessor, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), by a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment") and by a Third Amendment, dated as of May 1, 2013 (the "Third Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment and the Second Amendment, the "Lease" or the "Lease-Purchase Agreement"), pursuant to which the Lessor leases to the County certain Leased Property (as defined in the Trust Agreement); and

WHEREAS, pursuant to that Original Trust Agreement, as supplemented by the First Supplement and the Second Supplement, the Trustee executed and delivered \$50,000,000

principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the "2009 Certificates") and \$20,000,000 principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, as amended by the First Amendment and Second Amendment; and

WHEREAS, there are no 2008 Certificates or 2009 Certificates currently outstanding and there are currently outstanding \$16,225,000 aggregate principal amount of 2010 Certificates; and

WHEREAS, the Original Trust Agreement, as supplemented, permits the execution and delivery of "Additional Certificates," on a parity with the 2008 Certificates and the 2010 Certificates, and permits the supplementation and amendment of the Original Trust Agreement, as supplemented and the Lease-Purchase Agreement to facilitate such an execution and delivery of Additional Certificates; and

WHEREAS, in consideration of the County's agreement to amend and restructure the term of its obligations under the Original Lease-Purchase Agreement, as amended by the First Amendment and Second Amendment, the Trustee is willing to execute and deliver Additional Certificates (a) in a principal amount of \$80,175,000 to be denominated "Certificates of Participation, Series 2013A" (the "2013A Certificates") and (b) in a principal amount of \$12,705,000 to be denominated "Refunding Certificates of Participation, Series 2013B" (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 Certificates"), with (i) a portion of the net proceeds of the 2013A Certificates to be paid over to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the "Projects") with the remainder of the net proceeds of the 2013A Certificates to pay costs of executing and delivering the 2013A Certificates and (ii) a portion of the net proceeds of the 2013B Certificates to be paid over to the 1997 Trustee in order to refund and redeem the Certificates to be Refunded and to defease and discharge the 1997 Trust Agreement and to terminate 1997 Lease-Purchase Agreement with the remainder of the net proceeds of the 2013B Certificates to pay costs of executing and delivering the 2013B Certificates; and

WHEREAS, concurrently with the execution and delivery of the 2013B Certificates to refund and redeem the Certificates to be Refunded and the defeasance and discharge of the 1997 Trust Agreement and the termination of the 1997 Lease-Purchase Agreement, the 1997 Leased Property will be conveyed by the 1997 Lessor to the Trustee, as lessor under the Lease-Purchase Agreement, and become a portion of the Leased Property under the Lease-Purchase Agreement; and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2013A Certificates in a principal amount of \$80,175,000 and the 2013B Certificates in a principal amount of \$12,705,000; and

WHEREAS, in connection with the execution and delivery of the 2013 Certificates, it will be necessary for the Trustee and the County to enter into this Third Supplement; and

WHEREAS, upon execution and delivery of the 2013 Certificates, all the conditions for execution and delivery of Additional Certificates under the Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution of this Third Supplement, entered into the Third Amendment,

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires or unless amended by this Section 1.1, capitalized terms used herein shall, for all purposes of this Third Supplement have the meaning specified below or in the recitals hereto or the meaning given in Section 1.1 of the Original Trust Agreement:

“2013 Certificates” shall mean, together, the 2013A Certificates and the 2013B Certificates.

“2013 Delivery Costs Fund” shall mean the fund by that name established and held by the Trustee pursuant to Section 3.2 hereof, which fund shall be a subfund of the Delivery Cost Fund, and consisting of the 2013A Delivery Cost Account and the 2013B Delivery Cost Account.

“2013 Interest Payment Date” shall mean the dates specified in Section 2.3 hereof instead of as provided in Section 2.3 of the Original Trust Agreement, but for all other purposes shall have the meaning provided in the Original Trust Agreement.

“2013A Certificates” shall mean the \$80,175,000 aggregate principal amount of Certificates of Participation, Series 2013A, to be executed and delivered pursuant to the Original Trust Agreement, as supplemented by this Third Supplement.

“2013A Delivery Costs Account” shall mean the account by that name within the 2013 Delivery Costs Fund established and held by the Trustee pursuant to Section 3.2 hereof.

“2013A Project Fund” shall mean the fund by that name established and held by the Trustee pursuant to Section 3.1 hereof, which fund shall be a subaccount of the Acquisition Fund.

“2013B Certificates” shall mean the \$12,705,000 aggregate principal amount of Refunding Certificates of Participation, Series 2013B, to be executed and delivered pursuant to the Original Trust Agreement, as supplemented by this Third Supplement.

“2013B Delivery Costs Account” shall mean the account by that name within the 2013 Delivery Costs Fund established and held by the Trustee pursuant to Section 3.2 hereof.

“Certificates” shall mean the 2010 Certificates, the 2013 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

“Certificates to be Refunded” shall mean the 1999 Certificates and the 2003 Certificates listed on Exhibit B.

“Original Purchaser” shall mean RBC Capital Markets, LLC, as original purchaser of the 2013 Certificates.

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

Section 1.3 Interpretation.

(a) Any reference herein to the Lessor, Trustee or Lessee or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein or in the Original Trust Agreement, but defined in the Lease-Purchase Agreement shall have the same meaning herein.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not mean or include the payment of a Certificate at its stated maturity or the purchase of a Certificate.

**ARTICLE II
THE 2013 CERTIFICATES**

Section 2.1 Authorization.

(a) The Trustee is hereby authorized and directed to prepare, execute and deliver, to the Original Purchaser, 2013A Certificates in an aggregate principal amount of \$80,175,000 and 2013B Certificates in an aggregate principal amount of \$12,705,000, each series evidencing proportionate ownership interests in the Lease Payments and the Prepayments.

(b) Except as provided in Section 2.11 of the Original Trust Indenture, as supplemented by this Third Supplement, the Trustee shall not at any time while the Certificates

are Outstanding execute and deliver additional certificates payable from the Lease Payments and secured by a lien and charge upon the Leased Property on a parity with or prior to the lien and charge securing the Outstanding Certificates hereunder.

Section 2.2 General Terms of 2013 Certificates. The 2013 Certificates shall be executed and delivered only in fully registered form, without coupons, and shall be numbered from one upwards, in the order of their execution, with any other designation as the Trustee deems appropriate. The 2013 Certificates shall be subject to redemption prior to their specified principal payment dates as provided in Article IV hereof.

Each 2013 Certificate shall bear the dated date of the date of the initial delivery thereof, and shall also bear the date of its execution and interest with respect thereto shall be payable from the 2013 Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed prior to December 1, 2013, in which event interest with respect thereto shall be payable from the date of delivery of the 2013 Certificates, (ii) it is executed as of a 2013 Interest Payment Date, in which event interest with respect thereto shall be payable from such date of execution, or (iii) it is *executed after a Regular Record Date and before the following 2013 Interest Payment Date*, in which event interest with respect thereto shall be payable from such 2013 Interest Payment Date; provided, however, that if, as of the date of execution of any 2013 Certificate, interest is in default with respect to any Outstanding 2013 Certificates, interest with respect to such 2013 Certificate shall be payable from the 2013 Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding 2013 Certificates, or, if prior to December 1, 2013, interest shall be payable from the dated date thereof, unless it is executed after a Special Record Date and before the following Special 2013 Interest Payment Date, in which event interest with respect thereto shall be payable from the scheduled 2013 Interest Payment Date next preceding such date of execution.

Payment of interest on any 2013 Certificate on any 2013 Interest Payment Date or any Special 2013 Interest Payment Date shall be made to the person appearing on the Register as the Owner thereof as of the Regular Record Date immediately preceding such 2013 Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special 2013 Interest Payment Date. Such interest shall be paid by (i) check or draft mailed to such Owner at his address as it appears on the Register or at such other address as he may have filed with the Trustee for that purpose, or (ii) to any Owner of \$1,000,000 or more in aggregate principal amount of 2013 Certificates, as of the close of business of the Trustee on the Regular Record Date for a particular 2013 Interest Payment Date or, if applicable, the Special Record Date for a Special 2013 Interest Payment Date, by wire transfer in immediately available funds sent on the 2013 Interest Payment Date or Special 2013 Interest Payment Date, as the case may be, to any bank or trust company in the continental United States, in accordance with written notice from such Owner containing the wire transfer address, which written notice is received not later than five (5) days before the Regular Record Date with respect to such 2013 Interest Payment Date or, if applicable, the Special Record Date for any Special 2013 Interest Payment Date, it being understood that such notice may refer to multiple interest payments.

In the event there are insufficient funds available on any 2013 Interest Payment Date to pay the interest then due on the 2013 Certificates, the Regular Record Date shall no longer be applicable with respect to the 2013 Certificates. If sufficient funds for the payment of such

interest thereafter become available, the Trustee shall immediately establish a Special 2013 Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special 2013 Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than ten (10) days prior to the Special Record Date nor more than thirty (30) days prior to the Special 2013 Interest Payment Date. Such overdue interest shall be paid on the Special 2013 Interest Payment Date to the Owners of the 2013 Certificates as of the Special Record Date.

Section 2.3 Maturity; Interest Rates.

(a) The 2013 Certificates shall be in the denomination of \$5,000 or any integral multiple thereof (except that no 2013 Certificate may have principal maturing in more than one year) and shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

2013A Certificates

<u>Maturity Date (December 1)</u>	<u>Amount</u>	<u>Interest Rate</u>
2013	\$34,645,000	1.500%
2014	21,335,000	2.000
2015	6,790,000	5.000
2016	2,045,000	5.000
2017	2,210,000	5.000
2018	2,690,000	5.000
2019	2,880,000	5.000
2020	2,265,000	5.000
2021	2,540,000	5.000
2022	2,775,000	5.000

2013B Certificates

<u>Maturity Date (December 1)</u>	<u>Amount</u>	<u>Interest Rate</u>
2013	\$2,330,000	1.500%
2014	2,420,000	3.000
2015	2,520,000	5.000
2016	2,650,000	5.000
2017	2,785,000	5.000

(b) Interest with respect to the 2013 Certificates shall be payable on December 1, 2013 and thereafter semiannually on December 1 and June 1 of each year to and including the date of maturity or redemption, whichever is earlier. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six (6) month period preceding each 2013 Interest Payment Date with respect to the 2013 Certificates or in the case of the first Lease Payment, the period since the dated date of the 2013 Certificates. The proportionate share of the portion of Lease Payments designated as interest with respect to any 2013 Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such 2013 Certificate by the rate of interest applicable to such 2013 Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.4 Form of the 2013 Certificates. The 2013 Certificates shall be in fully registered form without coupons. The fully registered form of the 2013A Certificates and the 2013B Certificates and the assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with such necessary or appropriate variations, omissions and insertions.

Section 2.5 Execution. The 2013 Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any officer whose signature appears on any 2013 Certificate ceases to be such officer before the date of delivery thereof, such signature shall nevertheless be as effective as if the officer had remained in office until such date of delivery. Any 2013 Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such 2013 Certificate shall be the proper officer of the Trustee although at the nominal date of such 2013 Certificate such person shall not have been such officer of the Trustee.

Section 2.6 Application of Proceeds and Other Moneys.

(a) The proceeds received by the Trustee from the sale of the 2013A Certificates shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

- (i) The Trustee shall deposit into the 2013A Delivery Costs Account, an amount equal to \$229,831.10.
- (ii) The Trustee shall deposit into the 2013A Project Fund, an amount equal to \$84,300,000.00.

(b) The proceeds received by the Trustee from the sale of the 2013B Certificates shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

- (i) The Trustee shall deposit into the 2013B Delivery Costs Account, an amount equal to \$36,983.50.
- (ii) The Trustee shall transfer to the 1997 Trustee, an amount equal to \$13,840,205.00 in consideration of receiving the 1997 Leased Property and refunding and redeeming the Certificates to be Refunded.

Section 2.7 Registration, Transfer and Exchange of 2013 Certificates.

(a) All 2013 Certificates issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the 2013 Certificates.

(b) So long as any 2013 Certificates are Outstanding, the Trustee shall maintain at its designated office books for the registration and transfer of 2013 Certificates, and shall provide for the registration and transfer of any 2013 Certificate under such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering 2013 Certificates in accordance with the provisions hereof.

(c) Each 2013 Certificate shall be transferable only upon the Register by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any 2013 Certificate, the Trustee shall execute and deliver, in the name of the transferee, one or more new 2013 Certificates, of the same aggregate principal amount and maturity as the surrendered 2013 Certificate.

(d) Any 2013 Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of 2013 Certificates with the same maturity of any other authorized denominations.

(e) All 2013 Certificates surrendered in any exchange or transfer of 2013 Certificates shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of 2013 Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(g) The Trustee may but shall not be obligated to exchange or register the transfer of any 2013 Certificate (i) which has been called or selected for call for redemption in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If the transfer of any 2013 Certificate 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 shall be binding upon the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the 2013 Certificate or 2013 Certificates.

Section 2.8 Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated 2013 Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2013 Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such 2013 Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the

Trustee shall cause to be executed and shall deliver, in exchange for such mutilated 2013 Certificate or in lieu of such destroyed, lost or stolen 2013 Certificate, a new 2013 Certificate of like principal amount, date and tenor. If the principal of any such mutilated, destroyed, lost or stolen 2013 Certificate has become, or will on or before the next 2013 Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such 2013 Certificate when due instead of delivering a new 2013 Certificate.

Section 2.9 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Trust Agreement to be signed or executed by 2013 Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 2013 Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of 2013 Certificates shall be sufficient for any purpose of the Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of 2013 Certificates by any person and the amount, the maturity and the numbers of such 2013 Certificates and the date of his holding the same shall be proved by the Register maintained pursuant to Section 2.10 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any 2013 Certificate shall bind every future Owner of the same 2013 Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.10 Certificate Register. The Trustee will keep or cause to be kept, at its designated office, sufficient books for the registration and transfer of the 2013 Certificates which shall at all times be open to inspection by the Lessee and the Lessor during normal business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2013 Certificates as hereinbefore provided.

Section 2.11 Book-Entry-Only System. The 2013 Certificates shall be initially issued in the form of a single fully registered certificate for each scheduled principal payment date for each 2013 Certificate. Upon initial execution and delivery, the ownership of such 2013 Certificates shall be registered in the Register in the name of Cede & Co., as nominee of DTC,

and, except as hereinafter otherwise provided, all of the Outstanding 2013 Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the 2013 Certificates registered in the Register in the name of Cede & Co., as nominee of DTC, the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the 2013 Certificates (a "Beneficial Owner"), nor any responsibility or obligation to any DTC Participant, any Beneficial Owner or any other person claiming a beneficial ownership interest in the 2013 Certificates under or through DTC or any DTC Participant, or any other person with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the payment by DTC or any DTC Participant of any amount in respect of the 2013 Certificates, (iii) the giving of any notice that is permitted or required to be given to Owners under the Trust Agreement, or (iv) any consent given or other action taken by DTC as an Owner.

Notwithstanding any other provision of the Trust Agreement to the contrary, the Trustee shall be entitled to treat and consider the person in whose name each 2013 Certificate is registered in the Register as an absolute Owner of such 2013 Certificate for the purpose of payment, for the purpose of giving notices of prepayment with respect to any 2013 Certificate, for the purpose of registering transfers with respect to such 2013 Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by any 2013 Certificate only to or upon the order of the respective 2013 Certificate Owners, as shown in the Register, as provided in this Third Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the 2013 Certificates to the extent of the sum or sums so paid. No person other than a 2013 Certificate Owner, as shown in the Register, shall receive a 2013 Certificate evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Third Supplement.

Notwithstanding any other provision of the Trust Agreement or the 2013 Certificates, so long as the 2013 Certificates are held in book-entry form and registered in the name of Cede & Co., as nominee or DTC, or registered in the name of any successor securities depository, or its nominee, the following provisions shall apply:

(a) **Presentation.** Presentation of 2013 Certificates to the Paying Agent at their scheduled payment dates or upon prepayment prior thereto shall be deemed made to the Paying Agent when the right to exercise ownership rights in the 2013 Certificates through DTC or a DTC Participant is transferred by DTC on its books.

(b) **Fractionalized Representation.** DTC may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this Third Supplement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the 2013 Certificates through DTC or DTC Participants.

The 2013 Certificate Owners have no right to a depository for the 2013 Certificates. The Lessee or the Trustee may remove DTC or any successor thereto for any reason at any time. In such event, the Trustee shall (i) appoint a successor securities depository qualified to act as such

under Section 17(i) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate 2013 Certificates to such successor securities depository, or (ii) notify DTC of the availability through DTC of 2013 Certificates and transfer one or more separate 2013 Certificates to DTC Participants having 2013 Certificates credited to their DTC accounts as directed by DTC. In such event, the 2013 Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving 2013 Certificates shall designate, in accordance with the provisions of the Trust Agreement.

The Trustee and the Lessee may execute the letter of representation in connection with the execution and delivery of the 2013 Certificates. The letter of representation is for the purpose of effectuating the book-entry-only system only and shall not be deemed to amend, supersede or supplement the terms of this Third Supplement that are intended to be complete without reference to the letter of representation. In the event of any conflict between the terms of the letter of representation and the terms of this Third Supplement, the terms of the Trust Agreement shall control. DTC may exercise the rights of a 2013 Certificate Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

ARTICLE III ACQUISITION FUND AND DELIVERY COSTS FUND

Section 3.1 **2013A Project Fund.** The Trustee shall establish a special fund designated as the “2013A Project Fund” as a subfund within the Acquisition Fund. There shall be deposited in the 2013A Project Fund the proceeds of the sale of the 2013A Certificates required to be deposited therein pursuant to Section 2.6(a)(ii) hereof. The Trustee shall immediately release and disburse the amounts in the 2013A Project Fund to the County as consideration for the County executing and delivering the Third Amendment.

Section 3.2 **Delivery Costs Fund.** The Trustee shall establish a special fund designated as the “2013 Delivery Costs Fund,” comprising the 2013A Delivery Costs Account and the 2013B Delivery Costs Account. The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein and in the Lease-Purchase Agreement. There shall be deposited in the 2013A Delivery Costs Account the proceeds of sale of the 2013A Certificates required to be deposited therein pursuant to Section 2.6(a)(i) hereof and there shall be deposited in the 2013B Delivery Costs Account the proceeds of the sale of the 2013B Certificates required to be deposited therein pursuant to Section 2.6(b)(i) hereof.

The Trustee shall disburse moneys in the 2013 Delivery Costs Fund only upon a requisition signed by the Lessee Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the 2013 Delivery Costs Fund. Amounts remaining in the 2013 Delivery Costs Fund after September 1, 2013, shall be transferred to the Lease Payment Fund.

The Trustee shall be responsible for the safekeeping and investment, upon the written direction of the Lessee Representative, of the moneys held in the 2013 Delivery Costs Fund in Permitted Investments and the payment thereof in accordance with this Section. Notwithstanding the foregoing, the Trustee shall be entitled to rely conclusively on the requisitions and written orders supplied to it by the Lessee Representative in connection with disbursements made pursuant to this Section.

ARTICLE IV REDEMPTION OF 2013 CERTIFICATES

Section 4.1 **Right to Redeem.** The 2013 Certificates shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein.

Section 4.2 **Redemption.**

(a) **No Prior Optional Redemption.** The 2013 Certificates are not subject to optional redemption prior to their stated maturity dates.

(b) **Redemption from Net Proceeds of Insurance and Condemnation.** The 2013 Certificates are subject to extraordinary redemption on any 2013 Interest Payment Date in whole or in part, from the Net Proceeds of insurance or condemnation, which Net Proceeds are deposited in the Lease Payment Fund and credited towards the Prepayment made by the Lessee pursuant to Section 10.4 of the Lease-Purchase Agreement, in any order of maturity designated by the Lessee (or by the Trustee by lot in the event that no such designation is received by the Trustee at the time such Net Proceeds are deposited with the Trustee), and by lot within a maturity at a redemption price equal to the principal amount of the 2013 Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Section 4.3 **Selection of Certificates to be Redeemed.** If less than all of the 2013 Certificates of the same maturity are to be redeemed upon redemption of 2013 Certificates hereunder, the Trustee shall select the 2013 Certificates to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each 2013 Certificate as representing that number of 2013 Certificates of \$5,000 denomination as is obtained by dividing the principal amount of such 2013 Certificate by \$5,000.

Section 4.4 **Partial Redemption of Certificates.** Upon the selection and call for redemption of, and the surrender of, any 2013 Certificate for redemption in part only, the Trustee shall cause to be executed and delivered to or upon the written order of the Owner thereof, at the expense of the Lessee, a new 2013 Certificate or 2013 Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the 2013 Certificate surrendered, in accordance with instructions received from the Owner thereof, with one 2013 Certificate being delivered in the absence of such instructions.

Section 4.5 **Effect of Call for Redemption.** On the date designated for redemption by notice given as herein provided, the 2013 Certificates so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2013 Certificates on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Trustee as provided herein, interest on the

2013 Certificates so called for redemption shall cease to accrue, such 2013 Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such 2013 Certificates so called for redemption shall be deemed paid and no longer Outstanding.

Section 4.6 Notice of Redemption.

(a) Whenever redemption of 2013 Certificates is to be made, the Trustee shall give notice of the redemption of such 2013 Certificates, which notice shall specify the redemption date, the redemption price and the place or places where such redemption price will be payable and, if less than all of the 2013 Certificates are to be redeemed, the numbers or other distinguishing marks of such 2013 Certificates so to be redeemed, and, in the case of 2013 Certificates to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2013 Certificate to be redeemed the redemption price of such 2013 Certificate or the specified portion thereof in the case of a 2013 Certificate to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on such 2013 Certificate or portion thereof so to be redeemed.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date, to all Owners of any 2013 Certificates or portions of 2013 Certificates which are to be redeemed at their last addresses appearing upon the Register, but failure so to mail any such notice, or a defect in such notice, as to any 2013 Certificate shall not affect the validity of the proceedings for the redemption of any other 2013 Certificate.

(c) In addition to the notice called for in subsections (a) and (b), further notice shall be given by the Trustee as set out below, but no defect in said further notice or any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption or result in a breach of trust by the Trustee of notice thereof is given as above prescribed:

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all 2013 Certificates being redeemed; (B) the date of issue of the 2013 Certificates as originally issued; (C) the rate of interest borne by each 2013 Certificate being redeemed; (D) the maturity date of each 2013 Certificate being redeemed; and (E) any other descriptive information needed to identify accurately the 2013 Certificates being redeemed.

(ii) Each further notice of redemption shall be sent at least 35 days before the redemption date, return receipt requested, to all registered securities depositories which are registered owners of the 2013 Certificates then in the business of holding substantial amounts of obligations of types such as the 2013 Certificates (such as, at the time of execution and delivery of this Third Supplement, Depository Trust Company of New York, New York) and to one or more national information services that disseminate

notices of redemption of obligations such as the 2013 Certificates (such as, at the time of execution and delivery of this Third Supplement, the Daily Called Bond Service of Financial Information, Inc., Jersey City, New Jersey; the Called Bond Service of Kenney Information Services, New York, New York; Moody's Municipal and Government, New York, New York; and S&P's Called Bond Record, New York, New York).

(d) A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to each of the Owners of the 2013 Certificates designated for redemption which have not been presented for payment within thirty (30) days after the redemption date.

ARTICLE V MISCELLANEOUS

Section 5.1 Binding Effect; Successors. This Third Supplement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Third Supplement either the County or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Third Supplement contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 5.2 Execution in Counterparts. This Third Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 5.3 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Third Supplement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Third Supplement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Third Supplement as a whole and not to any particular Article, Section or subdivision hereof.

Section 5.4 Waiver of Notice. Whenever in this Third Supplement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 5.5 Severability of Invalid Provisions. In case any one or more of the provisions contained in this Third Supplement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Third Supplement, and this Third Supplement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Third Supplement and each and every other section, paragraph, sentence, clause or phrase hereof

and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Third Supplement may be held illegal, invalid or unenforceable.

Section 5.6 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Third Supplement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Third Supplement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Third Supplement on behalf of the Lessee within 3 years from execution of this Third Supplement, unless a waiver of A.R.S. §38-511 is provided by the Lessee's Board of Supervisors.

Section 5.7 Certain Warranties and Certifications from the Lessor.

(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Trustee, in its capacity as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement, including its subcontractors who work on this Third Supplement or the Lease-Purchase Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E verify requirements under A.R.S. § 23-214(A). The breach by the Trustee of the foregoing shall be deemed a material breach of the Trustee's duties under the Trust Agreement and the Lease-Purchase Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The County retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection by the County during normal business hours. The Trustee shall cooperate with the random inspections by the County, including granting the County entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(b) Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, the Trustee certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, the term "scrutinized business operations" shall have the meanings set forth in A.R.S. §§ 35-391 and 35-393, as applicable. If the County determines that the Trustee submitted a false certification, the County may impose remedies as provided by law, including termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement

and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement.

Section 5.8 **Leased Property.** The description of the Leased Property, as defined in the Original Trust Agreement, is hereby amended to mean the Public Works Building, the Legal Services Building, the Public Works Parking Garage and the Adult Detention Center described in Exhibit C attached to this Third Supplement, setting forth the Leased Property under the Lease, reflecting the addition of the real property and improvements conveyed to the Trustee by the 1997 Trustee.

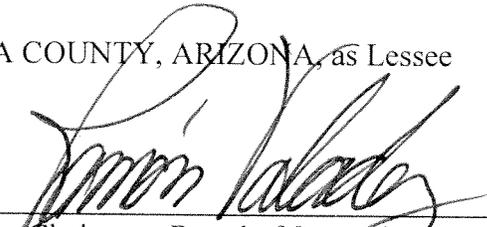
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IN WITNESS WHEREOF, the parties have executed this Third Supplement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: 
Assistant Vice President

PIMA COUNTY, ARIZONA, as Lessee

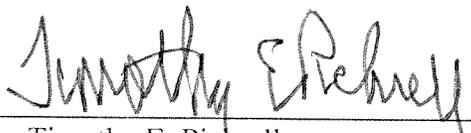
By: 
Chairman, Board of Supervisors

ATTEST:

By: 
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

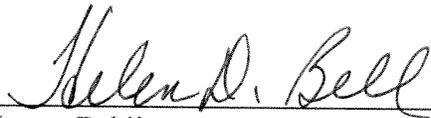
By: 
Timothy E. Pickrell

[Signature page of Third Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Maricopa)

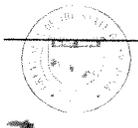
On this, the 16th day of May, 2013, before me, the undersigned Notary Public, personally appeared Keith Henselen, who acknowledged himself to be an Assistant Vice President of U.S. Bank National Association, and that he, as such officer, being authorized so to do, executed the foregoing Third Supplement to Trust Agreement for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:

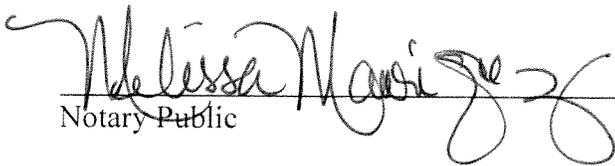
 HELEN D BELL
Notary Public—Arizona
Maricopa County
Expires 04/30/2015

[Trustee's Notarization page of Third Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

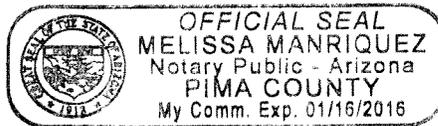
On this, the 14th day of May, 2013, before me, the undersigned Notary Public, personally appeared Ramón O. Valadez, who acknowledged himself to be the Chairman of the Pima County Board of Supervisors and that he, such officer, being authorized so to do, executed the foregoing Third Supplement to Trust Agreement for the purposes therein contained by signing the name of the County by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

My Commission Expires:
1/16/2016



[Pima County's Notarization page of Third Supplement to Trust Agreement]

EXHIBIT A

FORM OF SERIES 2013 CERTIFICATES OF PARTICIPATION

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

[REFUNDING] CERTIFICATES OF PARTICIPATION, SERIES 2013[A][B]

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-

Denomination:

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	December 1, 20____	May 22, 2013	721664__

Registered Owner: CEDE & CO.

Principal Amount:

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this [Refunding] Certificate of Participation, Series 2013[A][B] (the "2013[A][B] Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment") and the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment", and together with the Original Lease-Purchase Agreement, the First Amendment and the Second Amendment, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

The Registered Owner of this 2013[A][B] Certificate is entitled to receive, subject to the terms of the Lease-Purchase Agreement, on the Maturity Date set forth above, the Principal Amount set forth above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on December 1, 2013, and

semiannually thereafter on December 1 and June 1 of each year (the “2013 Interest Payment Dates”) until payment in full of said portion of principal, the Registered Owner’s proportionate share of the Lease Payments designated as interest coming due preceding each of the 2013 Interest Payment Dates; provided that interest with respect hereto shall be payable from the 2013 Interest Payment Date next preceding the date of execution of this 2013[A][B] Certificate (unless (i) this 2013[A][B] Certificate is executed prior to December 1, 2013, in which event interest shall be payable from the Dated Date identified above, (ii) this 2013[A][B] Certificate is executed on a 2013 Interest Payment Date, in which event interest shall be payable from such 2013 Interest Payment Date, or (iii) this 2013[A][B] Certificate is executed after the close of business on the fifteenth (15th) day of the month preceding a 2013 Interest Payment Date, whether or not such fifteenth day is a Business Day, in which event interest shall be payable from such 2013 Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any 2013[A][B] Certificates of the issue of which this is one, interest hereon shall be payable from the 2013 Interest Payment Date to which interest has previously been paid or made available for payment, or, if prior to December 1, 2013, interest shall be payable from the Dated Date identified above, unless this 2013[A][B] Certificate is executed after a Special Record Date (as defined in the Original Trust Agreement) and before the following Special 2013 Interest Payment Date (as defined in the Original Trust Agreement), in which event interest shall be payable from the scheduled 2013 Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner’s share of the Lease Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee on each Interest payment Date to the Registered Owner at the close of business on the fifteenth (15th) day of the month preceding such 2013 Interest Payment Date (the “Record Date”), whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Lease Payments designated as interest shall be made on Special 2013 Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of \$1,000,000 or more in aggregate principal amount of 2013[A][B] Certificates as of the close of business of the Trustee on the Record Date for a particular 2013 Interest Payment Date or, if applicable, the Special Record Date for a particular Special 2013 Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner’s expense) on the 2013 Interest Payment Date or Special 2013 Interest Payment Date to such Registered Owner in accordance with written notice from such Registered Owner containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire transfer directed, which written notice is received not later than five (5) days prior to the Record Date with respect to such 2013 Interest Payment Date or, if applicable, the Special Record Date for such Special 2013 Interest Payment Date. Said amounts representing the Registered Owner’s share of the Lease Payments designated as principal are payable when due upon surrender of this 2013[A][B] Certificate at the principal corporate trust office of the Trustee.

This 2013[A][B] Certificate has been executed and delivered by the Trustee pursuant to the terms of an Original Trust Agreement between the Trustee and the Lessee, dated as of June 1, 2008 (the "Original Trust Agreement"), authorizing the execution and delivery of the aggregate principal amount of \$50,000,000 Certificates of Participation, Series 2008 (which are no longer outstanding), as supplemented by the First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement") authorizing the execution and delivery of the aggregate principal amount of \$34,400,000 Certificates of Participation, Series 2009 (which are no longer outstanding), the Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement") authorizing the execution and delivery of the aggregate principal amount of \$20,000,000 Certificates of Participation, Series 2010 (the "2010 Certificates") and a Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement", together with the Original Trust Agreement, the First Supplement and the Second Supplement, the "Trust Agreement"), authorizing a series of certificates limited in aggregate principal amount to \$_____ (the "2013[A][B] Certificates"). The Third Supplement also authorized a series of certificates limited in aggregate principal amount to \$_____ (the "2013[B][A] Certificates"), which the Trustee will execute and deliver simultaneously with the execution and delivery of the 2013[A][B] Certificates. The 2010 Certificates, the 2013[A][B] Certificates, the 2013[B][A] Certificates and any Additional Certificates which may hereafter be executed and delivered under the Trust Agreement being herein collectively referred to as the "Certificates". The Lessee is authorized to enter into the Third Amendment and the Third Supplement under the laws of the State of Arizona. Reference is hereby made to the Lease-Purchase Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2013[A][B] Certificates are delivered, the rights thereunder of the Registered Owners of the 2013[A][B] Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee under the Lease-Purchase Agreement, to all of the provisions of which Lease-Purchase Agreement and Trust Agreement the Registered Owner of this 2013[A][B] Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee, the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease-Purchase Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including December 1, 2022, unless terminated prior thereto in accordance with the provisions of the Lease-Purchase Agreement. The continuation of the Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments after the end of the Lessee's Fiscal Period during which the Lease-Purchase Agreement commenced is subject to and dependent upon the moneys necessary to make such payments being lawfully budgeted by the Lessee. If the Lessee fails to obtain prior to the last date on which the Lessee is required or permitted to adopt its budget for the next Fiscal Period a proper budgeting and final appropriation of the Lessee's Board of Supervisors of the full amount of funds necessary to make all Lease Payments coming due during the next

occurring Fiscal Period for which such budgeting and appropriation are made, the Lease-Purchase Agreement shall terminate effective on the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which such funds were determined to be lawfully available and allocated, subject to reinstatement at the option of the Lessee within forty-five (45) days thereafter.

Upon the occurrence and continuance of any event of default under the Trust Agreement, the Trustee may, and at the written direction of the Owners of not less than five percent (5 %) in Aggregate Value (as defined in the Trust Agreement) of Certificates then outstanding shall, declare the principal amount of the Certificates then outstanding to be immediately due and payable; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay Lease Payments only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto and the Owners of a majority in Aggregate Value of the Certificates then outstanding, and may be amended without notice to or the consent of such Owners under certain circumstances, provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's Certificate.

This 2013[A][B] Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this 2013[A][B] Certificate. Upon such transfer a new 2013[A][B] Certificate or 2013[A][B] Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, whether or not this 2013[A][B] Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2013[A][B] Certificates are not subject to optional redemption prior to maturity.

The 2013[A][B] Certificates are subject to redemption on any 2013 Interest Payment Date, in whole, or in part, in any order of maturity designated by the Lessee, or, under certain circumstances, by lot by the Trustee, and by lot within a maturity from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the Lessee pursuant to Section 10.4 of the Original Lease-Purchase Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest, without premium.

Notice of redemption shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption to each Registered Owner of a 2013[A][B] Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to

mail any such notice or any defect in such notice as to any 2013[A][B] Certificate shall not affect the validity of the proceedings for the redemption of any other 2013[A][B] Certificate. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Trust Agreement provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this 2013[A][B] Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Its: Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, 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 the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
(Please Print or Typewrite Name, Address and Social Security Number or other Federal Tax Identification Number of Transferee) the within certificate and all rights thereunder, and hereby

irrevocably constitutes and appoints _____ attorney to transfer the within certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Signature Guaranteed:

(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

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

EXHIBIT B

CERTIFICATES TO BE REFUNDED

Issue (Dated Date)	Refunding Certificates of Participation	Original Principal Amount	Maturity Dates to be Refunded	Principal Amount Being Refunded	Redemption Date	Redemption Premium on Bonds Being Refunded
9-1-1999	Series 1999	\$ 4,875,000	1-1-2014	\$ 1,220,000	July 1, 2013	0.00%
10-1-2003	Series 2003	27,525,000	1-1-2014 to 1-1-2018	12,335,000	July 1, 2013	0.00%

EXHIBIT C

AMENDED DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

ADULT DETENTION FACILITY

LEGAL DESCRIPTION

Parcel 1

All that portion of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of said Northwest Quarter of Section 23;

Thence South 89 degrees 12 minutes 13 seconds West, along the South line thereof, 1296.40 feet;

Thence North 00 degrees 27 minutes 51 seconds West, 48.00 feet to a point on the North right-of-way line of Silverlake Road, according to the City of Tucson, Silverlake Road, Mission Road to I-10 Right-of-way Plans R-95-05, dated March, 1995, said point being the POINT OF BEGINNING;

Thence continuing North 00 degrees 27 minutes 51 seconds West, 152.84 feet to a point on an existing chain link fence;

Thence along said chain link fence the following courses and distances:

North 00 degrees 31 minutes 49 seconds East, 294.49 feet;

North 02 degrees 00 minutes 34 seconds East, 290.43 feet;

North 20 degrees 22 minutes 03 seconds East, 60.61 feet;

South 88 degrees 57 minutes 28 seconds East, 228.23 feet to a point on the West line of that parcel described in Docket 6365 at page 1101, records of Pima County, Arizona;

North 17 degrees 39 minutes 43 seconds West, 219.42 feet;

North 47 degrees 58 minutes 23 seconds West, 119.42 feet;

North 64 degrees 55 minutes 15 seconds West, 80.59 feet;

North 33 degrees 40 minutes 00 seconds West, 28.38 feet;

Thence South 33 degrees 47 minutes 24 seconds West, 151.90 feet;

Thence South 43 degrees 00 minutes 27 seconds West, 110.93 feet;

Thence South 45 degrees 14 minutes 44 seconds West, 44.88 feet to a point on the North line of that parcel described in Docket 926 at page 596, Records of Pima County, Arizona;

Thence South 88 degrees 04 minutes 27 seconds West along said North line, 126.64 feet to the Northwest corner thereof;

Thence South 45 degrees 54 minutes 53 seconds West along the Westerly line of said parcel, 1028.50 feet;

Thence continuing along the Westerly line of said parcel, South 30 degrees 47 minutes 53 seconds West, 226.25 feet to a point on the North right-of-way line of said Silverlake Road;

Thence North 89 degrees 12 minutes 13 seconds East, along said North right-of-way line, 1156.35 feet to the POINT OF BEGINNING.

(JV Arb 585)

Parcel 2

A portion of the parcel described in Docket 926 at page 596, as recorded in the County Recorder's Office, Pima County, Arizona, and being within the Southeast Quarter of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a found 2" brass cap survey monument with punch mark stamped "C1/4, S23, RLS 23956" at the Southeast corner of said Southeast Quarter of the Northwest quarter to which a found 2" brass cap survey monument with punch mark stamped "W1/16 C-C, S23, RLS 23956" at the Southwest corner of said Southeast Quarter of the Northeast Quarter bears South 89 degrees 12 minutes 11 seconds West a distance of 1309.70 feet, said line being the Basis of Bearing for this description;

Thence along the South line of said Southeast Quarter of the Northwest Quarter South 89 degrees 12 minutes 11 seconds West a distance of 1296.13 feet;

Thence North 00 degrees 47 minutes 49 seconds West a distance of 48.00 feet to the POINT OF BEGINNING at the Southeast corner of the parcel described in Docket 10491 at page 246, as recorded in the County Recorder's Office, Pima County, Arizona, said point also being on the North right-of-way line of Silverlake Road as shown on right-of-way Plan #R-95-05, City of Tucson Department of Transportation;

Thence along the East line of said parcel North 00 degrees 27 minutes 53 seconds West, a distance of 152.84 feet;

Thence continuing along said East line North 00 degrees 31 minutes 17 seconds East a distance of 294.49 feet;

Thence continuing along said East line North 02 degrees 00 minutes 32 seconds East a distance of 57.00 feet;

Thence South 72 degrees 28 minutes 08 seconds East a distance of 187.70 feet;

Thence South 17 degrees 31 minutes 52 seconds West a distance of 468.95 feet to the North right-of-way line of Silverlake Road;

Thence along said North right of way line South 89 degrees 12 minutes 11 seconds West a distance of 42.21 feet to the POINT OF BEGINNING.

(JV Arb 626)

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F. ANN RODRIGUEZ, RECORDER
Recorded By: JAF
DEPUTY RECORDER
4920

LANTI
SQUIRE SANDERS LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004



SEQUENCE: 20140430102
NO. PAGES: 45
AG 02/12/2014 8:15
MAIL
AMOUNT PAID: \$50.00

When recorded return to:
Timothy E. Pickrell, Esq.
Squire Sanders (US) LLP
1 E. Washington Street, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

Title Security Agency

Order # 6175960/7001431

FOURTH SUPPLEMENT TO TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

and

PIMA COUNTY, ARIZONA

as Lessee

Dated as of January 1, 2014

relating to

\$52,160,000
Pima County, Arizona
Certificates of Participation
Series 2014

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FOURTH SUPPLEMENT TO TRUST AGREEMENT

THIS FOURTH SUPPLEMENT TO TRUST AGREEMENT (this "Fourth Supplement"), dated as of January 1, 2014, by and between U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee" or "Lessor"), and PIMA COUNTY, ARIZONA, (the "Lessee" or the "County");

RECITALS

WHEREAS, the Trustee and the County previously entered into a Trust Agreement dated as of June 1, 2008 (the "Original Trust Agreement"), which was subsequently supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement"), a Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement"), a Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement") and this Fourth Supplement and, together with the Original Trust Agreement, the First Supplement, the Second Supplement and the Third Supplement, the "Trust Agreement"; and

WHEREAS, the County, as lessee, previously entered into a Lease-Purchase Agreement dated June 1, 2008 (the "Original Lease-Purchase Agreement") with U.S. Bank National Association, as lessor, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), by a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), by a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment") and by a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the "Fourth Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment and the Third Amendment, the "Lease" or the "Lease-Purchase Agreement"), pursuant to which the Lessor leases to the County certain Leased Property (as defined in the Trust Agreement); and

WHEREAS, pursuant to that Original Trust Agreement, as supplemented by the First Supplement, the Second Supplement and the Third Supplement, the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the "2009 Certificates"), \$20,000,000 principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates"), \$80,175,000 principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and \$12,705,000 principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates"), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment and the Third Amendment; and

WHEREAS, there are no 2008 Certificates or 2009 Certificates currently outstanding and there are currently outstanding \$14,160,000 aggregate principal amount of 2010 Certificates, \$80,175,000 aggregate principal amount of 2013A Certificates and \$12,705,000 aggregate principal amount of 2013B Certificates; and

WHEREAS, the Original Trust Agreement, as supplemented, permits the execution and delivery of "Additional Certificates," on a parity with the 2010 Certificates, the 2013A Certificates and the 2013B Certificates, and permits the supplementation and amendment of the Original Trust Agreement, as supplemented, and the Lease-Purchase Agreement, to facilitate such an execution and delivery of Additional Certificates; and

WHEREAS, in consideration of the County's agreement to amend and restructure the term of its obligations under the Original Lease-Purchase Agreement, as previously amended by the First Amendment, the Second Amendment and the Third Amendment, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$52,160,000 to be denominated "Certificates of Participation, Series 2014" (the "2014 Certificates") with a portion of the net proceeds of the 2014 Certificates to be paid over to the County in order to acquire a ground leasehold interest in the hereinafter-described Public Service Center Office Tower and Parking Garage pursuant to a 2014 Ground Lease, dated as of January 1, 2014 (the "2014 Ground Lease"), with the remainder of the net proceeds of the 2014 Certificates to pay costs of executing and delivering the 2014 Certificates; and

WHEREAS, the County will apply the amounts received from the Trustee to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the "Projects"); and

WHEREAS, concurrently with the execution and delivery of the 2014 Certificates, the Trustee's ground leasehold interest in the Public Service Center Office Tower and Parking Garage will become a portion of the Leased Property under the Lease-Purchase Agreement; and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2014 Certificates in a principal amount of \$52,160,000; and

WHEREAS, in connection with the execution and delivery of the 2014 Certificates, it will be necessary for the Trustee and the County to enter into this Fourth Supplement; and

WHEREAS, upon execution and delivery of the 2014 Certificates, all the conditions for execution and delivery of Additional Certificates under the Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution of this Fourth Supplement, entered into the Fourth Amendment,

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I DEFINITIONS

Section 1.1 **Definitions.** Unless the context otherwise requires, capitalized terms used herein shall, for all purposes of this Fourth Supplement have the meaning specified below or in the recitals hereto or the meaning given in Section 1.1 of the Original Trust Agreement:

“2014 Certificates” shall mean the \$52,160,000 aggregate principal amount of Certificates of Participation, Series 2014, to be executed and delivered pursuant to the Original Trust Agreement, as supplemented by this Fourth Supplement.

“2014 Delivery Costs Fund” shall mean the fund by that name established and held by the Trustee pursuant to Section 3.2 hereof, which fund shall be a subfund of the Delivery Cost Fund.

“2014 Interest Payment Date” shall mean the dates specified in Section 2.3 hereof instead of as provided in Section 2.3 of the Original Trust Agreement, but for all other purposes shall have the meaning provided in the Original Trust Agreement.

“2014 Ground Lease” shall mean the 2014 Ground Lease, dated as of January 1, 2014, between the County, as lessor, and the Trustee, as lessee, together with any amendments thereof or supplements thereto, leasing the Public Service Center Office Tower and Parking Garage to the Trustee.

“2014 Project Fund” shall mean the fund by that name established and held by the Trustee pursuant to Section 3.1 hereof, which fund shall be a subaccount of the Acquisition Fund.

“Certificates” shall mean the 2010 Certificates, the 2013A Certificates, the 2013B Certificates, the 2014 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

“Original Purchaser” shall mean RBC Capital Markets, LLC, as original purchaser of the 2014 Certificates.

“Public Service Center Office Tower and Parking Garage” shall mean the land located in the City of Tucson, Pima County, Arizona, described on Exhibit B hereto and all improvements thereon.

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

Section 1.3 Interpretation.

(a) Any reference herein to the Lessor, Trustee or Lessee or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein or in the Original Trust Agreement, but defined in the Lease-Purchase Agreement shall have the same meaning herein.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not mean or include the payment of a Certificate at its stated maturity or the purchase of a Certificate.

ARTICLE II THE 2014 CERTIFICATES

Section 2.1 Authorization.

(a) The Trustee is hereby authorized and directed to prepare, execute and deliver, to the Original Purchaser, 2014 Certificates in an aggregate principal amount of \$52,160,000, evidencing proportionate ownership interests in the Lease Payments and the Prepayments.

(b) Except as provided in Section 2.11 of the Original Trust Indenture, the Trustee shall not at any time while the Certificates are Outstanding execute and deliver additional certificates payable from the Lease Payments and secured by a lien and charge upon the Leased Property on a parity with or prior to the lien and charge securing the Outstanding Certificates hereunder.

Section 2.2 General Terms of 2014 Certificates. The 2014 Certificates shall be executed and delivered only in fully registered form, without coupons, and shall be numbered from one upwards, in the order of their execution, with any other designation as the Trustee deems appropriate. The 2014 Certificates shall be subject to redemption prior to their specified principal payment dates as provided in Article IV hereof.

Each 2014 Certificate shall bear the dated date of the date of the initial delivery thereof, and shall also bear the date of its execution and interest with respect thereto shall be payable from the 2014 Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed prior to December 1, 2014, in which event interest with respect thereto shall be payable from the date of delivery of the 2014 Certificates, (ii) it is executed as of a 2014 Interest Payment Date, in which event interest with respect thereto shall be payable from such date of execution, or (iii) it is executed after a Regular Record Date and before the following 2014 Interest Payment Date, in which event interest with respect thereto shall be payable from such 2014 Interest Payment Date; provided, however, that if, as of the date of execution of any 2014 Certificate, interest is in default with respect to any Outstanding 2014 Certificates, interest with respect to such 2014 Certificate shall be payable from the 2014 Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding 2014 Certificates, or, if prior to December 1, 2014, interest shall be payable from the dated date thereof, unless it is executed after a Special Record Date and before the following Special 2014 Interest Payment Date, in which event interest with respect thereto shall be payable from the scheduled 2014 Interest Payment Date next preceding such date of execution.

Payment of interest on any 2014 Certificate on any 2014 Interest Payment Date or any Special 2014 Interest Payment Date shall be made to the person appearing on the Register as the Owner thereof as of the Regular Record Date immediately preceding such 2014 Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special 2014 Interest Payment Date. Such interest shall be paid by (i) check or draft mailed to such Owner at his address as it appears on the Register or at such other address as he may have filed with the Trustee for that purpose, or (ii) to any Owner of \$1,000,000 or more in aggregate principal amount of 2014 Certificates, as of the close of business of the Trustee on the Regular Record Date for a particular 2014 Interest Payment Date or, if applicable, the Special Record Date for a Special 2014 Interest Payment Date, by wire transfer in immediately available funds sent on the 2014 Interest Payment Date or Special 2014 Interest Payment Date, as the case may be, to any bank or trust company in the continental United States, in accordance with written notice from such Owner containing the wire transfer address, which written notice is received not later than five (5) days before the Regular Record Date with respect to such 2014 Interest Payment Date or, if applicable, the Special Record Date for any Special 2014 Interest Payment Date, it being understood that such notice may refer to multiple interest payments.

In the event there are insufficient funds available on any 2014 Interest Payment Date to pay the interest then due on the 2014 Certificates, the Regular Record Date shall no longer be applicable with respect to the 2014 Certificates. If sufficient funds for the payment of such interest thereafter become available, the Trustee shall immediately establish a Special 2014 Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special 2014 Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than ten (10) days prior to the Special Record Date nor more than thirty (30) days prior to the Special 2014 Interest Payment Date. Such overdue interest shall be paid on the Special 2014 Interest Payment Date to the Owners of the 2014 Certificates as of the Special Record Date.

Section 2.3 **Maturity; Interest Rates.**

(a) The 2014 Certificates shall be in the denomination of \$5,000 or any integral multiple thereof (except that no 2014 Certificate may have principal maturing in more than one year) and shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

<u>Maturity Date</u> <u>(December 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
2014	\$1,755,000	2.00%
2015	2,585,000	4.00
2016	2,690,000	4.00
2017	2,815,000	5.00
2018	2,960,000	5.00
2019	3,110,000	5.00
2020	3,270,000	5.00
2021	3,435,000	5.00
2022	3,615,000	5.00
2023	3,800,000	5.00
2024	3,995,000	5.00
2025	4,200,000	5.00
2026	4,415,000	5.00
2027	4,640,000	5.00
2028	4,875,000	5.00

(b) Interest with respect to the 2014 Certificates shall be payable on December 1, 2014 and thereafter semiannually on June 1 and December 1 of each year to and including the date of maturity or redemption, whichever is earlier. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six (6) month period preceding each 2014 Interest Payment Date with respect to the 2014 Certificates or in the case of the first Lease Payment, the period since the dated date of the 2014 Certificates. The proportionate share of the portion of Lease Payments designated as interest with respect to any 2014 Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such 2014 Certificate by the rate of interest applicable to such 2014 Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.4 **Form of the 2014 Certificates.** The 2014 Certificates shall be in fully registered form without coupons. The fully registered form of the 2014 Certificates and the assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with such necessary or appropriate variations, omissions and insertions.

Section 2.5 **Execution.** The 2014 Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any officer whose signature appears on any 2014 Certificate ceases to be such officer before the date

of delivery thereof, such signature shall nevertheless be as effective as if the officer had remained in office until such date of delivery. Any 2014 Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such 2014 Certificate shall be the proper officer of the Trustee although at the nominal date of such 2014 Certificate such person shall not have been such officer of the Trustee.

Section 2.6 Application of Proceeds and Other Moneys. The proceeds received by the Trustee from the sale of the 2014 Certificates shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

- (a) The Trustee shall deposit into the 2014 Delivery Costs Fund, an amount equal to \$165,298.25.
- (b) The Trustee shall deposit into the 2014 Project Fund, an amount equal to \$58,000,000.00.

Section 2.7 Registration, Transfer and Exchange of 2014 Certificates.

(a) All 2014 Certificates issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the 2014 Certificates.

(b) So long as any 2014 Certificates are Outstanding, the Trustee shall maintain at its designated office books for the registration and transfer of 2014 Certificates, and shall provide for the registration and transfer of any 2014 Certificate under such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering 2014 Certificates in accordance with the provisions hereof.

(c) Each 2014 Certificate shall be transferable only upon the Register by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any 2014 Certificate, the Trustee shall execute and deliver, in the name of the transferee, one or more new 2014 Certificates, of the same aggregate principal amount and maturity as the surrendered 2014 Certificate.

(d) Any 2014 Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of 2014 Certificates with the same maturity of any other authorized denominations.

(e) All 2014 Certificates surrendered in any exchange or transfer of 2014 Certificates shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of 2014 Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay

any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(g) The Trustee may but shall not be obligated to exchange or register the transfer of any 2014 Certificate (i) which has been called or selected for call for redemption in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If the transfer of any 2014 Certificate 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 shall be binding upon the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the 2014 Certificate or 2014 Certificates.

Section 2.8 Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated 2014 Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2014 Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such 2014 Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the Trustee shall cause to be executed and shall deliver, in exchange for such mutilated 2014 Certificate or in lieu of such destroyed, lost or stolen 2014 Certificate, a new 2014 Certificate of like principal amount, date and tenor. If the principal of any such mutilated, destroyed, lost or stolen 2014 Certificate has become, or will on or before the next 2014 Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such 2014 Certificate when due instead of delivering a new 2014 Certificate.

Section 2.9 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Trust Agreement to be signed or executed by 2014 Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 2014 Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of 2014 Certificates shall be sufficient for any purpose of the Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of 2014 Certificates by any person and the amount, the maturity and the numbers of such 2014 Certificates and the date of his holding the same shall be proved by the Register maintained pursuant to Section 2.10 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any 2014 Certificate shall bind every future Owner of the same 2014 Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.10 Certificate Register. The Trustee will keep or cause to be kept, at its designated office, sufficient books for the registration and transfer of the 2014 Certificates which shall at all times be open to inspection by the Lessee and the Lessor during normal business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2014 Certificates as hereinbefore provided.

Section 2.11 Book-Entry-Only System. The 2014 Certificates shall be initially issued in the form of a single fully registered certificate for each scheduled principal payment date for each 2014 Certificate. Upon initial execution and delivery, the ownership of such 2014 Certificates shall be registered in the Register in the name of Cede & Co., as nominee of DTC, and, except as hereinafter otherwise provided, all of the Outstanding 2014 Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the 2014 Certificates registered in the Register in the name of Cede & Co., as nominee of DTC, the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the 2014 Certificates (a "Beneficial Owner"), nor any responsibility or obligation to any DTC Participant, any Beneficial Owner or any other person claiming a beneficial ownership interest in the 2014 Certificates under or through DTC or any DTC Participant, or any other person with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the payment by DTC or any DTC Participant of any amount in respect of the 2014 Certificates, (iii) the giving of any notice that is permitted or required to be given to Owners under the Trust Agreement, or (iv) any consent given or other action taken by DTC as an Owner.

Notwithstanding any other provision of the Trust Agreement to the contrary, the Trustee shall be entitled to treat and consider the person in whose name each 2014 Certificate is registered in the Register as an absolute Owner of such 2014 Certificate for the purpose of payment, for the purpose of giving notices of prepayment with respect to any 2014 Certificate, for the purpose of registering transfers with respect to such 2014 Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by any 2014 Certificate only to or upon the order of the respective 2014 Certificate Owners, as shown in the Register, as provided in this Fourth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the 2014 Certificates to the extent of the sum or sums so paid. No person other than a 2014 Certificate Owner, as shown in the Register, shall receive a 2014 Certificate evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Fourth Supplement.

Notwithstanding any other provision of the Trust Agreement or the 2014 Certificates, so long as the 2014 Certificates are held in book-entry form and registered in the name of Cede & Co., as nominee of DTC, or registered in the name of any successor securities depository, or its nominee, the following provisions shall apply:

(a) Presentation. Presentation of 2014 Certificates to the Paying Agent at their scheduled payment dates or upon prepayment prior thereto shall be deemed made to the Paying Agent when the right to exercise ownership rights in the 2014 Certificates through DTC or a DTC Participant is transferred by DTC on its books.

(b) Fractionalized Representation. DTC may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this Fourth Supplement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the 2014 Certificates through DTC or DTC Participants.

The 2014 Certificate Owners have no right to a depository for the 2014 Certificates. The Lessee or the Trustee may remove DTC or any successor thereto for any reason at any time. In such event, the Trustee shall (i) appoint a successor securities depository qualified to act as such under Section 17(i) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate 2014 Certificates to such successor securities depository, or (ii) notify DTC of the availability through DTC of 2014 Certificates and transfer one or more separate 2014 Certificates to DTC Participants having 2014 Certificates credited to their DTC accounts as directed by DTC. In such event, the 2014 Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving 2014 Certificates shall designate, in accordance with the provisions of the Trust Agreement.

The Trustee and the Lessee may execute the letter of representation in connection with the execution and delivery of the 2014 Certificates. The letter of representation is for the purpose of effectuating the book-entry-only system only and shall not be deemed to amend, supersede or supplement the terms of this Fourth Supplement that are intended to be complete without reference to the letter of representation. In the event of any conflict between the terms of the letter of representation and the terms of this Fourth Supplement, the terms of the Trust Agreement shall control. DTC may exercise the rights of a 2014 Certificate Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

ARTICLE III ACQUISITION FUND AND DELIVERY COSTS FUND

Section 3.1 2014 Project Fund. The Trustee shall establish a special fund designated as the “2014 Project Fund” as a subfund within the Acquisition Fund. There shall be deposited in the 2014 Project Fund the proceeds of the sale of the 2014 Certificates required to be deposited therein pursuant to Section 2.6(b) hereof. The Trustee shall immediately release and disburse the amounts in the 2014 Project Fund to the County as consideration for the County executing and delivering the 2014 Ground Lease.

Section 3.2 Delivery Costs Fund. The Trustee shall establish a special fund designated as the “2014 Delivery Costs Fund.” The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein and in the Lease-Purchase Agreement. There shall be deposited in the 2014 Delivery Costs Fund the proceeds of sale of the 2014 Certificates required to be deposited therein pursuant to Section 2.6(a) hereof.

The Trustee shall disburse moneys in the 2014 Delivery Costs Fund only upon a requisition signed by the Lessee Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the 2014 Delivery Costs Fund. Amounts remaining in the 2014 Delivery Costs Fund after May 1, 2014, shall be transferred to the Lease Payment Fund.

The Trustee shall be responsible for the safekeeping and investment, upon the written direction of the Lessee Representative, of the moneys held in the 2014 Delivery Costs Fund in Permitted Investments and the payment thereof in accordance with this Section. Notwithstanding the foregoing, the Trustee shall be entitled to rely conclusively on the requisitions and written orders supplied to it by the Lessee Representative in connection with disbursements made pursuant to this Section.

ARTICLE IV REDEMPTION OF 2014 CERTIFICATES

Section 4.1 Right to Redeem. The 2014 Certificates shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein.

Section 4.2 Redemption.

(a) Optional Redemption. The 2014 Certificates maturing on or after December 1, 2024, are subject to redemption, in whole or in part, on any date on or after December 1, 2023, in increments of \$5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the County, and by lot within a maturity by payment of the principal amount of each 2014 Certificate to be redeemed, plus interest accrued the date fixed for redemption, without premium.

(b) Redemption from Net Proceeds of Insurance or Condemnation. The 2014 Certificates are subject to extraordinary redemption on any 2014 Interest Payment Date in whole or in part, from the Net Proceeds of insurance or condemnation, which Net Proceeds are deposited in the Lease Payment Fund and credited towards the Prepayment made by the Lessee pursuant to Section 10.4 of the Lease-Purchase Agreement, in any order of maturity designated by the Lessee (or by the Trustee by lot in the event that no such designation is received by the Trustee at the time such Net Proceeds are deposited with the Trustee), and by lot within a maturity at a redemption price equal to the principal amount of the 2014 Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Section 4.3 Selection of Certificates to be Redeemed. If less than all of the 2014 Certificates of the same maturity are to be redeemed upon redemption of 2014 Certificates

hereunder, the Trustee shall select the 2014 Certificates to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each 2014 Certificate as representing that number of 2014 Certificates of \$5,000 denomination as is obtained by dividing the principal amount of such 2014 Certificate by \$5,000.

Section 4.4 Partial Redemption of Certificates. Upon the selection and call for redemption of, and the surrender of, any 2014 Certificate for redemption in part only, the Trustee shall cause to be executed and delivered to or upon the written order of the Owner thereof, at the expense of the Lessee, a new 2014 Certificate or 2014 Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the 2014 Certificate surrendered, in accordance with instructions received from the Owner thereof, with one 2014 Certificate being delivered in the absence of such instructions.

Section 4.5 Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2014 Certificates so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2014 Certificates on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Trustee as provided herein, interest on the 2014 Certificates so called for redemption shall cease to accrue, such 2014 Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such 2014 Certificates so called for redemption shall be deemed paid and no longer Outstanding.

Section 4.6 Notice of Redemption.

(a) Whenever redemption of 2014 Certificates is to be made, the Trustee shall give notice of the redemption of such 2014 Certificates, which notice shall specify the redemption date, the redemption price and the place or places where such redemption price will be payable and, if less than all of the 2014 Certificates are to be redeemed, the numbers or other distinguishing marks of such 2014 Certificates so to be redeemed, and, in the case of 2014 Certificates to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2014 Certificate to be redeemed the redemption price of such 2014 Certificate or the specified portion thereof in the case of a 2014 Certificate to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on such 2014 Certificate or portion thereof so to be redeemed.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date, to all Owners of any 2014 Certificates or portions of 2014 Certificates which are to be redeemed at their last addresses appearing upon the Register, but failure so to mail any such notice, or a defect in such notice, as to any 2014 Certificate shall not affect the validity of the proceedings for the redemption of any other 2014 Certificate. If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or by the 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) In addition to the notice called for in subsections (a) and (b), further notice shall be given by the Trustee as set out below, but no defect in said further notice or any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption or result in a breach of trust by the Trustee of notice thereof is given as above prescribed:

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all 2014 Certificates being redeemed; (B) the date of issue of the 2014 Certificates as originally issued; (C) the rate of interest borne by each 2014 Certificate being redeemed; (D) the maturity date of each 2014 Certificate being redeemed; and (E) any other descriptive information needed to identify accurately the 2014 Certificates being redeemed.

(ii) Each further notice of redemption shall be sent at least 35 days before the redemption date, return receipt requested, to all registered securities depositories which are registered owners of the 2014 Certificates then in the business of holding substantial amounts of obligations of types such as the 2014 Certificates (such as, at the time of execution and delivery of this Fourth Supplement, DTC) and to one or more national information services that disseminate notices of redemption of obligations such as the 2014 Certificates (such as, at the time of execution and delivery of this Fourth Supplement, the Daily Called Bond Service of Financial Information, Inc., Jersey City, New Jersey; the Called Bond Service of Kenney Information Services, New York, New York; Moody's Municipal and Government, New York, New York; and S&P's Called Bond Record, New York, New York).

(d) A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to each of the Owners of the 2014 Certificates designated for redemption which have not been presented for payment within thirty (30) days after the redemption date.

ARTICLE V MISCELLANEOUS

Section 5.1 Binding Effect; Successors. This Fourth Supplement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Fourth Supplement either the County or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Fourth Supplement contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 5.2 **Execution in Counterparts.** This Fourth Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 5.3 **Headings.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Fourth Supplement. All references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Fourth Supplement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Fourth Supplement as a whole and not to any particular Article, Section or subdivision hereof.

Section 5.4 **Waiver of Notice.** Whenever in this Fourth Supplement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 5.5 **Severability of Invalid Provisions.** In case any one or more of the provisions contained in this Fourth Supplement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Fourth Supplement, and this Fourth Supplement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Fourth Supplement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Fourth Supplement may be held illegal, invalid or unenforceable.

Section 5.6 **Cancellation of Contracts.** As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee’s Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Fourth Supplement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Fourth Supplement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Fourth Supplement on behalf of the Lessee within 3 years from execution of this Fourth Supplement, unless a waiver of Arizona Revised Statutes Section 38-511 is provided by the Lessee’s Board of Supervisors.

Section 5.7 Certain Warranties and Certifications from the Lessor. To the extent applicable under Arizona Revised Statutes Section 41-4401, the Trustee, in its capacity as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement, including its subcontractors who work on this Fourth Supplement or the Lease-Purchase Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E-verify requirements under Arizona Revised Statutes Section 23-214(A). The breach by the Trustee of the foregoing shall be deemed a material breach of the Trustee's duties under the Trust Agreement and the Lease-Purchase Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The County retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection by the County during normal business hours. The Trustee shall cooperate with the random inspections by the County, including granting the County entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

Section 5.8 Leased Property; Release.

(a) The description of the Leased Property, as defined in the Original Trust Agreement, is hereby amended to mean the Public Works Building, the Legal Services Building, the Public Works Parking Garage, the Adult Detention Center and the Public Service Center Office Tower and Parking Garage.

(b) If the Lessee exercises its rights to release Leased Property under the Lease-Purchase Agreement, the Trustee shall, upon all conditions contained in Section 1.10 of the Fourth Amendment having been complied with and being satisfied, release the lien of the Trust Agreement from any Leased Property being conveyed in connection with such release. The Trustee shall take any and all steps and execute and record any and all documents reasonably required by the Lessee to consummate the transfer of title in connection with such release.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have executed this Fourth Supplement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: _____
Chair, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page of Fourth Supplement to Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Fourth Supplement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: Sharon Brunson
Chair, Board of Supervisors

ATTEST:

By: Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

[Signature page of Fourth Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

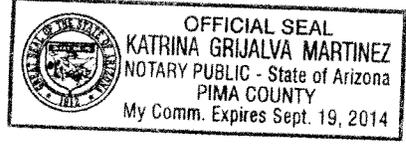
On this, the 3rd day of February, 2014, before me, the undersigned Notary Public, personally appeared Sharon Bronson, who acknowledged herself to be the Chair of the Pima County Board of Supervisors and that she, such officer, being authorized so to do, executed the foregoing Fourth Supplement to Trust Agreement for the purposes therein contained by signing the name of the County by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Katrina Grijalva Martinez

Notary Public

My Commission Expires:
9-19-14



[Pima County's Notarization page of Fourth Supplement to Trust Agreement]

EXHIBIT A

FORM OF SERIES 2014 CERTIFICATES OF PARTICIPATION

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

CERTIFICATES OF PARTICIPATION, SERIES 2014

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-

Denomination:

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	December 1, 20____	February 12, 2014	721664____

Registered Owner: CEDE & CO.

Principal Amount:

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2014 (the "2014 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment") and the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the "Fourth Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, and the Third Amendment, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

The Registered Owner of this 2014 Certificate is entitled to receive, subject to the terms of the Lease-Purchase Agreement, on the Maturity Date set forth above, the Principal Amount

set forth above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on December 1, 2014, and semiannually thereafter on December 1 and June 1 of each year (the "2014 Interest Payment Dates") until payment in full of said portion of principal, the Registered Owner's proportionate share of the Lease Payments designated as interest coming due preceding each of the 2014 Interest Payment Dates; provided that interest with respect hereto shall be payable from the 2014 Interest Payment Date next preceding the date of execution of this 2014 Certificate (unless (i) this 2014 Certificate is executed prior to December 1, 2014, in which event interest shall be payable from the Dated Date identified above, (ii) this 2014 Certificate is executed on a 2014 Interest Payment Date, in which event interest shall be payable from such 2014 Interest Payment Date, or (iii) this 2014 Certificate is executed after the close of business on the fifteenth (15th) day of the month preceding a 2014 Interest Payment Date, whether or not such fifteenth day is a Business Day, in which event interest shall be payable from such 2014 Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any 2014 Certificates of the issue of which this is one, interest hereon shall be payable from the 2014 Interest Payment Date to which interest has previously been paid or made available for payment, or, if prior to December 1, 2014, interest shall be payable from the Dated Date identified above, unless this 2014 Certificate is executed after a Special Record Date (as defined in the Original Trust Agreement) and before the following Special 2014 Interest Payment Date (as defined in the Original Trust Agreement), in which event interest shall be payable from the scheduled 2014 Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner's share of the Lease Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee on each Interest payment Date to the Registered Owner at the close of business on the fifteenth (15th) day of the month preceding such 2014 Interest Payment Date (the "Record Date"), whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Lease Payments designated as interest shall be made on Special 2014 Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of \$1,000,000 or more in aggregate principal amount of 2014 Certificates as of the close of business of the Trustee on the Record Date for a particular 2014 Interest Payment Date or, if applicable, the Special Record Date for a particular Special 2014 Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner's expense) on the 2014 Interest Payment Date or Special 2014 Interest Payment Date to such Registered Owner in accordance with written notice from such Registered Owner containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire transfer directed, which written notice is received not later than five (5) days prior to the Record Date with respect to such 2014 Interest Payment Date or, if applicable, the Special Record Date for such Special 2014 Interest Payment Date. Said amounts representing the Registered Owner's share of the Lease Payments designated as principal are payable when due upon surrender of this 2014 Certificate at the principal corporate trust office of the Trustee.

This 2014 Certificate has been executed and delivered by the Trustee pursuant to the terms of an Original Trust Agreement between the Trustee and the Lessee, dated as of June 1, 2008 (the "Original Trust Agreement"), authorizing the execution and delivery of the aggregate principal amount of \$50,000,000 Certificates of Participation, Series 2008 (which are no longer outstanding), as supplemented by the First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement") authorizing the execution and delivery of the aggregate principal amount of \$34,400,000 Certificates of Participation, Series 2009 (which are no longer outstanding), the Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement") authorizing the execution and delivery of the aggregate principal amount of \$20,000,000 Certificates of Participation, Series 2010 (the "2010 Certificates"), the Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement") authorizing the execution and delivery of the aggregate principal amount of \$80,175,000 Certificates of Participation, Series 2013A (the "2013A Certificates") and the aggregate principal amount of \$12,705,000 Refunding Certificates of Participation, Series 2013B (the "Series 2013B Certificates") and a Fourth Supplement to Trust Agreement, dated as of January 1, 2014 (the "Fourth Supplement," together with the Original Trust Agreement, the First Supplement, the Second Supplement and the Third Supplement, the "Trust Agreement"), authorizing a series of certificates limited in aggregate principal amount to \$52,160,000 (the "2014 Certificates"). The 2010 Certificates, the 2013A Certificates, the 2013B Certificates, the 2014 Certificates and any Additional Certificates which may hereafter be executed and delivered under the Trust Agreement being herein collectively referred to as the "Certificates". The Lessee is authorized to enter into the Fourth Amendment and the Fourth Supplement under the laws of the State of Arizona. Reference is hereby made to the Lease-Purchase Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2014 Certificates are delivered, the rights thereunder of the Registered Owners of the 2014 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee under the Lease-Purchase Agreement, to all of the provisions of which Lease-Purchase Agreement and Trust Agreement the Registered Owner of this 2014 Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee, the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease-Purchase Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including December 1, 2028, unless terminated prior thereto in accordance with the provisions of the Lease-Purchase Agreement. The continuation of the Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments after the end of the Lessee's Fiscal Period during which the Lease-Purchase Agreement commenced is subject to and dependent upon the moneys necessary to make such payments being lawfully budgeted by the Lessee. If the Lessee fails to obtain prior to the last date on which the Lessee is required or permitted to adopt its budget for the next Fiscal Period a proper budgeting and final appropriation of the Lessee's Board of Supervisors of the

full amount of funds necessary to make all Lease Payments coming due during the next occurring Fiscal Period for which such budgeting and appropriation are made, the Lease-Purchase Agreement shall terminate effective on the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which such funds were determined to be lawfully available and allocated, subject to reinstatement at the option of the Lessee within forty-five (45) days thereafter.

Upon the occurrence and continuance of any event of default under the Trust Agreement, the Trustee may, and at the written direction of the Owners of not less than five percent (5%) in Aggregate Value (as defined in the Trust Agreement) of Certificates then outstanding shall, declare the principal amount of the Certificates then outstanding to be immediately due and payable; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay Lease Payments only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto and the Owners of a majority in Aggregate Value of the Certificates then outstanding, and may be amended without notice to or the consent of such Owners under certain circumstances, provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's Certificate.

This 2014 Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this 2014 Certificate. Upon such transfer a new 2014 Certificate or 2014 Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, whether or not this 2014 Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2014 Certificates maturing on or after December 1, 2024, are subject to redemption, in whole or in part, on any date on or after December 1, 2023, in increments of \$5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the County, and by lot within a maturity by payment of the principal amount of each 2014 Certificate to be redeemed, plus interest accrued the date fixed for redemption, without premium.

The 2014 Certificates are subject to redemption on any 2014 Interest Payment Date, in whole, or in part, in any order of maturity designated by the Lessee, or, under certain circumstances, by lot by the Trustee, and by lot within a maturity from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the Lessee pursuant to Section 10.4 of the Original Lease-Purchase Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest, without premium.

Notice of redemption shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption to each Registered Owner of a 2014 Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any 2014 Certificate shall not affect the validity of the proceedings for the redemption of any other 2014 Certificate. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Trust Agreement provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this 2014 Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: February 12, 2014

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Its: Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, 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 the above list.

ASSIGNMENT

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

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

Dated _____

Signature Guaranteed:

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

(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

EXHIBIT B

AMENDED DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

ADULT DETENTION FACILITY

LEGAL DESCRIPTION

Parcel 1

All that portion of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of said Northwest Quarter of Section 23;

Thence South 89 degrees 12 minutes 13 seconds West, along the South line thereof, 1296.40 feet;

Thence North 00 degrees 27 minutes 51 seconds West, 48.00 feet to a point on the North right-of-way line of Silverlake Road, according to the City of Tucson, Silverlake Road, Mission Road to I-10 Right-of-way Plans R-95-05, dated March, 1995, said point being the POINT OF BEGINNING;

Thence continuing North 00 degrees 27 minutes 51 seconds West, 152.84 feet to a point on an existing chain link fence;

Thence along said chain link fence the following courses and distances:

North 00 degrees 31 minutes 49 seconds East, 294.49 feet;

North 02 degrees 00 minutes 34 seconds East, 290.43 feet;

North 20 degrees 22 minutes 03 seconds East, 60.61 feet;

South 88 degrees 57 minutes 28 seconds East, 228.23 feet to a point on the West line of that parcel described in Docket 6365 at page 1101, records of Pima County, Arizona;

North 17 degrees 39 minutes 43 seconds West, 219.42 feet;

North 47 degrees 58 minutes 23 seconds West, 119.42 feet;

North 64 degrees 55 minutes 15 seconds West, 80.59 feet;

North 33 degrees 40 minutes 00 seconds West, 28.38 feet;

Thence South 33 degrees 47 minutes 24 seconds West, 151.90 feet;

Thence South 43 degrees 00 minutes 27 seconds West, 110.93 feet;

Thence South 45 degrees 14 minutes 44 seconds West, 44.88 feet to a point on the North line of that parcel described in Docket 926 at page 596, Records of Pima County, Arizona;

Thence South 88 degrees 04 minutes 27 seconds West along said North line, 126.64 feet to the Northwest corner thereof;

Thence South 45 degrees 54 minutes 53 seconds West along the Westerly line of said parcel, 1028.50 feet;

Thence continuing along the Westerly line of said parcel, South 30 degrees 47 minutes 53 seconds West, 226.25 feet to a point on the North right-of-way line of said Silverlake Road;

Thence North 89 degrees 12 minutes 13 seconds East, along said North right-of-way line, 1156.35 feet to the POINT OF BEGINNING.

(JV Arb 585)

Parcel 2

A portion of the parcel described in Docket 926 at page 596, as recorded in the County Recorder's Office, Pima County, Arizona, and being within the Southeast Quarter of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a found 2" brass cap survey monument with punch mark stamped "C1/4, S23, RLS 23956" at the Southeast corner of said Southeast Quarter of the Northwest quarter to which a found 2" brass cap survey monument with punch mark stamped "W1/16 C-C, S23, RLS 23956" at the Southwest corner of said Southeast Quarter of the Northeast Quarter bears South 89 degrees 12 minutes 11 seconds West a distance of 1309.70 feet, said line being the Basis of Bearing for this description;

Thence along the South line of said Southeast Quarter of the Northwest Quarter South 89 degrees 12 minutes 11 seconds West a distance of 1296.13 feet;

Thence North 00 degrees 47 minutes 49 seconds West a distance of 48.00 feet to the POINT OF BEGINNING at the Southeast corner of the parcel described in Docket 10491 at page 246, as recorded in the County Recorder's Office, Pima County, Arizona, said point also being on the North right-of-way line of Silverlake Road as shown on right-of-way Plan #R-95-05, City of Tucson Department of Transportation;

Thence along the East line of said parcel North 00 degrees 27 minutes 53 seconds West, a distance of 152.84 feet;

Thence continuing along said East line North 00 degrees 31 minutes 17 seconds East a distance of 294.49 feet;

Thence continuing along said East line North 02 degrees 00 minutes 32 seconds East a distance of 57.00 feet;

Thence South 72 degrees 28 minutes 08 seconds East a distance of 187.70 feet;

Thence South 17 degrees 31 minutes 52 seconds West a distance of 468.95 feet to the North right-of-way line of Silverlake Road;

Thence along said North right of way line South 89 degrees 12 minutes 11 seconds West a distance of 42.21 feet to the POINT OF BEGINNING.

(JV Arb 626)

PUBLIC SERVICE CENTER OFFICE TOWER AND PARKING GARAGE

LEGAL DESCRIPTION

Parcel 1

Blocks 252 and 253 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 2

Lot 1 and the North 69.00 feet of Lot 2, and Lots 4, 5, 6 and 7 in Block 254 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 3

All of Lot 1 and that portion of Lot 6 in Block 255 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the Northeast corner of said Lot 6;

Thence Southerly 50 feet;

Thence Westerly 50 feet;

Thence Northerly 50 feet;

Thence Easterly 50 feet to the Northeast corner of said Lot 6, the Place of Beginning.

Parcel 4

Portions of public rights of way as shown in Book 4 of Maps and Plats at page 81A and 81B therein, Records of Pima County, Arizona, and on file at the Pima County Recorder's Office, Tucson, Arizona, said portions lying in the southwest one-quarter of Section 12, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

All of Grossetta Avenue as shown in said Block 4 of Maps and Plats at page 81A therein, lying southerly of the southerly right of way line of Toole Avenue, more particularly described as follows:

Beginning at the northeast corner of Block 252 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence southeasterly in a straight line to the northern corner of Block 253 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Block 254 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence easterly in a straight line to the southwest corner of Block 255 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH

All of the alley lying within Block 254 as shown in Book 3 of Maps and Plats at page 81B therein, lying southerly of the southerly right of way line of Council Street more particularly described as follows:

Beginning at the northeast corner of Lot 1 of said Block 254;

Thence easterly in a straight line to the northwest corner of Lot 4 of said Block 254 and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Lot 3 of said Block 254;

Thence easterly in a straight line to the southwest corner of Lot 6 of said Block 254 and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

A portion of Council Street, shown as Miltenburg Street in said Book 4 of Maps and Plats at page 81A and 81B therein, more particularly described as follows:

Beginning at the northeast corner of said Block 254;

Thence upon the south right of way line of said Council Street, said south line coincident with the north line of said Block 254, S 89 degrees 19 minutes 31 seconds W, a distance of 132.77 feet to the northwest corner of Lot 4 thereof;

Thence continue upon said coincident line, S 89 degrees 18 minutes 58 seconds W, a distance of 17.23 feet to the northeast corner of Lot 1 thereof;

Thence continue upon said coincident line, S 89 degrees 19 minutes 23 seconds W, a distance of 145.56 feet to the northwest corner of said Block 254;

Thence leaving said south right of way line, N 03 degrees 46 minutes 35 seconds W, a distance of 50.05 feet to a point on the north right of way line of said Council Street, said point being the southwest corner of Block 252 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 252, N 89 degrees 19 minutes 22 seconds E, a distance of 298.33 feet to the southeast corner of said Block 252;

Thence N 89 degrees 15 minutes 35 seconds E, a distance of 49.99 feet to the southwest corner of Block 253 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 253, N 89 degrees 19 minutes 10 seconds East a distance of 49.70 feet;

Thence leaving said north right of way line, S 00 degrees 40 minutes 50 seconds E a distance of 50.06 feet to a point on the south right of way line of said Council Street;

Thence upon said south right of way line of Council Street, said line coincident with the north line of Block 255 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein, S 89 degrees 18 minutes 23 seconds W, a distance of 49.75 feet to the northwest corner of said Block 255;

Thence S 89 degrees 21 minutes 30 seconds W, a distance of 50.01 feet to the POINT OF BEGINNING;

EXCEPT any portion lying within the aforesaid Grossetta Avenue.



SEQUENCE: 20151210386
No. Pages: 43
5/1/2015 1:50 PM

F. ANN RODRIGUEZ, RECORDER
Recorded By: HEM(e-recording)



When recorded return to:

Timothy E. Pickrell, Esq.
Squire Patton Boggs (US) LLP
1 E. Washington Street, 27th Floor
Phoenix, Arizona 85004
(602) 528-4000

Exemption Claimed:
A.R.S. Section 42-1614.B.1.

FIFTH SUPPLEMENT TO TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

and

PIMA COUNTY, ARIZONA

as Lessee

Dated as of April 1, 2015

relating to

\$57,025,000

**Pima County, Arizona
Certificates of Participation
Series 2015**

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FIFTH SUPPLEMENT TO TRUST AGREEMENT

THIS FIFTH SUPPLEMENT TO TRUST AGREEMENT (this “Fifth Supplement”), dated as of April 1, 2015, by and between U.S. BANK NATIONAL ASSOCIATION, as trustee (the “Trustee” or “Lessor”), and PIMA COUNTY, ARIZONA (the “Lessee” or the “County”);

RECITALS

WHEREAS, the Trustee and the County previously entered into a Trust Agreement dated as of June 1, 2008 (the “Original Trust Agreement”), which was subsequently supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009 (the “First Supplement”), a Second Supplement to Trust Agreement, dated as of February 1, 2010 (the “Second Supplement”), a Third Supplement to Trust Agreement, dated as of May 1, 2013 (the “Third Supplement”), a Fourth Supplement to Trust Agreement, dated as of January 1, 2014 (the “Fourth Supplement”) and this Fifth Supplement and, together with the Original Trust Agreement, the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, the “Trust Agreement;” and

WHEREAS, the County, as lessee, previously entered into a Lease-Purchase Agreement dated June 1, 2008 (the “Original Lease-Purchase Agreement”) with U.S. Bank National Association, as lessor, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the “First Amendment”), by a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the “Second Amendment”), by a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the “Third Amendment”), by a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the “Fourth Amendment”) and by a Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (the “Fifth Amendment” and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the “Lease” or the “Lease-Purchase Agreement”), pursuant to which the Lessor leases to the County certain Leased Property (as defined in the Trust Agreement) described in Exhibit B attached hereto; and

WHEREAS, pursuant to that Original Trust Agreement, as supplemented by the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the “2008 Certificates”), \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the “2009 Certificates”), \$20,000,000 principal amount of Certificates of Participation, Series 2010 (the “2010 Certificates”), \$80,175,000 principal amount of Certificates of Participation, Series 2013A (the “2013A Certificates”), \$12,705,000 principal amount of Refunding Certificates of Participation, Series 2013B (the “2013B Certificates”), and \$52,160,000 principal amount of Certificates of Participation, Series 2014 (the “2014 Certificates”), representing proportionate interests in the lease payments to be made by the County pursuant to the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment; and

WHEREAS, there are no 2008 Certificates or 2009 Certificates currently outstanding and there are currently outstanding \$12,030,000 aggregate principal amount of 2010 Certificates,

\$24,195,000 aggregate principal amount of 2013A Certificates, \$7,955,000 aggregate principal amount of 2013B Certificates and \$50,405,000 aggregate principal amount of 2014 Certificates; and

WHEREAS, the Original Trust Agreement, as supplemented, permits the execution and delivery of “Additional Certificates,” on a parity with the 2010 Certificates, the 2013A Certificates, the 2013B Certificates and the 2014 Certificates, and permits the supplementation and amendment of the Original Trust Agreement, as supplemented, and the Lease-Purchase Agreement, to facilitate such an execution and delivery of Additional Certificates; and

WHEREAS, in consideration of the County’s agreement to amend and restructure the term of its obligations under the Original Lease-Purchase Agreement, as previously amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the Trustee is willing to execute and deliver Additional Certificates in a principal amount of \$57,025,000 to be denominated “Certificates of Participation, Series 2015” (the “2015 Certificates”) with a portion of the net proceeds of the 2015 Certificates to be paid over to the County in order to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County facilities and for other capital purposes (the “Projects”), with the remainder of the net proceeds of the 2015 Certificates to pay costs of executing and delivering the 2015 Certificates; and

WHEREAS, the County deems it prudent and advisable to authorize the execution and delivery of the 2015 Certificates in a principal amount of \$57,025,000; and

WHEREAS, in connection with the execution and delivery of the 2015 Certificates, it will be necessary for the Trustee and the County to enter into this Fifth Supplement; and

WHEREAS, upon execution and delivery of the 2015 Certificates, all the conditions for execution and delivery of Additional Certificates under the Trust Agreement will have been met; and

WHEREAS, the County and the Trustee have, simultaneously with the execution of this Fifth Supplement, entered into the Fifth Amendment,

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, capitalized terms used herein shall, for all purposes of this Fifth Supplement have the meaning specified below or in the recitals hereto or the meaning given in Section 1.1 of the Original Trust Agreement:

“2015 Certificates” shall mean the \$57,025,000 aggregate principal amount of Certificates of Participation, Series 2015, to be executed and delivered pursuant to the Original Trust Agreement, as supplemented by this Fifth Supplement.

“2015 Delivery Costs Fund” shall mean the fund by that name established and held by the Trustee pursuant to Section 3.2 hereof, which fund shall be a subfund of the Delivery Costs Fund.

“2015 Interest Payment Date” shall mean the dates specified in Section 2.3 hereof instead of as provided in Section 2.3 of the Original Trust Agreement, but for all other purposes shall have the meaning provided in the Original Trust Agreement.

“2015 Project Fund” shall mean the fund by that name established and held by the Trustee pursuant to Section 3.1 hereof, which fund shall be a subaccount of the Acquisition Fund.

“Certificates” shall mean the 2010 Certificates, the 2013A Certificates, the 2013B Certificates, the 2014 Certificates, the 2015 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

“Original Purchaser” shall mean RBC Capital Markets, LLC, as original purchaser of the 2015 Certificates.

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

Section 1.3 Interpretation.

(a) Any reference herein to the Lessor, Trustee or Lessee or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein or in the Original Trust Agreement, but defined in the Lease-Purchase Agreement shall have the same meaning herein.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Words importing the redemption of a Certificate or the calling of a Certificate for redemption do not mean or include the payment of a Certificate at its stated maturity or the purchase of a Certificate.

ARTICLE II
THE 2015 CERTIFICATES

Section 2.1 Authorization.

(a) The Trustee is hereby authorized and directed to prepare, execute and deliver, to the Original Purchaser, 2015 Certificates in an aggregate principal amount of \$57,025,000, evidencing proportionate ownership interests in the Lease Payments and the Prepayments.

(b) Except as provided in Section 2.11 of the Original Trust Indenture, the Trustee shall not at any time while the Certificates are Outstanding execute and deliver additional certificates payable from the Lease Payments and secured by a lien and charge upon the Leased Property on a parity with or prior to the lien and charge securing the Outstanding Certificates hereunder.

Section 2.2 General Terms of 2015 Certificates. The 2015 Certificates shall be executed and delivered only in fully registered form, without coupons, and shall be numbered from one upwards, in the order of their execution, with any other designation as the Trustee deems appropriate. The 2015 Certificates shall be subject to redemption prior to their specified principal payment dates as provided in Article IV hereof.

Each 2015 Certificate shall bear the dated date of the date of the initial delivery thereof, and shall also bear the date of its execution and interest with respect thereto shall be payable from the 2015 Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed prior to December 1, 2015, in which event interest with respect thereto shall be payable from the date of delivery of the 2015 Certificates, (ii) it is executed as of a 2015 Interest Payment Date, in which event interest with respect thereto shall be payable from such date of execution, or (iii) it is executed after a Regular Record Date and before the following 2015 Interest Payment Date, in which event interest with respect thereto shall be payable from such 2015 Interest Payment Date; provided, however, that if, as of the date of execution of any 2015 Certificate, interest is in default with respect to any Outstanding 2015 Certificates, interest with respect to such 2015 Certificate shall be payable from the 2015 Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding 2015 Certificates, or, if prior to December 1, 2015, interest shall be payable from the dated date thereof, unless it is executed after a Special Record Date and before the following Special 2015 Interest Payment Date, in which event interest with respect thereto shall be payable from the scheduled 2015 Interest Payment Date next preceding such date of execution.

Payment of interest on any 2015 Certificate on any 2015 Interest Payment Date or any Special 2015 Interest Payment Date shall be made to the person appearing on the Register as the Owner thereof as of the Regular Record Date immediately preceding such 2015 Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special 2015 Interest Payment Date. Such interest shall be paid by (i) check or draft mailed to such Owner at his address as it appears on the Register or at such other address as he may have filed with the Trustee for that purpose, or (ii) to any Owner of \$1,000,000 or more in aggregate principal amount of 2015 Certificates, as of the close of business of the Trustee on the Regular Record Date for a particular 2015 Interest Payment Date or, if applicable, the Special Record Date for a

Special 2015 Interest Payment Date, by wire transfer in immediately available funds sent on the 2015 Interest Payment Date or Special 2015 Interest Payment Date, as the case may be, to any bank or trust company in the continental United States, in accordance with written notice from such Owner containing the wire transfer address, which written notice is received not later than five (5) days before the Regular Record Date with respect to such 2015 Interest Payment Date or, if applicable, the Special Record Date for any Special 2015 Interest Payment Date, it being understood that such notice may refer to multiple interest payments.

In the event there are insufficient funds available on any 2015 Interest Payment Date to pay the interest then due on the 2015 Certificates, the Regular Record Date shall no longer be applicable with respect to the 2015 Certificates. If sufficient funds for the payment of such interest thereafter become available, the Trustee shall immediately establish a Special 2015 Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special 2015 Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than ten (10) days prior to the Special Record Date nor more than thirty (30) days prior to the Special 2015 Interest Payment Date. Such overdue interest shall be paid on the Special 2015 Interest Payment Date to the Owners of the 2015 Certificates as of the Special Record Date.

Section 2.3 Maturity; Interest Rates.

(a) The 2015 Certificates shall be in the denomination of \$5,000 or any integral multiple thereof (except that no 2015 Certificate may have principal maturing in more than one year) and shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

Maturity Date (December 1)	Amount	Interest Rate
2015	\$15,000,000	1.00%
2016	15,000,000	2.00
2017	15,000,000	5.00
2018	12,025,000	5.00

(b) Interest with respect to the 2015 Certificates shall be payable on December 1, 2015 and thereafter semiannually on June 1 and December 1 of each year to and including the date of maturity or redemption, whichever is earlier. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six (6) month period preceding each 2015 Interest Payment Date with respect to the 2015 Certificates or in the case of the first Lease Payment, the period since the dated date of the 2015 Certificates. The proportionate share of the portion of Lease Payments designated as interest with respect to any 2015 Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such 2015 Certificate by the rate of interest applicable to such 2015 Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.4 Form of the 2015 Certificates. The 2015 Certificates shall be in fully registered form without coupons. The fully registered form of the 2015 Certificates and the

assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with such necessary or appropriate variations, omissions and insertions.

Section 2.5 Execution. The 2015 Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any officer whose signature appears on any 2015 Certificate ceases to be such officer before the date of delivery thereof, such signature shall nevertheless be as effective as if the officer had remained in office until such date of delivery. Any 2015 Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such 2015 Certificate shall be the proper officer of the Trustee although at the nominal date of such 2015 Certificate such person shall not have been such officer of the Trustee.

Section 2.6 Application of Proceeds and Other Moneys. The proceeds received by the Trustee from the sale of the 2015 Certificates shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

- (a) The Trustee shall deposit into the 2015 Delivery Costs Fund, an amount equal to \$179,495.25.
- (b) The Trustee shall deposit into the 2015 Project Fund, an amount equal to \$60,000,000.00.

Section 2.7 Registration, Transfer and Exchange of 2015 Certificates.

(a) All 2015 Certificates issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the 2015 Certificates.

(b) So long as any 2015 Certificates are Outstanding, the Trustee shall maintain at its designated office books for the registration and transfer of 2015 Certificates, and shall provide for the registration and transfer of any 2015 Certificate under such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering 2015 Certificates in accordance with the provisions hereof.

(c) Each 2015 Certificate shall be transferable only upon the Register by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any 2015 Certificate, the Trustee shall execute and deliver, in the name of the transferee, one or more new 2015 Certificates, of the same aggregate principal amount and maturity as the surrendered 2015 Certificate.

(d) Any 2015 Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of 2015 Certificates with the same maturity of any other authorized denominations.

(e) All 2015 Certificates surrendered in any exchange or transfer of 2015 Certificates shall forthwith be cancelled by the Trustee.

(f) In connection with any such exchange or transfer of 2015 Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(g) The Trustee may but shall not be obligated to exchange or register the transfer of any 2015 Certificate (i) which has been called or selected for call for redemption in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If the transfer of any 2015 Certificate 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 shall be binding upon the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the 2015 Certificate or 2015 Certificates.

Section 2.8 Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated 2015 Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2015 Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such 2015 Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the Trustee shall cause to be executed and shall deliver, in exchange for such mutilated 2015 Certificate or in lieu of such destroyed, lost or stolen 2015 Certificate, a new 2015 Certificate of like principal amount, date and tenor. If the principal of any such mutilated, destroyed, lost or stolen 2015 Certificate has become, or will on or before the next 2015 Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such 2015 Certificate when due instead of delivering a new 2015 Certificate.

Section 2.9 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Trust Agreement to be signed or executed by 2015 Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 2015 Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of 2015 Certificates shall be sufficient for any purpose of the Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of 2015 Certificates by any person and the amount, the maturity and the numbers of such 2015 Certificates and the date of his holding the same shall be proved by the Register maintained pursuant to Section 2.10 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any 2015 Certificate shall bind every future Owner of the same 2015 Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.10 Certificate Register. The Trustee will keep or cause to be kept, at its designated office, sufficient books for the registration and transfer of the 2015 Certificates which shall at all times be open to inspection by the Lessee and the Lessor during normal business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2015 Certificates as hereinbefore provided.

Section 2.11 Book-Entry-Only System. The 2015 Certificates shall be initially issued in the form of a single fully registered certificate for each scheduled principal payment date for each 2015 Certificate. Upon initial execution and delivery, the ownership of such 2015 Certificates shall be registered in the Register in the name of Cede & Co., as nominee of DTC, and, except as hereinafter otherwise provided, all of the Outstanding 2015 Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the 2015 Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the 2015 Certificates (a "Beneficial Owner"), nor any responsibility or obligation to any DTC Participant, any Beneficial Owner or any other person claiming a beneficial ownership interest in the 2015 Certificates under or through DTC or any DTC Participant, or any other person with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the payment by DTC or any DTC Participant of any amount in respect of the 2015 Certificates, (iii) the giving of any notice that is permitted or required to be given to Owners under the Trust Agreement, or (iv) any consent given or other action taken by DTC as an Owner.

Notwithstanding any other provision of the Trust Agreement to the contrary, the Trustee shall be entitled to treat and consider the person in whose name each 2015 Certificate is registered in the Register as an absolute Owner of such 2015 Certificate for the purpose of payment, for the purpose of giving notices of prepayment with respect to any 2015 Certificate, for the purpose of registering transfers with respect to such 2015 Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by any 2015 Certificate only to or upon the order of the respective 2015 Certificate Owners, as shown in the Register, as provided in this Fifth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the 2015 Certificates to the extent of the sum or sums so paid. No person other than a 2015 Certificate Owner, as shown in the Register, shall receive a 2015 Certificate

evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Fifth Supplement.

Notwithstanding any other provision of the Trust Agreement or the 2015 Certificates, so long as the 2015 Certificates are held in book-entry form and registered in the name of Cede & Co., as nominee of DTC, or registered in the name of any successor securities depository, or its nominee, the following provisions shall apply:

(a) Presentation. Presentation of 2015 Certificates to the Paying Agent at their scheduled payment dates or upon prepayment prior thereto shall be deemed made to the Paying Agent when the right to exercise ownership rights in the 2015 Certificates through DTC or a DTC Participant is transferred by DTC on its books.

(b) Fractionalized Representation. DTC may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this Fifth Supplement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the 2015 Certificates through DTC or DTC Participants.

The 2015 Certificate Owners have no right to a depository for the 2015 Certificates. The Lessee or the Trustee may remove DTC or any successor thereto for any reason at any time. In such event, the Trustee shall (i) appoint a successor securities depository qualified to act as such under Section 17(i) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate 2015 Certificates to such successor securities depository, or (ii) notify DTC of the availability through DTC of 2015 Certificates and transfer one or more separate 2015 Certificates to DTC Participants having 2015 Certificates credited to their DTC accounts as directed by DTC. In such event, the 2015 Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving 2015 Certificates shall designate, in accordance with the provisions of the Trust Agreement.

The Trustee and the Lessee may execute the letter of representation in connection with the execution and delivery of the 2015 Certificates. The letter of representation is for the purpose of effectuating the book-entry-only system only and shall not be deemed to amend, supersede or supplement the terms of this Fifth Supplement that are intended to be complete without reference to the letter of representation. In the event of any conflict between the terms of the letter of representation and the terms of this Fifth Supplement, the terms of the Trust Agreement shall control. DTC may exercise the rights of a 2015 Certificate Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

ARTICLE III ACQUISITION FUND AND DELIVERY COSTS FUND

Section 3.1 2015 Project Fund. The Trustee shall establish a special fund designated as the “2015 Project Fund” as a subfund within the Acquisition Fund. There shall be deposited in the 2015 Project Fund the proceeds of the sale of the 2015 Certificates required to be

deposited therein pursuant to Section 2.6(b) hereof. The Trustee shall immediately release and disburse the amounts in the 2015 Project Fund to the County as consideration for the County executing and delivering the Fifth Amendment.

Section 3.2 Delivery Costs Fund. The Trustee shall establish a special fund designated as the “2015 Delivery Costs Fund.” The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein and in the Lease-Purchase Agreement. There shall be deposited in the 2015 Delivery Costs Fund the proceeds of sale of the 2015 Certificates required to be deposited therein pursuant to Section 2.6(a) hereof.

The Trustee shall disburse moneys in the 2015 Delivery Costs Fund only upon a requisition signed by the Lessee Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the 2015 Delivery Costs Fund. Amounts remaining in the 2015 Delivery Costs Fund after August 15, 2015, shall be transferred to the Lease Payment Fund.

The Trustee shall be responsible for the safekeeping and investment, upon the written direction of the Lessee Representative, of the moneys held in the 2015 Delivery Costs Fund in Permitted Investments and the payment thereof in accordance with this Section. Notwithstanding the foregoing, the Trustee shall be entitled to rely conclusively on the requisitions and written orders supplied to it by the Lessee Representative in connection with disbursements made pursuant to this Section.

ARTICLE IV REDEMPTION OF 2015 CERTIFICATES

Section 4.1 Right to Redeem. The 2015 Certificates shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein.

Section 4.2 Redemption.

(a) Optional Redemption. The 2015 Certificates are not subject to optional redemption prior to maturity.

(b) Redemption from Net Proceeds of Insurance or Condemnation. The 2015 Certificates are subject to extraordinary redemption on any 2015 Interest Payment Date in whole or in part, from the Net Proceeds of insurance or condemnation, which Net Proceeds are deposited in the Lease Payment Fund and credited towards the Prepayment made by the Lessee pursuant to Section 10.4 of the Lease-Purchase Agreement, in any order of maturity designated by the Lessee (or by the Trustee by lot in the event that no such designation is received by the Trustee at the time such Net Proceeds are deposited with the Trustee), and by lot within a maturity at a redemption price equal to the principal amount of the 2015 Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Section 4.3 Selection of Certificates to be Redeemed. If less than all of the 2015 Certificates of the same maturity are to be redeemed upon redemption of 2015 Certificates

hereunder, the Trustee shall select the 2015 Certificates to be redeemed by lot or in such other manner as the Trustee shall deem fair. In making such selection, the Trustee shall treat each 2015 Certificate as representing that number of 2015 Certificates of \$5,000 denomination as is obtained by dividing the principal amount of such 2015 Certificate by \$5,000.

Section 4.4 Partial Redemption of Certificates. Upon the selection and call for redemption of, and the surrender of, any 2015 Certificate for redemption in part only, the Trustee shall cause to be executed and delivered to or upon the written order of the Owner thereof, at the expense of the Lessee, a new 2015 Certificate or 2015 Certificates of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the 2015 Certificate surrendered, in accordance with instructions received from the Owner thereof, with one 2015 Certificate being delivered in the absence of such instructions.

Section 4.5 Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2015 Certificates so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2015 Certificates on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Trustee as provided herein, interest on the 2015 Certificates so called for redemption shall cease to accrue, such 2015 Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such 2015 Certificates so called for redemption shall be deemed paid and no longer Outstanding.

Section 4.6 Notice of Redemption.

(a) Whenever redemption of 2015 Certificates is to be made, the Trustee shall give notice of the redemption of such 2015 Certificates, which notice shall specify the redemption date, the redemption price and the place or places where such redemption price will be payable and, if less than all of the 2015 Certificates are to be redeemed, the numbers or other distinguishing marks of such 2015 Certificates so to be redeemed, and, in the case of 2015 Certificates to be redeemed in part only, such notice shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2015 Certificate to be redeemed the redemption price of such 2015 Certificate or the specified portion thereof in the case of a 2015 Certificate to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on such 2015 Certificate or portion thereof so to be redeemed.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date, to all Owners of any 2015 Certificates or portions of 2015 Certificates which are to be redeemed at their last addresses appearing upon the Register, but failure so to mail any such notice, or a defect in such notice, as to any 2015 Certificate shall not affect the validity of the proceedings for the redemption of any other 2015 Certificate. If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or by the 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) In addition to the notice called for in subsections (a) and (b), further notice shall be given by the Trustee as set out below, but no defect in said further notice or any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption or result in a breach of trust by the Trustee of notice thereof is given as above prescribed:

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all 2015 Certificates being redeemed; (B) the date of issue of the 2015 Certificates as originally issued; (C) the rate of interest borne by each 2015 Certificate being redeemed; (D) the maturity date of each 2015 Certificate being redeemed; and (E) any other descriptive information needed to identify accurately the 2015 Certificates being redeemed.

(ii) Each further notice of redemption shall be sent at least 35 days before the redemption date, return receipt requested, to all registered securities depositories which are registered owners of the 2015 Certificates then in the business of holding substantial amounts of obligations of types such as the 2015 Certificates (such as, at the time of execution and delivery of this Fifth Supplement, DTC) and to one or more national information services that disseminate notices of redemption of obligations such as the 2015 Certificates (such as, at the time of execution and delivery of this Fifth Supplement, the Daily Called Bond Service of Financial Information, Inc., Jersey City, New Jersey; the Called Bond Service of Kenney Information Services, New York, New York; Moody's Municipal and Government, New York, New York; and S&P's Called Bond Record, New York, New York).

(d) A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above to each of the Owners of the 2015 Certificates designated for redemption which have not been presented for payment within thirty (30) days after the redemption date.

ARTICLE V MISCELLANEOUS

Section 5.1 Binding Effect; Successors. This Fifth Supplement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Fifth Supplement either the County or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Fifth Supplement contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 5.2 Execution in Counterparts. This Fifth Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 5.3 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Fifth Supplement. All references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Fifth Supplement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Fifth Supplement as a whole and not to any particular Article, Section or subdivision hereof.

Section 5.4 Waiver of Notice. Whenever in this Fifth Supplement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 5.5 Severability of Invalid Provisions. In case any one or more of the provisions contained in this Fifth Supplement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Fifth Supplement, and this Fifth Supplement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Fifth Supplement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Fifth Supplement may be held illegal, invalid or unenforceable.

Section 5.6 Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the Lessee may cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Lessee’s Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the Lessee to cancel this Fifth Supplement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Fifth Supplement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Fifth Supplement on behalf of the Lessee within 3 years from execution of this Fifth Supplement, unless a waiver of Arizona Revised Statutes Section 38-511 is provided by the Lessee’s Board of Supervisors.

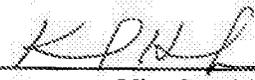
Section 5.7 Certain Warranties and Certifications from the Lessor. To the extent applicable under Arizona Revised Statutes Section 41-4401, the Trustee, in its capacity as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement, including its subcontractors who work on this Fifth Supplement or the Lease-Purchase Agreement, warrants compliance with all federal immigration laws and regulations that relate to

its employees and compliance with the E-verify requirements under Arizona Revised Statutes Section 23-214(A). The breach by the Trustee of the foregoing shall be deemed a material breach of the Trustee's duties under the Trust Agreement and the Lease-Purchase Agreement and may result in the termination of its role as Trustee under the Trust Agreement and as Lessor under the Lease-Purchase Agreement and its replacement with a successor in such capacities, to the extent permitted by the Trust Agreement. The County retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection by the County during normal business hours. The Trustee shall cooperate with the random inspections by the County, including granting the County entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

Section 5.8 Release of Leased Property. If the Lessee exercises its rights to release Leased Property under the Lease-Purchase Agreement, the Trustee shall, upon all conditions contained in the Lease-Purchase Agreement having been complied with and being satisfied, release the lien of the Trust Agreement from any Leased Property being conveyed in connection with such release. The Trustee shall take any and all steps and execute and record any and all documents reasonably required by the Lessee to consummate the transfer of title in connection with such release.

IN WITNESS WHEREOF, the parties have executed this Fifth Supplement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: 
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: _____
Chair, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page of Fifth Supplement to Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Fifth Supplement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Vice President

PIMA COUNTY, ARIZONA, as Lessee

By: Shannon Brinson
Chair, Board of Supervisors

ATTEST:

By: Ruth Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

[Signature page of Fifth Supplement to Trust Agreement]

STATE OF ARIZONA)
) ss.
County of Pima)

On this, the 7th day of April, 2015, before me, the undersigned Notary Public, personally appeared Sharon Bronson, who acknowledged herself to be the Chair of the Pima County Board of Supervisors and that she, such officer, being authorized so to do, executed the foregoing Fifth Supplement to Trust Agreement for the purposes therein contained by signing the name of the County by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.


Notary Public

My Commission Expires:

1/16/2016



[Pima County's Notarization page of Fifth Supplement to Trust Agreement]

EXHIBIT A

FORM OF SERIES 2015 CERTIFICATES OF PARTICIPATION

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

CERTIFICATES OF PARTICIPATION, SERIES 2015

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-

Denomination:

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	December 1, 20__	April 15, 2015	721664__

Registered Owner: CEDE & CO.

Principal Amount:

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2015 (the “2015 Certificate”) is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the “Original Lease-Purchase Agreement”) as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the “First Amendment”), the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the “Second Amendment”), the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the “Third Amendment”), the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the “Fourth Amendment”) and the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1 , 2015 (the “Fifth Supplement” and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the “Lease-Purchase Agreement”), by and between U.S. Bank National Association, as trustee (the “Lessor”) and Pima County, Arizona (the “Lessee”), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the “Trustee”), at its designated corporate trust office.

The Registered Owner of this 2015 Certificate is entitled to receive, subject to the terms of the Lease-Purchase Agreement, on the Maturity Date set forth above, the Principal Amount set forth above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on December 1, 2015, and semiannually thereafter on December 1 and June 1 of each year (the "2015 Interest Payment Dates") until payment in full of said portion of principal, the Registered Owner's proportionate share of the Lease Payments designated as interest coming due preceding each of the 2015 Interest Payment Dates; provided that interest with respect hereto shall be payable from the 2015 Interest Payment Date next preceding the date of execution of this 2015 Certificate (unless (i) this 2015 Certificate is executed prior to December 1, 2015, in which event interest shall be payable from the Dated Date identified above, (ii) this 2015 Certificate is executed on a 2015 Interest Payment Date, in which event interest shall be payable from such 2015 Interest Payment Date, or (iii) this 2015 Certificate is executed after the close of business on the fifteenth (15th) day of the month preceding a 2015 Interest Payment Date, whether or not such fifteenth day is a Business Day, in which event interest shall be payable from such 2015 Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any 2015 Certificates of the issue of which this is one, interest hereon shall be payable from the 2015 Interest Payment Date to which interest has previously been paid or made available for payment, or, if prior to December 1, 2015, interest shall be payable from the Dated Date identified above, unless this 2015 Certificate is executed after a Special Record Date (as defined in the Original Trust Agreement) and before the following Special 2015 Interest Payment Date (as defined in the Original Trust Agreement), in which event interest shall be payable from the scheduled 2015 Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner's share of the Lease Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee on each Interest payment Date to the Registered Owner at the close of business on the fifteenth (15th) day of the month preceding such 2015 Interest Payment Date (the "Record Date"), whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Lease Payments designated as interest shall be made on Special 2015 Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of \$1,000,000 or more in aggregate principal amount of 2015 Certificates as of the close of business of the Trustee on the Record Date for a particular 2015 Interest Payment Date or, if applicable, the Special Record Date for a particular Special 2015 Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner's expense) on the 2015 Interest Payment Date or Special 2015 Interest Payment Date to such Registered Owner in accordance with written notice from such Registered Owner containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire transfer directed, which written notice is received not later than five (5) days prior to the Record Date with respect to such 2015 Interest Payment Date or, if applicable, the Special Record Date for such Special 2015 Interest Payment Date. Said amounts representing the

Registered Owner's share of the Lease Payments designated as principal are payable when due upon surrender of this 2015 Certificate at the principal corporate trust office of the Trustee.

This 2015 Certificate has been executed and delivered by the Trustee pursuant to the terms of an Original Trust Agreement between the Trustee and the Lessee, dated as of June 1, 2008 (the "Original Trust Agreement"), authorizing the execution and delivery of the aggregate principal amount of \$50,000,000 Certificates of Participation, Series 2008 (which are no longer outstanding), as supplemented by the First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement") authorizing the execution and delivery of the aggregate principal amount of \$34,400,000 Certificates of Participation, Series 2009 (which are no longer outstanding), the Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement") authorizing the execution and delivery of the aggregate principal amount of \$20,000,000 Certificates of Participation, Series 2010 (the "2010 Certificates"), the Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement") authorizing the execution and delivery of the aggregate principal amount of \$80,175,000 Certificates of Participation, Series 2013A (the "2013A Certificates") and the aggregate principal amount of \$12,705,000 Refunding Certificates of Participation, Series 2013B (the "Series 2013B Certificates"), the Fourth Supplement to Trust Agreement, dated as of January 1, 2014 (the "Fourth Supplement"), authorizing the execution and delivery of the aggregate principal amount of \$52,160,000 Certificates of Participation, Series 2014 (the "2014 Certificates") and a Fifth Supplement to Trust Agreement, dated as of April 1, 2015 (the "Fifth Supplement" and, together with the Original Trust Agreement, the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, the "Trust Agreement") authorizing a series of certificates limited in aggregate principal amount to \$57,025,000 (the "2015 Certificates"). The 2010 Certificates, the 2013A Certificates, the 2013B Certificates, the 2014 Certificates, the 2015 Certificates and any Additional Certificates which may hereafter be executed and delivered under the Trust Agreement being herein collectively referred to as the "Certificates". The Lessee is authorized to enter into the Fifth Amendment and the Fifth Supplement under the laws of the State of Arizona. Reference is hereby made to the Lease-Purchase Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2015 Certificates are delivered, the rights thereunder of the Registered Owners of the 2015 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee under the Lease-Purchase Agreement, to all of the provisions of which Lease-Purchase Agreement and Trust Agreement the Registered Owner of this 2015 Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee, the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease-Purchase Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including December 1, 2028,

unless terminated prior thereto in accordance with the provisions of the Lease-Purchase Agreement. The continuation of the Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments after the end of the Lessee's Fiscal Period during which the Lease-Purchase Agreement commenced is subject to and dependent upon the moneys necessary to make such payments being lawfully budgeted by the Lessee. If the Lessee fails to obtain prior to the last date on which the Lessee is required or permitted to adopt its budget for the next Fiscal Period a proper budgeting and final appropriation of the Lessee's Board of Supervisors of the full amount of funds necessary to make all Lease Payments coming due during the next occurring Fiscal Period for which such budgeting and appropriation are made, the Lease-Purchase Agreement shall terminate effective on the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which such funds were determined to be lawfully available and allocated, subject to reinstatement at the option of the Lessee within forty-five (45) days thereafter.

Upon the occurrence and continuance of any event of default under the Trust Agreement, the Trustee may, and at the written direction of the Owners of not less than five percent (5%) in Aggregate Value (as defined in the Trust Agreement) of Certificates then outstanding shall, declare the principal amount of the Certificates then outstanding to be immediately due and payable; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay Lease Payments only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto and the Owners of a majority in Aggregate Value of the Certificates then outstanding, and may be amended without notice to or the consent of such Owners under certain circumstances, provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's Certificate.

This 2015 Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this 2015 Certificate. Upon such transfer a new 2015 Certificate or 2015 Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, whether or not this 2015 Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2015 Certificates are not subject to optional redemption prior to maturity.

The 2015 Certificates are subject to redemption on any 2015 Interest Payment Date, in whole, or in part, in any order of maturity designated by the Lessee, or, under certain circumstances, by lot by the Trustee, and by lot within a maturity from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the

Lessee pursuant to Section 10.4 of the Original Lease-Purchase Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest, without premium.

Notice of redemption shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption to each Registered Owner of a 2015 Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any 2015 Certificate shall not affect the validity of the proceedings for the redemption of any other 2015 Certificate. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Trust Agreement provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this 2015 Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: April 15, 2015

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Its: Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, 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 the above list.

ASSIGNMENT

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

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

Dated _____

Signature Guaranteed:

(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

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

EXHIBIT B

DESCRIPTION OF LEASED PROPERTY

PUBLIC WORKS BUILDING

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the POINT OF BEGINNING of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the TRUE POINT OF BEGINNING;

FROM said POINT OF BEGINNING, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the TRUE POINT OF BEGINNING.

FURTHER EXCEPT the following:

That portion of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the TRUE POINT OF BEGINNING.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

PUBLIC WORKS PARKING GARAGE

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the TRUE POINT OF BEGINNING;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the TRUE POINT OF BEGINNING;

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.

(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

ADULT DETENTION FACILITY

LEGAL DESCRIPTION

Parcel 1

All that portion of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of said Northwest Quarter of Section 23;

Thence South 89 degrees 12 minutes 13 seconds West, along the South line thereof, 1296.40 feet;

Thence North 00 degrees 27 minutes 51 seconds West, 48.00 feet to a point on the North right-of-way line of Silverlake Road, according to the City of Tucson, Silverlake Road, Mission Road to I-10 Right-of-way Plans R-95-05, dated March, 1995, said point being the POINT OF BEGINNING;

Thence continuing North 00 degrees 27 minutes 51 seconds West, 152.84 feet to a point on an existing chain link fence;

Thence along said chain link fence the following courses and distances:

North 00 degrees 31 minutes 49 seconds East, 294.49 feet;

North 02 degrees 00 minutes 34 seconds East, 290.43 feet;

North 20 degrees 22 minutes 03 seconds East, 60.61 feet;

South 88 degrees 57 minutes 28 seconds East, 228.23 feet to a point on the West line of that parcel described in Docket 6365 at page 1101, records of Pima County, Arizona;

North 17 degrees 39 minutes 43 seconds West, 219.42 feet;

North 47 degrees 58 minutes 23 seconds West, 119.42 feet;

North 64 degrees 55 minutes 15 seconds West, 80.59 feet;

North 33 degrees 40 minutes 00 seconds West, 28.38 feet;

Thence South 33 degrees 47 minutes 24 seconds West, 151.90 feet;

Thence South 43 degrees 00 minutes 27 seconds West, 110.93 feet;

Thence South 45 degrees 14 minutes 44 seconds West, 44.88 feet to a point on the North line of that parcel described in Docket 926 at page 596, Records of Pima County, Arizona;

Thence South 88 degrees 04 minutes 27 seconds West along said North line, 126.64 feet to the Northwest corner thereof;

Thence South 45 degrees 54 minutes 53 seconds West along the Westerly line of said parcel, 1028.50 feet;

Thence continuing along the Westerly line of said parcel, South 30 degrees 47 minutes 53 seconds West, 226.25 feet to a point on the North right-of-way line of said Silverlake Road;

Thence North 89 degrees 12 minutes 13 seconds East, along said North right-of-way line, 1156.35 feet to the POINT OF BEGINNING.

(JV Arb 585)

Parcel 2

A portion of the parcel described in Docket 926 at page 596, as recorded in the County Recorder's Office, Pima County, Arizona, and being within the Southeast Quarter of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a found 2" brass cap survey monument with punch mark stamped "C1/4, S23, RLS 23956" at the Southeast corner of said Southeast Quarter of the Northwest quarter to which a found 2" brass cap survey monument with punch mark stamped "W1/16 C-C, S23, RLS 23956" at the Southwest corner of said Southeast Quarter of the Northeast Quarter bears South 89 degrees 12 minutes 11 seconds West a distance of 1309.70 feet, said line being the Basis of Bearing for this description;

Thence along the South line of said Southeast Quarter of the Northwest Quarter South 89 degrees 12 minutes 11 seconds West a distance of 1296.13 feet;

Thence North 00 degrees 47 minutes 49 seconds West a distance of 48.00 feet to the POINT OF BEGINNING at the Southeast corner of the parcel described in Docket 10491 at page 246, as recorded in the County Recorder's Office, Pima County, Arizona, said point also being on the North right-of-way line of Silverlake Road as shown on right-of-way Plan #R-95-05, City of Tucson Department of Transportation;

Thence along the East line of said parcel North 00 degrees 27 minutes 53 seconds West, a distance of 152.84 feet;

Thence continuing along said East line North 00 degrees 31 minutes 17 seconds East a distance of 294.49 feet;

Thence continuing along said East line North 02 degrees 00 minutes 32 seconds East a distance of 57.00 feet;

Thence South 72 degrees 28 minutes 08 seconds East a distance of 187.70 feet;

Thence South 17 degrees 31 minutes 52 seconds West a distance of 468.95 feet to the North right-of-way line of Silverlake Road;

Thence along said North right of way line South 89 degrees 12 minutes 11 seconds West a distance of 42.21 feet to the POINT OF BEGINNING.

(JV Arb 626)

PUBLIC SERVICE CENTER OFFICE TOWER AND PARKING GARAGE

LEGAL DESCRIPTION

Parcel 1

Blocks 252 and 253 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 2

Lot 1 and the North 69.00 feet of Lot 2, and Lots 4, 5, 6 and 7 in Block 254 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 3

All of Lot 1 and that portion of Lot 6 in Block 255 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the Northeast corner of said Lot 6;

Thence Southerly 50 feet;

Thence Westerly 50 feet;

Thence Northerly 50 feet;

Thence Easterly 50 feet to the Northeast corner of said Lot 6, the Place of Beginning.

Parcel 4

Portions of public rights of way as shown in Book 4 of Maps and Plats at page 81A and 81B therein, Records of Pima County, Arizona, and on file at the Pima County Recorder's Office, Tucson, Arizona, said portions lying in the southwest one-quarter of Section 12, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

All of Grossetta Avenue as shown in said Block 4 of Maps and Plats at page 81A therein, lying southerly of the southerly right of way line of Toole Avenue, more particularly described as follows:

Beginning at the northeast corner of Block 252 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence southeasterly in a straight line to the northern corner of Block 253 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Block 254 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence easterly in a straight line to the southwest corner of Block 255 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

All of the alley lying within Block 254 as shown in Book 3 of Maps and Plats at page 81B therein, lying southerly of the southerly right of way line of Council Street more particularly described as follows:

Beginning at the northeast corner of Lot 1 of said Block 254;

Thence easterly in a straight line to the northwest corner of Lot 4 of said Block 254 and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Lot 3 of said Block 254;

Thence easterly in a straight line to the southwest corner of Lot 6 of said Block 254 and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

A portion of Council Street, shown as Miltenburg Street in said Book 4 of Maps and Plats at page 81A and 81B therein, more particularly described as follows:

Beginning at the northeast corner of said Block 254;

Thence upon the south right of way line of said Council Street, said south line coincident with the north line of said Block 254, S 89 degrees 19 minutes 31 seconds W, a distance of 132.77 feet to the northwest corner of Lot 4 thereof;

Thence continue upon said coincident line, S 89 degrees 18 minutes 58 seconds W, a distance of 17.23 feet to the northeast corner of Lot 1 thereof;

Thence continue upon said coincident line, S 89 degrees 19 minutes 23 seconds W, a distance of 145.56 feet to the northwest corner of said Block 254;

Thence leaving said south right of way line, N 03 degrees 46 minutes 35 seconds W, a distance of 50.05 feet to a point on the north right of way line of said Council Street, said point being the southwest corner of Block 252 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 252, N 89 degrees 19 minutes 22 seconds E, a distance of 298.33 feet to the southeast corner of said Block 252;

Thence N 89 degrees 15 minutes 35 seconds E, a distance of 49.99 feet to the southwest corner of Block 253 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 253, N 89 degrees 19 minutes 10 seconds East a distance of 49.70 feet;

Thence leaving said north right of way line, S 00 degrees 40 minutes 50 seconds E a distance of 50.06 feet to a point on the south right of way line of said Council Street;

Thence upon said south right of way line of Council Street, said line coincident with the north line of Block 255 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein, S 89 degrees 18 minutes 23 seconds W, a distance of 49.75 feet to the northwest corner of said Block 255;

Thence S 89 degrees 21 minutes 30 seconds W, a distance of 50.01 feet to the POINT OF BEGINNING;

EXCEPT any portion lying within the aforesaid Grossetta Avenue.

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

CERTIFICATES OF PARTICIPATION, SERIES 2015

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-1

Denomination: \$15,000,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Day Count</u>	<u>CUSIP</u>
1.000%	December 1, 2015	April 15, 2015	721664EH9

Registered Owner: CEDE & CO.

Principal Amount: SEVENTEEN MILLION DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2015 (the "2015 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment"), the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the "Fourth Amendment") and the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (the "Fifth Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

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

CERTIFICATES OF PARTICIPATION, SERIES 2015

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-2

Denomination: \$15,000,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issued Date</u>	<u>CUSIP</u>
2.000%	December 2016	April 15, 2015	721664EJ5

Registered Owner: CEDE & CO.

Principal Amount: FIFTEEN MILLION DOLLARS

THIS CERTIFICATE CERTIFIES that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2015 (the "2015 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment"), the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the "Fourth Amendment") and the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (the "Fifth Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

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

CERTIFICATES OF PARTICIPATION, SERIES 2015

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-3

Denomination: \$15,000,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>	<u>CUSIP</u>
5.000%	December 1, 2015	April 15, 2015	721664EK2

Registered Owner: CEDE & CO.

Principal Amount: FIFTEEN MILLION DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2015 (the "2015 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment"), the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the "Fourth Amendment") and the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (the "Fifth Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

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

CERTIFICATES OF PARTICIPATION, SERIES 2015

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-4

Denomination: \$12,025,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
5.000%	September 1, 2018	April 15, 2015	721664EL0

Registered Owner: CEDE & CO.

Principal Amount: TWENTY-FIVE MILLION TWENTY-FIVE THOUSAND DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2015 (the "2015 Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereof under and defined in that certain Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement") as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 (the "First Amendment"), the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (the "Second Amendment"), the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third Amendment"), the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (the "Fourth Amendment") and the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (the "Fifth Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the "Lease-Purchase Agreement"), by and between U.S. Bank National Association, as trustee (the "Lessor") and Pima County, Arizona (the "Lessee"), which Lease Payments and Prepayments and certain other rights and interests under the Lease-Purchase Agreement are held by U.S. Bank National Association, as trustee (the "Trustee"), at its designated corporate trust office.

The Registered Owner of this 2015 Certificate is entitled to receive, subject to the terms of the Lease-Purchase Agreement, on the Maturity Date set forth above, the Principal Amount set forth above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on December 1, 2015, and semiannually thereafter on December 1 and June 1 of each year (the "2015 Interest Payment Dates") until payment in full of said portion of principal, the Registered Owner's proportionate share of the Lease Payments designated as interest coming due preceding each of the 2015 Interest Payment Dates; provided that interest with respect hereto shall be payable from the 2015 Interest Payment Date next preceding the date of execution of this 2015 Certificate (unless (i) this 2015 Certificate is executed prior to December 1, 2015, in which event interest shall be payable from the Dated Date identified above, (ii) this 2015 Certificate is executed on a 2015 Interest Payment Date, in which event interest shall be payable from such 2015 Interest Payment Date, or (iii) this 2015 Certificate is executed after the close of business on the fifteenth (15th) day of the month preceding a 2015 Interest Payment Date, whether or not such fifteenth day is a Business Day, in which event interest shall be payable from such 2015 Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any 2015 Certificates of the issue of which this is one, interest hereon shall be payable from the 2015 Interest Payment Date to which interest has previously been paid or made available for payment, or, if prior to December 1, 2015, interest shall be payable from the Dated Date identified above, unless this 2015 Certificate is executed after a Special Record Date (as defined in the Original Trust Agreement) and before the following Special 2015 Interest Payment Date (as defined in the Original Trust Agreement), in which event interest shall be payable from the scheduled 2015 Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum set forth above.

Said amounts representing the Registered Owner's share of the Lease Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee on each 2015 Interest Payment Date to the Registered Owner at the close of business on the fifteenth (15th) day of the month preceding such 2015 Interest Payment Date (the "Record Date"), whether or not such fifteenth day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Lease Payments designated as interest shall be made on Special 2015 Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of \$1,000,000 or more in aggregate principal amount of 2015 Certificates as of the close of business of the Trustee on the Record Date for a particular 2015 Interest Payment Date or, if applicable, the Special Record Date for a particular Special 2015 Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner's expense) on the 2015 Interest Payment Date or Special 2015 Interest Payment Date to such Registered Owner in accordance with written notice from such Registered Owner containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire transfer directed, which written notice is received not later than five (5) days prior to the Record Date with respect to such 2015 Interest Payment Date or, if applicable, the Special Record Date for such Special 2015 Interest Payment Date. Said amounts representing the

Registered Owner's share of the Lease Payments designated as principal are payable when due upon surrender of this 2015 Certificate at the principal corporate trust office of the Trustee.

This 2015 Certificate has been executed and delivered by the Trustee pursuant to the terms of an Original Trust Agreement between the Trustee and the Lessee, dated as of June 1, 2008 (the "Original Trust Agreement"), authorizing the execution and delivery of the aggregate principal amount of \$50,000,000 Certificates of Participation, Series 2008 (which are no longer outstanding), as supplemented by the First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement") authorizing the execution and delivery of the aggregate principal amount of \$34,400,000 Certificates of Participation, Series 2009 (which are no longer outstanding), the Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement") authorizing the execution and delivery of the aggregate principal amount of \$20,000,000 Certificates of Participation, Series 2010 (the "2010 Certificates"), the Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement") authorizing the execution and delivery of the aggregate principal amount of \$80,175,000 Certificates of Participation, Series 2013A (the "2013A Certificates") and the aggregate principal amount of \$12,705,000 Refunding Certificates of Participation, Series 2013B (the "2013B Certificates"), the Fourth Supplement to Trust Agreement, dated as of January 1, 2014 (the "Fourth Supplement"), authorizing the execution and delivery of the aggregate principal amount of \$52,160,000 Certificates of Participation, Series 2014 (the "2014 Certificates") and a Fifth Supplement to Trust Agreement, dated as of April 1, 2015 (the "Fifth Supplement" and, together with the Original Trust Agreement, the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, the "Trust Agreement") authorizing a series of certificates limited in aggregate principal amount to \$57,025,000 (the "2015 Certificates"). The 2010 Certificates, the 2013A Certificates, the 2013B Certificates, the 2014 Certificates, the 2015 Certificates and any Additional Certificates which may hereafter be executed and delivered under the Trust Agreement being herein collectively referred to as the "Certificates". The Lessee is authorized to enter into the Fifth Amendment and the Fifth Supplement under the laws of the State of Arizona. Reference is hereby made to the Lease-Purchase Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2015 Certificates are delivered, the rights thereunder of the Registered Owners of the 2015 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee under the Lease-Purchase Agreement, to all of the provisions of which Lease-Purchase Agreement and Trust Agreement the Registered Owner of this 2015 Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt of the Lessee, the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease-Purchase Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including December 1, 2028,

unless terminated prior thereto in accordance with the provisions of the Lease-Purchase Agreement. The continuation of the Lease-Purchase Agreement and the obligation of the Lessee to make Lease Payments after the end of the Lessee's Fiscal Period during which the Lease-Purchase Agreement commenced is subject to and dependent upon the moneys necessary to make such payments being lawfully budgeted by the Lessee. If the Lessee fails to obtain prior to the last date on which the Lessee is required or permitted to adopt its budget for the next Fiscal Period a proper budgeting and final appropriation of the Lessee's Board of Supervisors of the full amount of funds necessary to make all Lease Payments coming due during the next occurring Fiscal Period for which such budgeting and appropriation are made, the Lease-Purchase Agreement shall terminate effective on the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which such funds were determined to be lawfully available and allocated, subject to reinstatement at the option of the Lessee within forty-five (45) days thereafter.

Upon the occurrence and continuance of any event of default under the Trust Agreement, the Trustee may, and at the written direction of the Owners of not less than five percent (5%) in Aggregate Value (as defined in the Trust Agreement) of Certificates then outstanding shall, declare the principal amount of the Certificates then outstanding to be immediately due and payable; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease-Purchase Agreement to pay Lease Payments only during the term of the Lease-Purchase Agreement and in the amounts and at the times as provided in the Lease-Purchase Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto and the Owners of a majority in Aggregate Value of the Certificates then outstanding, and may be amended without notice to or the consent of such Owners under certain circumstances, provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's Certificate.

This 2015 Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this 2015 Certificate. Upon such transfer a new 2015 Certificate or 2015 Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, whether or not this 2015 Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2015 Certificates are not subject to optional redemption prior to maturity.

The 2015 Certificates are subject to redemption on any 2015 Interest Payment Date, in whole, or in part, in any order of maturity designated by the Lessee, or, under certain circumstances, by lot by the Trustee, and by lot within a maturity from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the

Lessee pursuant to Section 10.4 of the Original Lease-Purchase Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest, without premium.

Notice of redemption shall be mailed not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption to each Registered Owner of a 2015 Certificate to be so redeemed at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any 2015 Certificate shall not affect the validity of the proceedings for the redemption of any other 2015 Certificate. On the specified redemption date all Certificates called for redemption shall cease to bear interest and shall no longer be secured by the Trust Agreement provided funds for redemption are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this 2015 Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: April 15, 2015

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Its: Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, 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 the above list.

ASSIGNMENT

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

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

Dated _____

Signature Guaranteed:

(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

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

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 6, 2015

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS: See "Ratings" herein

In the opinion of Squire Patton Boggs (US) LLP, Special Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, the portion of the Lease Payments paid and denominated as interest under the Lease and received by the owners of the 2015 Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Interest Portion is exempt from Arizona state income tax. Special Counsel expresses no opinion as to the treatment for federal income tax purposes or Arizona state income tax purposes of amounts paid to the owners of the 2015 Certificates in the event of termination of the Lease by nonappropriation. The Interest Portion may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of the Interest Portion. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$56,550,000*
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION,
SERIES 2015

Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

Dated: Date of Initial Delivery

Due: December 1, as shown on inside front cover page

The securities being offered hereby consist of Certificates of Participation, Series 2015 (the "2015 Certificates") in a Lease-Purchase Agreement, dated as of June 1, 2008, as amended, including by a Fifth Amendment to Lease-Purchase Agreement to be dated as of April 1, 2015* (the original as so amended and as subsequently amended, the "Lease"), between U.S. Bank National Association, as trustee under the below-described Trust Agreement, as lessor (the "Trustee"), and Pima County, Arizona, as lessee (the "County"). The property being leased by the Trustee to the County consists of certain interests in the major portion of the public works building of the County, the legal services building of the County, a parking garage of the County, the public service office tower and parking garage of the County, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2015 Certificates are being executed and delivered under a Trust Agreement, dated as of June 1, 2008, as supplemented, including by a Fifth Supplement to Trust Agreement to be dated as of April 1, 2015* (the original as so supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County. Initially, the 2015 Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2015 Certificates. Purchases of beneficial interests in the 2015 Certificates will be made in book-entry-only form in amounts of \$5,000 of principal maturing on a specified date or any integral multiple thereof. Purchasers will not receive certificates representing the ownership interest in the 2015 Certificates purchased by them. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

Interest represented by the 2015 Certificates will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date and will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2015*, until maturity or prior redemption, and principal with respect to the 2015 Certificates will be payable annually in accordance with the schedule set forth on the inside front cover page. So long as the 2015 Certificates are registered in the name of DTC, or its nominee, payments of the principal and interest with respect to the 2015 Certificates will be made directly by the Trustee to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the 2015 Certificates, as described herein.

The 2015 Certificates will be subject to extraordinary redemption prior to maturity as more fully described herein. See "THE 2015 CERTIFICATES - Redemption Provisions" herein.

The 2015 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County and (ii) pay costs associated with the execution and delivery of the 2015 Certificates. See "PLAN OF FINANCE" herein.

MATURITY SCHEDULE AND ADDITIONAL INFORMATION ON INSIDE FRONT COVER PAGE

The 2015 Certificates, together with \$50,405,000 outstanding principal amount of Certificates of Participation, Series 2014, \$32,150,000 outstanding principal amount of Certificates of Participation, Series 2013, \$12,030,000 outstanding principal amount of Certificates of Participation, Series 2010, and any Additional Certificates (defined herein) executed and delivered pursuant to the Trust Agreement (collectively, the "Certificates"), will evidence and represent undivided and proportionate interests of the registered Owners thereof in semiannual lease payments (the "Lease Payments") to be made by the County pursuant to the Lease. **The obligations of the County under the Lease will be payable exclusively from annually appropriated funds and will not be a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Lease will be subject to termination as of the last day of each fiscal year, at the option of the County. If so terminated and not reinstated as provided in the Lease, the County shall thereafter be relieved of any subsequent obligation under the Lease other than to surrender possession of the Leased Property to the Trustee. Upon such termination, there will be no assurance of payment of the principal or interest represented by the Certificates, including the 2015 Certificates, from funds available under the Trust Agreement as a result of the Trustee's re-leasing of the Leased Property.** See "SOURCES OF PAYMENT OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES" herein.

The Certificates will be payable solely from the Lease Payments to be made by the County from the sources identified above and from funds available under the Trust Agreement. The obligation of the County to make the Lease Payments will not be secured by a pledge of any funds, will not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation nor constitute a general obligation of the County nor an indebtedness of the County, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

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

The 2015 Certificates are offered when, as and if certain conditions are satisfied and subject to the legal opinion of Squire Patton Boggs (US) LLP, Special Counsel. Certain legal matters will be passed upon solely for the benefit of the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the 2015 Certificates will be available for delivery through the facilities of DTC, on or about April 15, 2015.*

RBC CAPITAL MARKETS

_____, 2015

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$56,550,000*
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION,
SERIES 2015

Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

Maturity Schedule*

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (a) (721664)</u>
2015	\$15,000,000			
2016	15,000,000			
2017	15,000,000			
2018	11,550,000			

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* Preliminary, subject to change.

**PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS**

Sharon Bronson, *Chair*

Ray Carroll

Richard Elías

Ally Miller

Ramón Valadez

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara LaWall
County Attorney

APPOINTED OFFICIALS

C.H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

SPECIAL COUNSEL

Squire Patton Boggs (US) LLP
Phoenix, Arizona

TRUSTEE

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the 2015 Certificates identified on the cover page hereof. No person has been authorized by Pima County, Arizona (the “County”), to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are “forward looking statements,” which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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

RBC Capital Markets, LLC (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors in accordance with the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2015 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The issuance and sale of the 2015 Certificates have not been registered under the federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor have the issuance and sale of the 2015 Certificates been qualified under the Securities Act of Arizona, in reliance upon various exemptions thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information contained herein in Appendix G – “BOOK-ENTRY-ONLY SYSTEM” has been furnished by The Depository Trust Company, and no representation has been made by the County or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

The County has undertaken to provide continuing disclosure with respect to the 2015 Certificates as required by Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING SECONDARY MARKET DISCLOSURE” and Appendix F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” herein.

U.S. Bank National Association, as trustee and lessor, assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

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\$56,550,000*
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION,
SERIES 2015
Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and appendices hereto (the "Official Statement"), has been prepared on behalf of Pima County, Arizona (the "County"), in connection with the original execution, delivery and sale of \$56,550,000* principal amount of Certificates of Participation, Series 2015 (the "2015 Certificates").

Certain capitalized terms used herein but not defined elsewhere are defined under "SUMMARY OF LEGAL DOCUMENTS - Certain Definitions" in Appendix D hereto.

The 2015 Certificates, together with \$50,405,000 outstanding principal amount of Certificates of Participation, Series 2014 (the "2014 Certificates"), \$32,150,000 outstanding principal amount of Certificates of Participation, Series 2013 (the "2013 Certificates"), \$12,030,000 outstanding principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates") and any Additional Certificates executed and delivered pursuant to the hereafter-described Trust Agreement (collectively, the "Certificates"), evidence and represent undivided and proportionate interests of the registered owners thereof in semiannual lease payments (the "Lease Payments") for the hereafter described Leased Property, to be made by the County pursuant to a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement"), as amended, including by a Fifth Amendment to Lease-Purchase Agreement to be dated as of April 1, 2015* (the "Fifth Amendment" and, together with the Original Lease-Purchase Agreement, as previously amended and as subsequently amended, the "Lease"), between U.S. Bank National Association, as trustee under the Trust Agreement, as lessor (the "Trustee"), and the County, as lessee. The property being leased by the Trustee to the County will consist of certain interests in the major portion of the public works building of the County, a parking garage adjacent to the public works building, the legal services building of the County, the public service center office tower and adjacent parking garage of the County, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). The Trustee will hold a fee title interest in the public works building, the legal services building and the adult detention (jail) facilities portions of the Leased Property (the "Sellable Leased Property") and a ground leasehold interest in the portion of the Leased Property consisting of the parking garage adjacent to the public works building and the public service center office tower and adjacent parking garage (the "Ground Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2015 Certificates are being executed and delivered under a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement"), as supplemented, including by a Fifth Supplement to Trust Agreement to be dated as of April 1, 2015* (the "Fifth Supplement" and, together with the Original Trust Agreement, as previously supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County.

The 2015 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County and (ii) pay costs associated with the execution and delivery of the 2015 Certificates. See "PLAN OF FINANCE" herein. Fee title to the Sellable Leased Property will be held by the Trustee and, a ground leasehold interest in the Ground Leased Property will be held by the Trustee pursuant to a Ground Lease, dated as of June 1, 2008 (the "2008 Ground Lease"), a Ground Lease dated as of January 1, 2014 (the "2014 Ground Lease," and together with the 2008 Ground Lease, the "Ground Lease") each between the County and the Trustee with respect to the Ground Leased Property. Pursuant to the Lease, the Trustee has or will lease back to the County the Leased Property. See "PLAN OF FINANCE" herein.

* Preliminary, subject to change.

The County expects to use the amounts received from the Trustee from the refinancing of the acquisition of the Leased Property to pay the costs of the herein-described Improvements, which are expected to consist of costs of various projects to expand and improve the County's existing sewer system facilities, but may include other capital project purposes. See "PLAN OF FINANCE – The Improvements" herein.

The obligations of the County under the Lease are payable exclusively from annually appropriated funds of the County and will not be a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Lease will be subject to termination as of the last day of each Fiscal Period of the County, at the option of the County. If so terminated and not reinstated as provided in the Lease, the County shall thereafter be relieved of any subsequent obligation under the Lease other than to surrender possession of the Leased Property to the Trustee. The Lease will also terminate upon the occurrence of an Event of Default thereunder by the County and the election of the Trustee to terminate the Term of the Lease and upon taking of all the Leased Property by eminent domain. In the event of any such termination, there is no assurance of payment of the principal or interest represented by the Certificates, including the 2015 Certificates, from funds available under the Trust Agreement or as a result of the Trustee's selling the Sellable Leased Property or re-leasing of the Leased Property. See "SOURCES OF PAYMENT OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES" herein.

The Certificates will be payable solely from the Lease Payments required to be made by the County from the sources identified above and from funds available under the Trust Agreement. The obligation of the County to make Lease Payments under the Lease will not be secured by a pledge of any funds, will not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation and will not constitute a general obligation of the County, or an indebtedness of the County, the State of Arizona ("Arizona" or the "State") or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

Under the Lease, the County will be required to pay base rent comprising the Lease Payments equal to the principal and interest requirements represented by the outstanding Certificates, unless the Lease is terminated as provided therein. Such base rent will be held in trust by the Trustee only for payment to the Owners of the Certificates. The County will also be required to pay Additional Rent, which includes payment of any taxes and assessments and the cost of maintenance and repair of the Leased Property, and to pay other fees and obligations. See "SUMMARY OF LEGAL DOCUMENTS - LEASE" in Appendix D hereto.

Unless and until discontinued, the 2015 Certificates will be held in book-entry form by The Depository Trust Company, a registered securities depository ("DTC"), and beneficial interests therein may only be purchased and sold, and payments of principal and interest represented by the 2015 Certificates will be made only to beneficial owners, through participants in the DTC system. Beneficial interests in the 2015 Certificates will be in amounts described on the cover page hereof. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

The Lease Payments will be subject to reduction to the extent of any Prepayments made with insurance or condemnation proceeds as a result of damage, destruction or condemnation of a portion of the Leased Property, which causes substantial interference with the County's use of the Leased Property; provided that the revised Lease Payments shall be sufficient to pay principal and interest represented by the Certificates remaining Outstanding after the application of the Net Proceeds of the insurance or self-insurance coverage or condemnation award to redeem a portion of the Certificates. See "SUMMARY OF LEGAL DOCUMENTS – LEASE -- Lease Payments; Additional Rent; Reduction of Rental" in Appendix D hereto. As permitted under the Lease, the County will be self-insured for damage or destruction of the Leased Property in amounts required by the Lease. Proceeds from such self-insurance program and such condemnation awards will be applied either to repair or replace the Leased Property or to redeem all or a portion of the Certificates. See "THE 2015 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption*" herein and "SUMMARY OF LEGAL DOCUMENTS – LEASE – Insurance" in Appendix D hereto.

This Official Statement contains descriptions of the 2015 Certificates, the Trust Agreement, the Ground Lease and the Lease. The descriptions of the 2015 Certificates, the Trust Agreement, the Ground Lease and the Lease and other documents described in this Official Statement (collectively, the "Financing Documents") do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the complete documents, copies of which are available from RBC Capital Markets, LLC (the "Underwriter") prior to the delivery of the 2015 Certificates.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as shown by the financial and other information, will necessarily continue or be repeated in the future.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes (“A.R.S.”) or uncodified, or of the Arizona Constitution, are references to those provisions in their current form. Those provisions may be amended, repealed or supplemented.

THE 2015 CERTIFICATES

General Provisions

The 2015 Certificates will be dated their date of initial delivery and will mature on the dates and in the principal amounts and represent interest at the respective per annum rates, all as set forth on the inside front cover page of this Official Statement. Interest represented by the 2015 Certificates will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date. Interest will be computed on the basis of a 360-day year of twelve 30-day months and be payable on each June 1 and December 1 of each year, commencing on December 1, 2015* (each, an “Interest Payment Date”).

The 2015 Certificates will be delivered in the form of fully registered certificates without coupons registered in the name of Cede & Co. as registered Owner and nominee of DTC. The Trustee shall treat Cede & Co., as the registered Owner, as the absolute owner of the 2015 Certificates for all purposes, including making payments and sending notices. So long as Cede & Co. is the registered Owner of the 2015 Certificates, as nominee of DTC, references herein to “Owners” or registered owners of the 2015 Certificates (other than under the caption “TAX MATTERS”) shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of such 2015 Certificates. When reference is made to any action which is required or permitted to be taken by the beneficial owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such beneficial owners for such purposes. When notices are given, they shall be sent by the County or the Trustee to DTC only. See Appendix G - “BOOK-ENTRY-ONLY SYSTEM.”

Subject to the provisions summarized in Appendix G - “BOOK-ENTRY-ONLY SYSTEM,” the principal represented by each 2015 Certificate will be payable at the designated office of the Trustee. Interest represented by each 2015 Certificate will be paid on each Interest Payment Date by check drawn on the Trustee mailed on or before the Interest Payment Date to the registered owners as shown on the records of the Trustee as of the fifteenth day of the month immediately preceding such Interest Payment Date or, if such a day is not a business day, on the next succeeding business day or the Trustee may agree with a registered Owner of \$1,000,000 or more in aggregate principal amount of the 2015 Certificates for another form of payment.

Redemption Provisions

No Optional Redemption. The 2015 Certificates will not be subject to optional redemption prior to their stated maturities.

Extraordinary Redemption. The 2015 Certificates will be subject to redemption on any Interest Payment Date, in whole or in part, to the extent of any Net Proceeds of insurance or condemnation that are deposited in the Lease Payment Fund for such purpose as provided under the Lease (See “LEASE - Insurance” and “—Eminent Domain” in Appendix D hereto), at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date.

* Preliminary, subject to change.

Selection of Certificates. Whenever less than all Outstanding 2015 Certificates are called for redemption, the maturities of the 2015 Certificates to be selected for redemption may be specified by the County or, if the County does not so specify, will be determined by the Trustee by lot, and within any maturity will be selected by lot.

Notice of and Procedure for Redemption

In the event any 2015 Certificates are called for redemption, notice thereof identifying the 2015 Certificates to be redeemed and specifying a redemption date and the redemption price will be required to be given by the Trustee in the form of a redemption notice to DTC not less than 30 nor more than 60 days prior to the date fixed for redemption. If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or by the Trustee prior to sending the notice of redemption, such redemption shall be conditional on such money 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. See Appendix G – “BOOK-ENTRY-ONLY SYSTEM.”

All of the 2015 Certificates so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and will no longer be protected by and will not be deemed to be Outstanding under the provisions of the Trust Agreement.

Defeasance

If the County (i) pays the principal and interest of all Outstanding 2015 Certificates when the same becomes due and payable, or (ii) at or before maturity of all Outstanding 2015 Certificates, deposits money or Defeasance Obligations with the Trustee which, together with other available funds, are sufficient to pay the principal and interest of all Outstanding 2015 Certificates and any Additional Rent, the lien of the Trust Agreement and all covenants, agreements and obligations of the County and the Trustee securing or pertaining to the 2015 Certificates will terminate, except for the obligation of the Trustee to make payment on the 2015 Certificates. (See “SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT - Defeasance” in Appendix D hereto.)

PLAN OF FINANCE

General

The proceeds received by the Trustee from the sale of the 2015 Certificates, net of amounts deposited into the Delivery Costs Fund established under the Trust Agreement to pay costs related to the execution and delivery of the 2015 Certificates, will be used by the Trustee to refinance the original acquisition of the Leased Property from the County.

The County intends to use such amounts received from the Trustee to pay the costs of the Improvements described below, none of which are a part of the Leased Property.

The Leased Property

The Leased Property consists of the following property of the County:

Adult Detention Center. This portion of the Leased Property (the “Adult Detention Center”) consists of a fee ownership interest in the maximum security facility (a seven-story block building designed with a 732-bed capacity) and a medium security facility (a four-story block building designed with an approximately 400-bed capacity). The medium security facility is an annex to the maximum security facility. The maximum security facility has been retrofitted so that it now accommodates 1,892 beds. The Adult Detention Center currently provides the only maximum and medium detention facilities for the County.

The Adult Detention Center opened in 1984 and currently houses approximately 1,800 inmates. The change in average annual jail population for the past ten years is shown below.

<u>Calendar Year</u>	<u>Average Jail Population</u>	<u>Calendar Year</u>	<u>Average Jail Population</u>
2014	2,061	2009	1,826
2013	2,037	2008	1,913
2012	1,926	2007	2,008
2011	1,687	2006	2,028
2010	1,636	2005	2,009

Source: Pima County Sheriff's Department.

The two-building complex is located on approximately 17 acres of land situated about 3 miles southwest of downtown Tucson, Arizona.

Pima County Public Works Building Portion of Leased Property. This portion of the Leased Property consists of a fee ownership interest in the south 137,938 square feet of a 9-story building, located at 201 North Stone in Tucson, Arizona, which serves as the Public Works Building of the County. *(The north 63,000 square feet of the building are leased to the City of Tucson Arizona, by the County and are not part of the Leased Property.)* The 9-story site contains 15,524 square feet of land. The building was constructed in the 1960s; it was subsequently gutted back to the concrete floors and ceilings. By 1991, the building was completely rebuilt and immediately occupied by the County.

Public Works Building Parking Garage. This portion of the Leased Property consists of a ground leasehold interest in a 785-space parking garage located adjacent to the Pima County Public Works Building in downtown Tucson, Arizona, and includes the site for the facility and related entry and exit ramps and the parking facility itself, which is located above the downtown Tucson branch of the YMCA. The YMCA is located on a portion of the same site, beneath the first level of the parking garage, pursuant to a lease granted by the County in 1990. *The Leased Property does not include any portion of the YMCA facilities located on the site or elsewhere.*

The parking facility was constructed in 1991 and has been in continuous operation since its opening. The majority of the facility is used for parking for County employees and public parking during normal business hours and for users of the downtown YMCA facility.

The term of the Ground Lease associated with the parking facility will extend through June 1, 2029, but will be subject to earlier termination on any date upon (a) defeasance of the Lease and the Trust Agreement with respect to all Certificates as permitted thereunder, or (b) the exercise of the County of its option to purchase the Leased Property pursuant to the Lease and defeasance of the Trust Agreement as permitted thereunder.

Legal Services Building Portion of Leased Property. This portion of the Leased Property consists of a fee ownership interest in a 20-story, single-tenant office building constructed in 1966, located at 32 North Stone in Tucson, Arizona. The gross square footage of the tower is 209,187 square feet. The tower site contains 10,636 square feet of land. The 15th floor of the tower was specifically gutted to a shell condition in order to accommodate the record file storage requirements of the Legal Services Division of the County.

Public Service Center Office Tower and Parking Garage. This portion of the Leased Property consists of a 288,363 square foot multi-story building, half of which has 14 courtrooms along with supporting administrative and detention accommodations for use by the Pima County Justice Courts, and space to accommodate an additional 7 courtrooms. The balance of the building is office space for the County Recorder, County Treasurer and County Assessor. The Public Service Center also includes a multi-story, 700 car, precast parking garage with one-half level below grade for secured judicial parking. At grade level, the parking garage includes 8,800 square feet of multi-tenant retail.

Pursuant to the Lease, the Trustee will lease back to the County the Leased Property. The County has not undertaken an appraisal of the Leased Property but believes the market value of the Leased Property is at least \$166 million. Policies of title insurance, in an aggregate amount of \$166 million, will be in effect upon execution and delivery of the 2015 Certificates, insuring the Trustee's fee title interest in the Sellable Leased Property and its leasehold interest in the Ground Leased Property.

The Improvements

The County intends to use the amounts received from the Trustee from the refinancing of the acquisition of the Leased Property to fund various projects to expand and improve the County's existing sewer system facilities. The County may also use a portion of the funds received for other capital projects. All such capital projects are collectively referred to herein as the "Improvements". None of the Improvements will be part of the Leased Property.

Sources of Lease Payments

Although no specific revenue sources will be pledged to or secure the Certificates, the County anticipates using monies from the County's sewer system enterprise for making the Lease Payments, subject to annual appropriation by the Board of Supervisors of the County.

See "SOURCES OF PAYMENT OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES."

SOURCES OF PAYMENT OF THE CERTIFICATES

Under the terms of the Trust Agreement, the 2015 Certificates will be payable on a parity with the outstanding 2010 Certificates, the 2013 Certificates, the 2014 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement, solely from: (1) Lease Payments received by the Trustee from the County under the Lease, subject to termination of the Lease as provided under the Lease, (2) amounts from time to time deposited in the funds created under the Trust Agreement and investment earnings on such funds (except for any investment earnings that are required to be rebated to the United States in order to continue the exclusion of the interest represented by the Certificates from gross income for federal income tax purposes) and (3) any Net Proceeds from insurance coverage or condemnation awards received by the Trustee from the damage, destruction or taking of the Leased Property or portion thereof pursuant to the Lease and the Trust Agreement or from exercise by the Trustee of any remedies under the Lease and the Trust Agreement upon default thereunder. See "SECURITY FOR THE CERTIFICATES" as well as "SUMMARY OF LEGAL DOCUMENTS – LEASE -- Events of Default," "-- Eminent Domain" and "-- Insurance" and "SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT -- Events of Default; Acceleration" in Appendix D hereto.

The County will be required under the Lease to make Lease Payments semiannually in amounts sufficient to make interest and principal payments represented by the Certificates on November 15, 2015*, and each May 15 and November 15 thereafter. The County's obligation under the Lease to pay Lease Payments during the term of the Lease will be absolute and unconditional, but subject to (1) the County's right each year to terminate the Lease as of the end of each Fiscal Period by failing to budget and appropriate the full amount necessary to make all Lease Payments come due in the next Fiscal Period, (2) reduction of Lease Payments in the event of damage, destruction or condemnation of any portion of the Leased Property, and (3) termination of the Lease upon taking of all of the Leased Property by eminent domain, all as described below under "SECURITY FOR THE CERTIFICATES" and under "SUMMARY OF LEGAL DOCUMENTS - LEASE -- Lease of Leased Property" and "-- Lease Payments; Additional Rent; Reduction of Rental" in Appendix D hereto.

IN THE EVENT OF TERMINATION OF OR DEFAULTS UNDER THE LEASE, THERE IS NO ASSURANCE THAT THE TRUSTEE WILL HAVE ADEQUATE FUNDS UNDER THE TRUST AGREEMENT TO PAY INTEREST AND PRINCIPAL REPRESENTED BY THE CERTIFICATES. See "RISK FACTORS - Limitations on Remedies."

* Preliminary, subject to change.

SECURITY FOR THE CERTIFICATES

General

Each Certificate will evidence an undivided and proportionate interest in Lease Payments under the Lease. The County's obligations to make Lease Payments and any other obligation under the Lease will be subject to and dependent upon an annual budgeting and appropriation being made by the Board of Supervisors of the County to make such Lease Payments. The term of the Lease will continue through and including December 1, 2028, unless terminated prior thereto. If the Board of Supervisors of the County (the "Board") does not budget and appropriate funds sufficient to pay Lease Payments in any succeeding Fiscal Period, the Lease will terminate as of the last day of the Fiscal Period for which Lease Payments were made, and the County will be required to vacate and return possession of the Leased Property to the Trustee, all in accordance with and subject to the terms of the Lease and the Trust Agreement. See "SECURITY FOR THE CERTIFICATES - Non-appropriation; Other Termination Events" herein. In that event, the Trustee will be entitled to exercise all available remedies, which could include selling the Sellable Leased Property or re-leasing the Leased Property. See "RISK FACTORS - Limitations on Remedies" below.

The County's obligation to make Lease Payments will not constitute a debt or liability of the County, the State or any political subdivision thereof within the meaning of any constitutional or statutory limitation. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision thereof will be pledged to pay the principal or interest evidenced by the Certificates. Payments with respect to the Certificates will be made solely from amounts derived under the terms of the Lease, including the Lease Payments, and available amounts from time to time on deposit under the terms of the Trust Agreement. No funds will be pledged by the County to pay Lease Payments.

Non-appropriation; Other Termination Events

If the County fails to obtain, on or before the third Business Day prior to the last date on which the County is required or permitted to adopt its budget for a Fiscal Period, proper budgeting and final appropriation by the Board of the full amount of funds necessary to make all Lease Payments coming due during the Fiscal Period for which such budgeting and appropriation are made, thereafter, the County will immediately notify the Trustee in writing of that fact. If on the last date on which the County is required or permitted to adopt its budget for a Fiscal Period no such proper budgeting and final appropriation by the Board shall have been made, all of the County's right, title and interest in and future obligations under the Lease and to all of the Leased Property will terminate (subject to reinstatement as provided below), effective as of the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which sufficient funds were determined to be lawfully available and allocated. In the event the County terminates the Lease, the County will be relieved of any subsequent obligation under the Lease with respect thereto, other than to return to the Trustee possession of all of the Leased Property as provided in the Lease and to pay any accrued and unpaid obligations.

The budget officials of the County have covenanted in the Lease that they will include in the budget presented to the Board sufficient funds for payment of all Lease Payments and Additional Rent when due, provided, however, pursuant to Arizona law, the budgeting and appropriation of money by the Board is a legislative act of the Board and is beyond the control of the budgeting officials of the County.

If the Lease terminates as described above and if within forty-five (45) days after such date of termination amounts described above are determined to be available which would have permitted the Lease to have continued in effect with respect to the Leased Property if such amounts had been determined to be available prior to the termination date, then the Lease will be reinstated with respect thereto and deemed renewed as of the day following the date of such termination.

In the event the County terminates the Lease, the County will have no further obligations under the Lease. Upon termination, the County will be required by the Lease to surrender possession of the Leased Property to the Trustee. Such termination will constitute an Event of Default under the Trust Agreement, if the Lease has not been reinstated, but such termination will not be a default under the Lease. Upon such Event of Default under the Trust

Agreement, the Trustee may exercise one or more of the remedies provided in the Trust Agreement, subject to receipt of indemnity satisfactory to it, including an option to sell the Sellable Leased Property or re-lease its interest in the Leased Property, and to apply the proceeds of such disposition, if any, along with the moneys in the Lease Payment Fund established under the Trust Agreement, to the payment of the Certificates. See "SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT -- Event of Default; Acceleration" in Appendix D hereto. However, there is no assurance that net revenues received by the Trustee from any such sale of the Sellable Leased Property or re-lease of the Leased Property would be sufficient to pay in full all Outstanding Certificates. Should such a shortfall occur, the interest and principal represented by the Certificates would be paid by the Trustee to the extent of moneys, if any, held by the Trustee under the Trust Agreement.

Upon an Event of Default under the Trust Agreement, the Trustee will be required to take action to force the County to surrender possession of the Leased Property. However, the exercise by the Trustee of any other subsequent or additional remedies may be affected by the environmental condition of the Leased Property, and the Trustee may decline to exercise such other remedies unless it is indemnified and obtains assurances to its satisfaction that it will not become responsible for environmental liabilities. See "RISK FACTORS - Limitations on Remedies."

Damage, Taking or Removal of Leased Property

The Leased Property will be required to be insured or self-insured to the extent set forth herein under "SUMMARY OF LEGAL DOCUMENTS – LEASE -- Insurance" in Appendix D hereto, which includes property insurance equal to the full replacement cost of the Leased Property. As permitted under the Lease, the County will be self-insured for damage or destruction of the Leased Property and other liabilities in amounts required by the Lease.

Under the Lease, the Net Proceeds of any insurance recoveries and proceeds of self-insurance resulting from any damage or destruction of the Leased Property by fire or other casualty must be deposited in the Insurance and Condemnation Fund established under the Trust Agreement. Moneys in the Insurance and Condemnation Fund will be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property by the County, provided, however, that if the County notifies the Trustee within 90 days of such deposit of its determination that the replacement, repair, restoration, modification or improvement of the damaged portion of the Leased Property is not economically feasible or in the best interests of the County, then such Net Proceeds will be promptly transferred by the Trustee to the Lease Payment Fund and applied to effect extraordinary redemption of Outstanding Certificates as follows: in the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause redemption of all Outstanding Certificates, and in the event of damage or destruction of the Leased Property in part, if such Net Proceeds are sufficient, together with all other funds available therefor to redeem all Outstanding Certificates, such amounts will be applied to the extraordinary redemption, in whole, of all Outstanding Certificates, or if such Net Proceeds, together with such other funds, are not sufficient to redeem all Outstanding Certificates, then the County shall have the option to either use such Net Proceeds to repair the Leased Property or to extraordinarily redeem the Certificates in part. See "THE 2015 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption.*"

In the event of such partial redemption, the Lease Payments will be reduced to an amount sufficient to pay interest and principal represented by the Certificates Outstanding after such partial redemption.

Under the Lease, the County will waive any right to terminate the Lease because of damage or destruction to the Leased Property, but retains the right to determine annually whether to appropriate Lease Payments for the next Fiscal Period.

If all the Leased Property is taken by eminent domain, the Net Proceeds of the condemnation award will be deposited in the Insurance and Condemnation Fund and used to extraordinarily redeem Certificates to the extent of such Net Proceeds and the Lease shall terminate as of the date possession is taken from the County.

If a part of the Leased Property is taken by eminent domain, or if all of the Leased Property is taken temporarily, then the Lease will continue in effect and the Net Proceeds will be deposited in the Insurance and

Condemnation Fund and applied as follows: if the Trustee determines that either (1) such taking does not materially adversely affect the operation of the Leased Property and the Net Proceeds are not needed to replace the Leased Property, or (2) such taking does not materially adversely affect remaining portions of the Leased Property or the ability of the County to meet any of its obligations under the Lease, then the Net Proceeds will be used to extraordinarily redeem Certificates in part; otherwise, such Net Proceeds will be used to replace the taken Leased Property. See “THE 2015 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption*.”

If there is a partial taking of the Leased Property, the Lease Payments will be reduced to an amount sufficient to pay interest and principal represented by Certificates Outstanding after such partial redemption.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not used to redeem Certificates will be required to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property by the County. Any balance of the Net Proceeds remaining after such work has been completed will be required to be deposited in the Lease Payment Fund and applied as a credit against the next subsequent Lease Payments.

Additional Certificates

Subject to certain conditions provided in the Trust Agreement, the Trustee may execute and deliver, at the direction of the County, Additional Certificates from time to time to provide funds to pay the costs of refunding Outstanding Certificates or to restructure the County’s Lease Payments under the Lease, or to pay the costs of making any modifications or improvements to the Leased Property or to finance additional property as the County deems necessary or desirable. Such conditions include, but are not limited to, that the Lease remains in effect, that no Event of Default has occurred under the Trust Agreement, that such Additional Certificates do not affect the tax-exempt status of the Outstanding Certificates then bearing tax-exempt interest or result in the reduction or withdrawal of the assigned ratings on the Outstanding Certificates.

RISK FACTORS

The purchase of the 2015 Certificates involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective 2015 Certificate purchaser should make an independent evaluation of all the information presented herein. Certain of these investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect relative importance of risks. The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the 2015 Certificates.

Limited Obligation. The obligation of the County to pay Lease Payments will not be secured by the levy or pledge of any tax or any other funds and will not constitute a debt or indebtedness of the County or the State within the meaning of any constitutional or statutory debt limitation or restriction. See “SECURITY FOR THE CERTIFICATES.” The Lease Payments are payable by the County, subject to annual appropriation by the Board of Supervisors of the County, from monies of the County.

No Pledge of County Funds. No funds or revenues of the County will be pledged, obligated or restricted for the payment of the Lease Payments, including, without limitation, the funds and revenues described under “PLAN OF FINANCE - Sources of Lease Payments” and “SOURCES OF PAYMENT OF THE CERTIFICATES.” In addition, the County will have the right to refuse to appropriate funds, and thus terminate the Lease, for any reason including inadequacy of the Leased Property. Were the County to refuse to appropriate funds and thereby terminate the Lease, there will be no assurance that the Trustee would have adequate funds under the Trust Agreement to pay interest and principal represented by the Certificates.

Other Obligations of County. The County has existing obligations, including lease-purchase obligations, and has the capacity to enter into other obligations which are payable from amounts in the General Fund or other monies of the County, which is the same source it will use to make Lease Payments. See “PIMA COUNTY, ARIZONA – FINANCIAL INFORMATION - Lease, Lease-Purchase and Purchase Agreements” and “- Certificates

of Participation” in Appendix B. To the extent that the County’s current or future obligations are paid from the General Fund or other County monies, the funds available to make Lease Payments may be decreased. The Lease will not impose any restrictions upon the ability of the County to incur additional obligations.

Termination of Lease. In addition to termination of the Lease upon non-appropriation of funds as described under the heading “SECURITY FOR THE CERTIFICATES - Non-appropriation; Other Termination Events”, several other events may lead to a termination of the Lease:

- (1) an Event of Default on the part of the County and an election by the Trustee to terminate the Lease as described under the heading “SUMMARY OF LEGAL DOCUMENTS – LEASE - Events of Default” in Appendix D hereto;
- (2) the taking of all of the Leased Property under the power of eminent domain, described below; and
- (3) violation of certain State statutes pertaining to conflicts of interest, described below.

If an Event of Default under the Lease occurs, the Trustee may terminate the Lease and sell or relet the Leased Property. The Net Proceeds from the sale of the Sellable Leased Property or re-leasing of the Leased Property, together with other moneys then held by the Trustee under the Trust Agreement, will be required to be used under the Trust Agreement to pay principal and interest represented by the Certificates as it becomes due, to the extent of such moneys. No assurance can be given that the amount of such funds would be sufficient to pay all the Certificates when due.

In the event that the Leased Property has been taken in whole pursuant to eminent domain proceedings, all Net Proceeds, together with funds, if any, then on hand in funds held by the Trustee will be applied to the extraordinary redemption of the Certificates and the Lease shall terminate on the date possession is taken from the County. No assurance can be given that the Net Proceeds of eminent domain and other moneys available under the Trust Agreement will be sufficient to redeem all of the Outstanding Certificates.

As required by the provisions of A.R.S. Section 38-511, the County may, within three years after its execution, cancel any contract (including the Financing Documents), without penalty or further obligation, made by the County if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Financing Documents on behalf of the County (a “County Representative”) is, at any time while the Financing Documents or any extension thereof are in effect, an employee of any other party to the Financing Documents in any capacity or a consultant to any other party of the Financing Documents with respect to the subject matter thereof. The cancellation shall be effective when written notice from the Board is received by all other parties to the Financing Documents unless the notice specifies a later time. The Trustee will agree in the Lease not to employ as an employee or an agent, or with respect to the subject matter of the Financing Documents, as a consultant any County Representative within three years from execution of the Financing Documents unless a waiver of Section 38-511 is provided by the Board.

Squire Patton Boggs (US) LLP, Special Counsel with respect to the execution and delivery of the 2015 Certificates (“Special Counsel”), will not render an opinion with respect to the tax-exempt status of payments made to Owners of the 2015 Certificates from sources made available by the County as a result of the termination of the Lease for any reason (including termination upon nonappropriation of funds by the County). If the Lease is terminated while 2015 Certificates are Outstanding, there will be no assurance that after such termination, payments made to Owners (from sources other than funds made available by the County) with respect to interest will be excludable from gross income of the Owners thereof for federal or Arizona income tax purposes.

In addition, neither Special Counsel nor counsel to the Underwriter will render an opinion as to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to the transfer of any 2015 Certificates in the event payments are received from sources made available by the County as a result of termination of the Lease for any reason. If the Lease is terminated while the 2015 Certificates are Outstanding, there will be no assurance that after such termination 2015 Certificates may be transferred by a 2015

Certificate Owner without compliance with the registration provisions of the Securities Act of 1933, as amended, or that an exemption from such registration is available.

Limitations on Remedies. Due to the specialized configuration of the Leased Property and the limited number of potential users of the Leased Property, no assurance can be given that the proceeds from any sale of the Sellable Leased Property or re-leasing of the Leased Property will be sufficient to pay in full the 2015 Certificates. The enforcement of any remedies provided in the Lease and the Trust Agreement could prove both expensive and time consuming. In addition, the enforceability of the Lease and the Trust Agreement is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State and its political subdivisions. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Trustee to obtain possession of the Leased Property upon termination of the Lease or exercise of remedies upon default by the County may result in delays in payment of the Certificates.

Although the Lease and the Trust Agreement provide that the Trustee may take possession of the Leased Property and sell the Sellable Leased Property or re-lease the Leased Property if there is a default by the County thereunder or if the County terminates the Lease, and the Lease provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, no assurance can be given that revenues from the Trustee's sale or reletting of the Leased Property would be sufficient to pay in full all Outstanding Certificates.

Upon the termination of the Lease or if the County defaults in its obligation to make Lease Payments thereunder, the Trustee will be required to take action to force the County to surrender possession of the Leased Property. However, under the terms of the Trust Agreement, the Trustee will not be under any obligation to take any other action if the Trustee determines that to do so exposes the Trustee to a risk of financial liability (including environmental liability) for which it reasonably believes it is not adequately indemnified. Prior to taking other actions under the Trust Agreement, the Trustee may request assurances, such as an additional environmental audit, that it will not incur liability by reason of any other action taken by the Trustee pursuant to the Trust Agreement.

SOURCES AND USES OF FUNDS

The sources and uses of funds derived from the sale of the 2015 Certificates are as follows:

Sources of Funds

Par Amount of the 2015 Certificates	
Net Original Issue Premium/(Discount)	
Total Sources	_____
	=====

Uses of Funds

2015 Acquisition Fund (a)	
Costs of Issuance (Including Underwriter's Discount)	
Total Uses	_____
	=====

- (a) This amount will be paid to the County to refinance the acquisition of the Leased Property upon execution and delivery of the 2015 Certificates. The County will use such amount to pay for the Improvements. See "PLAN OF FINANCE – The Improvements" herein.

CERTIFICATE PAYMENT REQUIREMENTS

The Lease requires that Lease Payments be paid on the fifteenth day of the month preceding each Interest Payment Date and in the following amounts. The Trust Agreement provides that such amounts be deposited in the Lease Payment Fund and applied, on a semiannual basis, to pay amounts due with respect to the Certificates.

Interest Payment Date	Lease Payments on Outstanding Certificates	2015 Certificates*		Total Lease Payments on Certificates*
		Principal	Interest (a)	
06/01/2015	\$ 4,503,491			\$4,503,491
12/01/2015	14,159,991	\$15,000,000	\$1,392,188	30,552,178
06/01/2016	4,260,541		963,750	5,224,291
12/01/2016	9,305,691	15,000,000	963,750	25,269,441
06/01/2017	4,149,516		663,750	4,813,266
12/01/2017	9,496,516	15,000,000	663,750	25,160,266
06/01/2018	4,016,266		288,750	4,305,016
12/01/2018	7,090,766	11,550,000	288,750	18,929,516
06/01/2019	3,924,516			3,924,516
12/01/2019	7,235,375			7,235,375
06/01/2020	1,095,625			1,095,625
12/01/2020	6,630,625			6,630,625
06/01/2021	957,250			957,250
12/01/2021	6,932,250			6,932,250
06/01/2022	807,875			807,875
12/01/2022	7,197,875			7,197,875
06/01/2023	648,125			648,125
12/01/2023	4,448,125			4,448,125
06/01/2024	553,125			553,125
12/01/2024	4,548,125			4,548,125
06/01/2025	453,250			453,250
12/01/2025	4,653,250			4,653,250
06/01/2026	348,250			348,250
12/01/2026	4,763,250			4,763,250
06/01/2027	237,875			237,875
12/01/2027	4,877,875			4,877,875
06/01/2028	121,875			121,875
12/01/2028	4,996,875			4,996,875

(a) The first interest payment date on the 2015 Certificates is December 1, 2015*. Interest is estimated.

LITIGATION

To the knowledge of appropriate representatives of the County, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the issuance or delivery of the 2015 Certificates, the Trust Agreement, or the Lease, or in any way contesting or affecting any authority for the execution and delivery of the 2015 Certificates, or the validity of the 2015 Certificates, the proceeds from the execution and delivery thereof or any agreements entered into in connection therewith, or in any way contesting the

* Preliminary, subject to change.

existence or powers of the County with regard to the 2015 Certificates, the Trust Agreement, or the Lease or any agreement, document, duty or covenant pertaining thereto.

The County has been named as a defendant in several lawsuits for which the County believes either that it has adequate self-insurance or insurance coverage in the event of liability or that such liability would not otherwise materially and adversely affect the financial condition of the County.

LEGAL MATTERS

The 2015 Certificates will be sold with the understanding that the County will furnish the Underwriter with an approving opinion of Squire Patton Boggs (US) LLP, Special Counsel. A form of such opinion is included in Appendix E hereto. Said attorneys have been retained by the County as Special Counsel and in such capacity will render their opinion only upon the legality of the 2015 Certificates under Arizona law and on the exclusion of the interest portion related to the 2015 Certificates from gross income for purposes of calculating federal income taxes and of the exemption of that interest portion from State income taxes. (See "TAX MATTERS" herein.) Fees of Special Counsel will be paid from 2015 Certificate proceeds.

Certain legal matters will be passed upon solely for the benefit of the Underwriter by Greenberg Traurig, LLP.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Special Counsel, under existing law (i) the Interest Portion of the Lease Payments paid under the Lease and received by the Owners is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the Interest Portion is exempt from Arizona state income tax. Special Counsel expresses no opinion as to any other tax consequences regarding the 2015 Certificates. Under certain circumstances, interest paid for periods following termination of the Lease by nonappropriation may not be excludable from gross income for federal income tax purposes. Special Counsel expresses no opinion on the federal income tax or Arizona state income tax treatment of amounts paid to Owners in the event of termination of the Lease by nonappropriation or as to any other tax consequences regarding the 2015 Certificates. See also "SECURITY FOR THE CERTIFICATES – Non-appropriation; Other Termination Events."

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Interest Portion is and will remain excluded from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Special Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Special Counsel's legal judgment as to the exclusion of the Interest Portion from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Special Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the Interest Portion being included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2015 Certificates.

The County has covenanted to take the actions required of it for the Interest Portion to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Notwithstanding the previous sentence, in the event of termination of the Lease by nonappropriation, use of the property or the facilities financed with the proceeds of the 2015 Certificates in a manner that would cause the Lease, if the property or the facilities financed with the proceeds of the 2015 Certificates had originally been used in such manner, to constitute a “private activity bond” under Section 141 of the Code may prompt the IRS to take the position that the Interest Portion is not excluded from gross income for federal income tax purposes, retroactive to the date of execution and delivery of the 2015 Certificates. After the date of execution and delivery of the 2015 Certificates, Special Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Special Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of the Interest Portion or the market value of the 2015 Certificates.

A portion of the Interest Portion earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, the Interest Portion may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the Owner of the 2015 Certificates. Special Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2015 Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If an Owner of a 2015 Certificate is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Special Counsel’s engagement with respect to the 2015 Certificates ends with the execution and delivery of the 2015 Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax status of the Interest Portion of the 2015 Certificates in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2015 Certificates, under current IRS procedures, the IRS will treat the County as the taxpayer and the Beneficial Owners will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2015 Certificates for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2015 Certificates.

Prospective purchasers of the 2015 Certificates upon their original issuance at prices other than the respective prices indicated on the inside front cover page of this Official Statement, and prospective purchasers of the 2015 Certificates at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Special Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2015 Certificates. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of execution and delivery of the 2015 Certificates will not have an adverse effect on the tax status of the Interest Portion or the market value or marketability of the 2015 Certificates. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of the Interest Portion from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the 2015 Certificates should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the Interest Portion for federal income tax purposes for all or certain taxpayers. In such event, the market value of the 2015 Certificates may be adversely affected and the ability of holders to sell their 2015 Certificates in the secondary market may be reduced. The 2015 Certificates are not subject to special mandatory redemption as a result of a change in federal tax law, and the interest rates on the 2015 Certificates are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the 2015 Certificates (“Discount Certificates”) as indicated on the inside front cover page of this Official Statement were offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Certificate. The issue price of a Discount Certificate is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Certificates of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the Owner of a Discount Certificate over the period to maturity based on the constant yield method, compounding semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Certificate (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the 2015 Certificates, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Certificate. The amount of OID that accrues each year to a corporate owner of a Discount Certificate is taken into account in computing the corporation’s liability for federal alternative minimum tax. A purchaser of a Discount Certificate in the initial public offering at the price for that Discount Certificate stated on the inside front cover page of this Official Statement who holds that Discount Certificate to maturity will realize no gain or loss upon the retirement of that Discount Certificate.

Certain of the 2015 Certificates (“Premium Certificates”) as indicated on the inside front cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes certificate premium. For federal income tax purposes, certificate premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate (or, in the case of a Premium Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Certificate), compounded semiannually. No portion of that certificate premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner’s tax basis in the Premium Certificate is reduced by the amount of certificate premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate. A purchaser of a Premium Certificate in the initial public offering at the price for that Premium Certificate stated on the inside front cover page of this Official Statement who holds that Premium Certificate to maturity (or, in the case of a callable Premium Certificate, to its earlier call date that results in the lowest yield on that Premium Certificate) will realize no gain or loss upon the retirement of that Premium Certificate.

Owners of Discount and Premium Certificates should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or certificate premium properly accruable or amortizable in any period with respect to the Discount or the Premium Certificates and as to other federal tax consequences and the treatment of OID and certificate premium for purposes of state and local taxes on, or based on, income.

RATINGS

Fitch Ratings, Inc. (“Fitch”) and Standard & Poor’s Financial Services LLC (“S&P”) will assign the 2015 Certificates ratings of “AA-” and “A+”, respectively. Such ratings reflect only the views of Fitch and S&P, and any desired explanation of the significance of these ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch at One State Street Plaza, New York, New York 10004 and S&P at 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings may subsequently be revised downward or withdrawn entirely by Fitch and S&P, respectively, if in their respective judgment, circumstances to warrant. Any subsequent downward revision or withdrawal of such ratings may have an adverse effect on the market price and marketability of the 2015 Certificates.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the 2015 Certificates to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2016 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events, if material (the “Notices”). The Annual Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system as described in Appendix F - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices is set forth in Appendix F - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

These covenants have been made in order to assist the Underwriter of the 2015 Certificates in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and mailing the Annual Reports and the Notices to the MSRB. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2015 Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2015 Certificates and their market price.

The County has complied with all existing continuing disclosure undertakings relating to the County for the last five years in all material respects.

UNDERWRITING

The 2015 Certificates will be purchased by the Underwriter at an aggregate purchase price of \$_____, pursuant to a certificate purchase contract (the “Certificate Purchase Agreement”) entered into by the County, the Trustee and the Underwriter. If the 2015 Certificates are sold to produce the yields shown on the inside front cover page, the Underwriter’s compensation will be \$_____. The Certificate Purchase Agreement will provide that the Underwriter will purchase all of the 2015 Certificates so offered if any are purchased. The Underwriter may offer and sell the 2015 Certificates to certain dealers (including dealers depositing 2015 Certificates into unit investment trusts) and others at yields lower than the public offering prices stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

FINANCIAL STATEMENTS

Included as Appendix C of this Official Statement are excerpts of the County’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering its opinion on such Comprehensive Annual Financial Report.

ADDITIONAL INFORMATION

Additional information and copies of this Official Statement may be obtained from Pima County, Director of Finance and Risk Management, 130 West Congress, Tucson, Arizona 85701.

CONCLUDING STATEMENT

To the extent that any statement made in this Official Statement involves matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has been identified by source and has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing are to be construed as part of a contract with the Underwriter or subsequent owners of the 2015 Certificates.

The County has approved and authorized the distribution and use of this Official Statement.

By _____
Chair, Board of Supervisors

By _____
County Administrator

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PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the “County”) is located in the southern portion of the State of Arizona (“Arizona” or the “State”), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State’s four original counties, the County is today the second most populous county in Arizona with an estimated 2014 population of 1,007,162. Approximately 53% of the County’s population resides in the City of Tucson, Arizona (“Tucson”), the County seat of government and southern Arizona’s largest city.

TABLE 1
Population Statistics For Pima County,
the City of Tucson and the State of Arizona

	<u>Pima County</u>	<u>City of Tucson</u>	<u>State of Arizona</u>
2014 Estimate (a)	1,007,162	529,336	6,667,241
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Source: Except as otherwise described, U.S. Census Bureau.

Organization

The County is governed by a five-member Board, each member of which is elected for a four-year term to represent one of the designated districts within the County. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrator who is responsible for the general administration and overall operations of the various departments of the County.

Mr. Charles H. Huckelberry was appointed County Administrator in December 1993. From 1987 to 1993, Mr. Huckelberry served as an Assistant County Manager with responsibility for the administration of public works. He served as the Director of Pima County’s Department of Transportation and the Flood Control District from 1979 to 1987; as Deputy Director of the Wastewater Department from 1976 to 1979; and as the Wastewater Department’s Manager of Field Engineering from 1974 to 1976. He was self-employed as a civil engineering and land surveying consultant for one year. From 1972 to 1973, Mr. Huckelberry was employed as a Research and Development Engineer for the Shell Oil Company. He holds both a Bachelor of Science Degree in Mining Engineering and a Master of Science Degree in Civil Engineering from The University of Arizona and is a registered professional engineer and land surveyor as well as a member of numerous professional organizations.

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County’s Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor,

County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with the County, Mr. Burke was an attorney with a Tucson law firm from 1983 to 1989 and was a Certified Public Accountant with Ernst & Whinney from 1976 to 1980. Mr. Burke holds a Bachelor of Science in Business Administration with a major in Accounting and a Juris Doctor, both from The University of Arizona, and is licensed as an attorney in the State.

Transportation

Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is traversed by Interstates 10 and 19, as well as State Highways 77, 83, 85 and 86. Interstate 10 passes through Tucson and connects Tucson with the City of Phoenix, Arizona, to the north and Los Angeles, California, to the west and New Mexico and Texas to the east. Interstate 19 provides access to the City of Nogales, Arizona and Mexico to the south, while U.S. Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of the Union Pacific Railroad extends across Tucson to the eastern portion of the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national and international air service through several airlines. The airport has an 11,000-ft. lighted, paved primary runway, a 9,100-ft. paved secondary runway and a 7,000-ft paved runway, all of which can accommodate all major types of carriers. The County is also served by Greyhound bus lines and Amtrak.

Economy

The economy of the County is based largely on a variety of service industries, trade, and government employment. Figures from the Arizona Department of Administration, Office of Employment and Population Statistics indicate that 366,300 persons were employed, on average (not including the agricultural industry), in the County for 2014. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County. Beginning in 2011, employment levels have either stabilized or grown across most employment sectors, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2009-2014

Industry	2009	2010	2011	2012	2013	2014
Goods Producing						
Mining and Construction	18,300	16,800	16,400	16,500	17,600	17,500
Manufacturing	25,100	24,000	23,400	23,400	23,200	23,100
Service Providing						
Trade, Transportation and Utilities	58,200	56,900	57,700	57,800	58,800	59,200
Information	4,700	4,300	4,200	4,200	4,300	4,300
Financial Activities	17,000	17,200	16,800	16,800	17,000	17,300
Professional and Business Services	47,100	45,700	46,700	48,400	49,200	50,200
Education and Health Services	58,500	58,300	59,800	60,900	61,200	63,900
Leisure and Hospitality	38,700	38,100	39,100	40,300	39,800	41,300
Other Services	13,400	12,700	12,500	12,800	12,700	12,500
Government	79,100	78,200	76,800	77,700	77,300	77,000
Total Wage & Salary Employment	360,100	352,200	353,400	358,800	361,100	366,300

Source: U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

The average annual unemployment rate for the County for 2014 was 6.3%. The average annual unemployment rates for 2013 and 2012 were 7.0% and 7.4%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but has decreased each year since 2011.

TABLE 3
Pima County
Comparative Employment Statistics (a)

Calendar Year	Pima County		Average Unemployment Rate		
	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2014	425,841	28,444	6.3%	7.0%	6.2%
2013	418,342	31,616	7.0%	8.0%	7.4%
2012	425,499	33,850	7.4%	8.3%	8.1%
2011	426,436	39,204	8.4%	9.4%	8.9%
2010	434,840	45,039	9.4%	10.4%	9.6%
2009	442,500	43,540	9.0%	9.8%	9.3%

(a) Data shown in table includes all employment, including agriculture, and is not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Administration, Office of Employment and Population Statistics.

The following table indicates the major employers in southern Arizona, which includes the County, as reported in April 2014.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	11,047
Raytheon Missile Systems	Military and Defense	9,933
State of Arizona	Government	9,439
Davis-Monthan Air Force Base	Military and Defense	8,933
Pima County	Government	7,328
Tucson Unified School District	Education	6,525
The University of Arizona Health Network	Health Care	6,329
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	5,717
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	5,600
Wal-Mart Stores Inc.	Retailers	5,300
City of Tucson	Government	4,845
Tohono O'odham Nation	Government	4,350
U.S. Border Patrol	Government	4,135
Carondelet Health Network	Health Care	3,476
TMC HealthCare	Health Care	2,954
Southern Arizona VA Health Care System	Health Care	2,450
Asarco LLC	Mining and Agriculture	2,366
Pima Community College	Higher Education	2,177
Corrections Corp. of America (CCA)	Other	2,146
Fry's Food Stores	Restaurants and Food Distribution	2,024

Source: *The Star 200*, The Arizona Daily Star (April 2014).

Non-Governmental Employment

During the recent recession, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. From 2011 through 2014, employment figures for all non-government categories showed signs of either growth or stabilization, with overall employment up by approximately 12,500 jobs, or 4.5%.

The average annual employment in service-providing categories for 2014 was 248,700. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities industries have been the primary areas of employment in the service-providing industry.

Government

Government employment plays an important role in the County with federal, State and local government employees averaging 77,000 for 2014, representing 21.0% of the County's total wage and salary employment base. The State, Davis-Monthan Air Force Base and U.S. Border Patrol are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 4,400 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector in the County continues to be dominated by the high technology industries of aerospace and electronics. Raytheon Missile Systems, the largest manufacturing company and second largest employer in the County, is a major supplier of advanced munitions. Civilian aviation products and services are provided by Bombardier, which has an aircraft maintenance facility in Tucson; B/E Aerospace, which manufactures aircraft cabin and interior products; and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircraft. Texas Instruments manufactures electronic circuitry and data storage devices. Ventana Medical Systems provides computerized medical laboratory equipment.

Average annual employment in the manufacturing sector within the County for 2014 was 23,100, representing 6.3% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since the recession, but has shown signs of stabilization in recent years.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2014:

TABLE 5
Southern Arizona
Major Manufacturers

<u>Company</u>	<u>Type of Business</u>	<u>Approximate 2014 Employment</u>
Ventana Medical Systems Inc.	Manufacturing & Research	1,100
IBM Corp.*	Manufacturing & Research	915
Bombardier Aerospace	Aerospace & Aircraft	913
Honeywell Aerospace*	Aerospace & Aircraft	800
B/E Aerospace Inc.	Aerospace & Aircraft	720
Solar Industries	Manufacturing & Research	400
Texas Instruments Inc.	Manufacturing & Research	370
Sargent Aerospace & Defense	Aerospace & Aircraft	315
FLSmith Krebs	Manufacturing & Research	293
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	281
Universal Avionics Systems Corp.	Aerospace & Aircraft	268

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2014).

The County's proximity to Mexico makes twin plant "maquiladora" operations practical. Components are manufactured in Tucson and transported duty-free to Nogales, Sonora, Mexico, 65 miles south of Tucson, for assembly. These manufacturers contribute to the County's economy in many ways, including the support of numerous suppliers and peripheral industries. The proximity of the Mexican border is more significant to manufacturing concerns given the existence of the North American Free Trade Agreement between Canada, the United States and Mexico. However, the uncertainty of the U.S. and Mexican economies may negatively impact the employment of the previously described manufacturing concerns.

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioners and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 343 convention bookings with 194,726 convention delegates visited the Tucson area in fiscal year 2013-14, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 169 hotels and resorts with 16,851 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent \$1.44 billion in calendar year 2012, an increase from tourism-related expenditures in calendar year 2011. In calendar year 2013, tourists in the County spent approximately \$1.49 billion, an increase of 3.5% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2009 through September 2014, which is the most current data available as of the date of this Official Statement.

TABLE 6
Total Tourist Expenditures
(\$ in millions)

<u>Year</u>	<u>Pima County</u>	<u>State of Arizona</u>
2014 (a)	\$1,115	\$8,316
2013	1,487	10,624
2012	1,443	10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795

(a) Data through September 2014.

Source: Arizona Hospitality Research & Resources Center, The W.A. Franke College of Business, Northern Arizona University.

Education

The University of Arizona (the “University”) provides approximately 11,047 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2014 were estimated at 42,236 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2013-14 was 52,197 students.

Source: The University of Arizona and Pima County Community College.

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers. The largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart Stores, Fry’s Food Stores, Safeway Inc., Target Corp., Walgreen Co., Circle K Stores Inc. and Home Depot.

The retail sales figures set forth below are based on the sales tax collections within the County excluding penalties, late charges and nontaxable items. The sales tax rate levied by the State on retail sales within the County is 5.6%. In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 9.86% in calendar year 2009 and by an additional 2.20% in calendar year 2010. In calendar year 2011, retail sales in the County returned to positive growth, increasing by 7.80% from the prior year, and have continued to grow each year, as indicated by the following table.

TABLE 7
Pima County Retail Sales (a)

<u>Year</u>	<u>Amount</u>	<u>% Change</u>
2014	\$7,866,774,190	3.40%
2013	7,608,383,644	4.36%
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)

(a) Excludes food and gasoline sales.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2014, there were 19 institutions with 185 offices in the County, with a deposit balance of approximately \$13.055 billion.

TABLE 8
Pima County
Bank Deposits

<u>June 30</u>	<u>Amount</u>
2014	\$13,055,000,000
2013	12,762,000,000
2012	12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded \$1.0 billion, peaking in 1981 at approximately \$1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,300 in 2013 and 2,400 for 2014.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables.

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**PIMA COUNTY, ARIZONA
Financial Information**

Introduction

The fiscal year for the County is from July 1 through June 30. The County's budget process is an ongoing function. Each fiscal year's process starts with the issuance in December of guidelines to all departments within which budgets must be developed. Department budget requests are submitted in February. A review process then takes place culminating with the County Administrator's submission of a proposed budget to the Board in time for budget hearings in mid-June. State statutes require that a tentative budget be adopted by the Board no later than the third Monday in July. At the time the final budget is adopted, which can be no later than the first Monday in August of each year, the Board holds a public hearing and meeting to determine the tax levy needed to support the budget. Taxes are then assessed and levied no later than the third Monday in August.

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitutional provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation.

The County's expenditure limitation for the 2013-14 fiscal year was \$527,442,812. The County's expenditures for the 2013-14 fiscal year did not exceed the limit. The County's 2014-15 fiscal year expenditure limitation is \$525,447,388, and the County anticipates that its expenditures for such year will not exceed the limit.

Ad Valorem Taxes

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the County's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary tax purposes) to the lesser of the full cash value of the property or an amount five percent greater than the value of property used for taxation purposes determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft that is regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

The information which follows under the heading "PROPERTY TAXES" summarizes the assessment, levy and collection process as it currently exists.

PROPERTY TAXES

General

For tax purposes in Arizona, real property and improvements is either valued by the Assessor of the County or the Arizona Department of Revenue. Property valued by the Department of Revenue is referred to as "centrally

valued” property and is generally large mine and utility entities. Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property.

While locally assessed property in the State has two different values, “limited property value” and “full cash value,” only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. For tax year 2015 and subsequent tax years, the limited property value of real property and improvements, including mobile homes, used for all ad valorem property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

Prior to tax year 2015, the value of real property and improvements, including mobile homes, used for primary ad valorem property tax purposes was the limited property value; for secondary ad valorem tax purposes it was the full cash value. Limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use increased by the greater of either 10% of the prior year’s limited property value or 25% of the difference between the prior year’s limited property value and the current year’s full cash value. Increases in full cash value were not limited.

Determination of Full Cash Value

The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Full cash value is statutorily defined to mean “the value determined as prescribed by statute” or if no statutory method is prescribed it is “synonymous with market value which means that estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In general, the Assessor of the County uses a cost approach to value commercial/industrial property and a market approach to value residential property. State law allows taxpayers to appeal such full cash valuations by providing evidence of a lower value, which may be based upon another valuation approach.

The Assessor of the County, upon meeting certain conditions, may value residential, agricultural and vacant land property classifications at the same full cash value for up to three years. The Assessor of the County currently values existing properties on a two-year cycle.

Certain residential property owners 65 years of age and older may obtain a property valuation “freeze” against valuation increases (the “Property Valuation Protection Option”) if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the “Social Security Income Benefit Rate.” The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the property reverts to its current full cash value. Any freeze on increases in property value will, as a result, freeze the assessed value of the affected property for both primary and secondary tax purposes, as hereinafter described.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the taxable value of the property to obtain the assessed valuation. The assessment ratios for each property classification are set forth by tax year in the following table.

**Property Tax Assessment Ratios (a)
Fiscal Years 2011-12 through 2015-16**

Property Classification (b)	Assessment as Percentage of Full Cash Value				
	2011-12	2012-13	2013-14	2014-15	2015-16
Mining, Utility, Commercial and Industrial (c)	20.0%	20.0%	19.5%	19.0%	18.5%
Agriculture and Vacant Land (c)	16.0%	16.0%	16.0%	16.0%	16.0%
Owner Occupied Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Leased or Rented Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Railroad, Private car Company and Airline Flight Property	15.0%	15.0%	15.0%	16.0%	15.0%

- (a) Additional property classifications exist, but seldom amount to a significant portion of a municipal body's total valuation.
- (b) For tax year 2015, full cash values up to \$146,973 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2014, full cash values up to \$141,385 on commercial, industrial and agricultural personal property were exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.
- (c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year's levy plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the limited value of such property.

Secondary Taxes

Taxes levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio) as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and special district assessments.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that these tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

Delinquent Tax Procedures

The property taxes due the County are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the County. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of, or the secondary market for, the Bonds. None of the County, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the County's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

Property Valuations

The following table lists various property valuations for the County for the current fiscal year.

Valuations for 2014-15 Fiscal Year

Estimated Actual Valuation (a)	\$63,492,262,442
Net Secondary Assessed Valuation	7,579,898,868
Net Primary Assessed Valuation	7,518,481,988

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes – Tax Procedures."

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

<u>Fiscal Year</u>	<u>Net Secondary Assessed Valuation</u>	<u>Estimated Actual Valuation (a)</u>	<u>Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation</u>
2014-15	\$7,579,898,868	\$63,492,262,442	11.94%
2013-14	7,623,691,280	63,198,953,329	12.06%
2012-13	8,171,211,922	67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2014-15	\$3,131,952,246	(0.61%)	\$7,579,898,868	(0.57%)	\$55,352,051,074	5.24%
2013-14	3,151,042,287	(6.70%)	7,623,691,280	(6.70%)	52,594,377,492	(6.54%)
2012-13	3,377,401,416	(3.17%)	8,171,211,922	(3.28%)	56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%

Source: 2014 Property Tax Rates and Assessed Values, Arizona Tax Research Association.

Net Secondary Assessed Valuations of Major Taxpayers

Shown below are the major property taxpayers located within the County, an estimate of their current assessed value and their relative proportion of the County's net secondary assessed value.

Taxpayer (a)	Use of Property	2014-15 Net Secondary Assessed Valuation	As Percent of County's 2014-15 Net Secondary Assessed Valuation
Unisource Energy Corp	Utility	\$201,401,036	2.66%
Phelps Dodge Sierrita Inc-Sierrita Mine	Mining	95,185,613	1.26%
Southwest Gas Corporation	Utility	66,789,093	0.88%
Asarco LLC-Mission Mine	Mining	55,322,315	0.73%
Qwest Corporation	Telecommunications	38,035,353	0.50%
Trico Electric Coop Inc.	Utility	21,844,835	0.29%
Wal-Mart Stores Inc.	Retail	19,365,907	0.26%
Northwest Hospital LLC	Healthcare	16,982,799	0.22%
DND Neffson Company	Shopping Mall	16,036,589	0.21%
DDR Tucson Spectrum II LLC	Shopping Mall	13,403,978	0.18%
		\$544,367,518	7.18%

- (a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at <http://www.sec.gov>. No representative of the County, Bond Counsel, the Underwriter or Underwriter's Counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified by the County Treasurer. The following table sets forth the County's real and secured personal property tax collected year-to-date for the current fiscal year and the past five full fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2014-15	\$359,297,850	(c)	(c)	\$196,714,516	54.75%
2013-14	323,026,354	\$311,703,395	96.49%	318,990,942	98.75%
2012-13	324,785,757	301,208,459	92.74%	323,856,491	99.71%
2011-12	335,466,625	323,013,333	96.29%	335,088,130	99.89%
2010-11	352,275,617	335,747,500	95.31%	349,948,370	99.34%
2009-10	353,593,620	338,592,132	95.76%	353,241,297	99.90%

- (a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment is due on March 1 and becomes delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (b) Reflects collections made through January 31, 2015 against the current and prior levies.
- (c) In the process of collection.

Source: Pima County Treasurer.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which is levied against the District's secondary assessed value, excluding the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2014-15	\$4.2779	\$1.4860	\$5.7639
2013-14	3.6665	1.4644	5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917

Source: 2014 Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

Debt Limitation

Pursuant to the Arizona Constitution, outstanding general obligation debt for county purposes may not exceed 15% of a county’s net secondary assessed valuation. The following indicates the County’s current bonding capacity.

Net Secondary Assessed Valuation (FY 2014-15)	\$7,579,898,868
15% Constitutional Limitation	1,136,984,830
Net Direct General Obligation Bonds Outstanding (a)	<u>407,275,000</u>
Unused 15% Limitation	<u><u>\$ 729,709,830</u></u>

(a) Does not include approximately \$15,000,000 in principal amount of General Obligation Bonds the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

General Obligation Bonded Debt Outstanding (a)

The following chart lists the outstanding general obligation bonded debt of the County.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Original Purpose</u>	<u>Original Maturity Dates</u>	<u>Remaining Balance Outstanding</u>
01-01-07	\$95,000,000	Various Improvements	7-1-07/21	\$48,550,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	63,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	36,185,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	63,885,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	44,185,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	55,905,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	85,565,000
01-30-14	10,000,000	Various Improvements	7-1-15/28	10,000,000
Total General Obligation Bonded Debt Outstanding				<u><u>\$407,275,000</u></u>

(a) Does not include approximately \$15,000,000 in principal amount of General Obligation Bonds the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

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Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding (a)

The following chart indicates the general obligation debt service requirements of the County.

Fiscal Year June 30	General Obligation Bonded Debt Outstanding		Total Debt Service Requirement
	Principal	Interest	
2015	\$36,815,000	\$14,714,800	\$51,529,800
2016	37,655,000	13,580,875	51,235,875
2017	41,445,000	12,398,325	53,843,325
2018	40,880,000	11,041,400	51,921,400
2019	39,375,000	9,555,125	48,930,125
2020	42,710,000	8,186,313	50,896,313
2021	39,165,000	6,687,738	45,852,738
2022	40,755,000	5,221,713	45,976,713
2023	28,675,000	3,596,713	32,271,713
2024	19,770,000	2,424,306	22,194,306
2025	12,770,000	1,634,056	14,404,056
2026	13,320,000	1,086,656	14,406,656
2027	8,990,000	514,244	9,504,244
2028	4,950,000	192,594	5,142,594

(a) Does not include debt service for approximately \$15,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

Net Direct and Overlapping General Obligation Bonded Debt

The chart below reflects the property valuation and outstanding general obligation debt for jurisdictions that overlap the County's boundaries. The overlapping bonded debt figures were compiled from information obtained from the County Treasurer's Office and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net secondary assessed valuation and combined tax rate per \$100 assessed valuation follows.

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per \$100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	\$55,352,051,074	None	100%	None	\$0.0000
Pima County	7,579,898,868	\$407,275,000 (h)	100%	\$407,275,000(h)	6.1093 (b)
Pima County Flood Control District (c)	6,767,457,872	None	100%	None	0.3035
Pima County Community College District	7,579,898,868	None	100%	None	1.3344
Joint Technical Education District	7,213,435,956	None	100%	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	100%	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	100%	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	100%	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	100%	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	100%	10,495,000	3.3000
Elementary School Districts	347,989,389	15,495,000	100%	15,495,000	2.9871 (d)
Unified School Districts	4,206,159,149	553,785,000	100%	553,785,000	6.0209 (d)
Cities and Towns	4,341,058,245	214,760,000	100%	214,760,000	1.0538 (d)
Total				\$1,246,323,000	

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per \$100 Assessed Valuation (e)
State of Arizona	\$55,352,051,074	None	None
Pima County	7,579,898,868	\$407,275,000 (h)	\$6.1093 (b)
Pima County Flood Control District (c)	6,767,457,872	None	0.3035
Pima County Community College District	7,579,898,868	None	1.3344
Joint Technical Education District	7,213,435,956	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	3.3000
Elementary School Districts:			
San Fernando ESD #35	1,293,428	None	5.8244
Empire ESD #37	7,713,138	None	2.1687
Continental ESD #39	307,026,750	15,495,000	2.6146
Redington ESD #44	1,453,488	None	4.7711
Altar Valley ESD #51	30,502,585	None	6.7381
Unified School Districts:			
Tucson USD #1	21,421,987	197,970,000	7.5094
Marana USD #6	716,727,241	53,125,000	6.2288
Flowing Wells USD #8	188,539,024	18,740,000	6.6135
Amphitheater USD #10	1,388,632,126	106,770,000	5.8044
Sunnyside USD #12	411,215,844	49,925,000	6.0364
Tanque Verde USD #13	169,220,355	12,335,000	5.0329
Ajo USD #15	19,423,050	None	4.8452
Catalina Foothills USD #16	558,433,356	31,925,000	4.7066
Vail USD #20	420,342,209	43,450,000	7.3000
Sahuarita USD #30	311,158,214	39,545,000	7.2885
Indian Oasis Baboquivari USD #40	1,045,743	None	0.0000
Cities and Towns:			
City of Tucson	3,131,952,246	214,760,000	1.4606
City of South Tucson	21,566,232	None	0.0000
Town of Marana	431,118,714	None	0.0000
Town of Oro Valley	560,863,509	None	0.0000
Town of Sahuarita	195,557,544	None	0.0000

- (a) Includes general obligation bonds outstanding. Does not include outstanding principal amount of various cities and towns improvement districts' bonded debt and outstanding principal amount of various County improvement districts' bonded debt, as the indebtedness of these districts is presently being paid from special assessments levied against property owners residing within the various improvement districts. Also does not include various fire districts.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory

storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% is interest bearing and the remaining 27% is non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per \$100 of secondary assessed valuation, of which fourteen cents is being currently levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of \$0.5089, the \$0.4353 tax rate of the Free Library District, the \$0.1400 tax rate of the CAP and the \$0.0472 tax rate of the Fire District Assistance Tax.
- (c) The boundaries of the Pima County Flood Control District are coterminous with those of the County; however, the Flood Control District only levies taxes on real property.
- (d) The tax rate shown is a weighted average based on each jurisdiction's proportionate amount of secondary assessed valuation.
- (e) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the municipality or school district.
- (f) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County.

<u>Jurisdiction</u>	<u>Authorized But Unissued General Obligation Bonds</u>
Pima County	\$40,681,000 (h)
City of Tucson	60,000,000
Marana Unified School District No. 6	125,000,000
Amphitheater Unified School District No. 10	40,000,000
Sunnyside Unified School District No. 12	34,650,000
Vail Unified School District No. 20	28,775,000
Sahuarita Unified School District No. 30	1,650,000
Avra Valley Fire District	1,200,000
Rincon Valley Fire District	10,285,000
Gladden Farms Community Facilities District	59,570,000
Quail Creek Community Facilities District	17,340,000

- (g) Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.
- (h) Does not reflect approximately \$15,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

Net Direct and Overlapping General Obligation Bonded Debt Ratios (a)

The County's direct and overlapping general obligation bonded debt is shown below on a per capita basis and as a percent of the County's net secondary assessed valuation and estimated actual valuation.

	Per Capita Net Debt (Pop. @ 1,007,162) (b)	As Percent of County's 2014-15	
		Secondary Assessed Valuation (\$7,579,898,868)	Est. Actual Valuation (\$63,492,262,442)
Net Direct General Obligation Bonded Debt (\$407,275,000)	\$ 404.38	5.37%	0.64%
Net Direct and Overlapping General Obligation Bonded Debt (\$1,246,323,000)	\$1,237.46	16.44%	1.96%

- (a) Does not include approximately \$15,000,000 in principal amount of General Obligation Bonds the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.
- (b) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Street and Highway Revenue Bonded Debt Outstanding (a)

The following chart indicates the outstanding street and highway revenue bonds of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-05	\$51,200,000	Street & Highway Improvements	7-1-09/20	\$19,240,000
01-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	14,870,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	20,425,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	21,035,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	28,450,000
01-30-14	24,805,000	Street & Highway Improvements/Refunding	7-1-15/28	24,805,000
Total Street and Highway Revenue Bonds Outstanding				<u>\$128,825,000</u>

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Sewer Revenue Debt Outstanding (a)

The following table lists the outstanding sewer revenue bonds, loans and obligations of the County that have a lien on the revenues of the County’s wastewater system.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-01-04	\$25,770,000	Refunding	7-1-05/15	\$4,000,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	12,492,809
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	34,715,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	70,130,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	14,540,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	5,652,210
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	163,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	14,265,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	164,450,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	118,180,000
02-12-14	48,500,000	Sewer Improvements	7-1-15/28	48,500,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				\$649,925,019

- (a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona (“WIFA”).
- (b) On May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling \$18,015,219. In September 2005, the County amended those Loan Agreements and added an additional \$1,952,112.

Lease, Lease-Purchase and Purchase Agreements

The County has one lease purchase agreement and one installment note payable outstanding. The County department benefited by the agreements and the scheduled payments on the agreements over the past five fiscal years appears below.

County Department	Fiscal Year (in Thousands)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Clerk of Superior Court	\$111	\$37	-	-	\$ 63
Environmental Quality	-	-	\$298	\$298	298
Sheriff	-	-	-	160	160
Fiscal Year Total	\$111	\$37	\$298	\$458	\$521

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

The following table indicates the outstanding certificates of participation of the County.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Original Maturity Dates</u>	<u>Balance Outstanding</u>
05-01-07	\$30,320,000	New Money	7-1-08/22	\$18,805,000
02-04-10	20,000,000	New Money	6-1-11/19	12,030,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	32,150,000
02-12-14	52,160,000	New Money	12-1-15/28	50,405,000
Total Certificates of Participation Outstanding				\$113,390,000
Plus: The 2015 Certificates offered herein				56,550,000*
Total Certificates of Participation to be Outstanding				<u>\$169,940,000*</u>

Retirement Plans

The County does not own or administer retirement plans but contributes to four separate State owned and managed defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to “Note 9 - Retirement Plans” of Appendix E hereto for a more detailed description of these plans and the County contributions to the various State plans.

1. The Arizona State Retirement System (“ASRS”), a cost-sharing, multiple employer defined benefit plan, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: <https://www.azasrs.gov/content/annual-reports>.

For the year ended June 30, 2014, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 11.54% (11.30% for retirement and for health insurance premiums, and 0.24% for long-term disability) of the member’s annual covered payroll. The annual contribution for the fiscal year ending June 30, 2015 is 11.60% (11.48% for retirement and for health insurance premiums, and 0.12% for long-term disability). The annual contribution rate for the fiscal year ending June 30, 2016 is 11.47% (11.35% for retirement and for health insurance premiums, and 0.12% for long-term disability). The County’s employer contributions to ASRS for the year ended June 30, 2014 was \$24.7 million, which was equal to the required contribution for such year, and the budgeted contribution for the fiscal year ending June 30, 2015 is \$29.0 million. The contributions by County employees to ASRS are collectively equal to the contributions made by the County.

Enacted State legislation has made changes to how ASRS operates, effective July 1, 2011, which includes requiring employers to pay an alternative contribution rate for retired employees of ASRS that return to work, changing the age at which an employee can retire without penalty based upon years of service, limiting permanent increases in retirement benefits and establishing a Defined Contribution and Retirement Study Committee (as defined in the legislation) that will review the feasibility and cost of changing the current defined benefit plan of ASRS to a defined contribution plan.

2. The Arizona Public Safety Personnel Retirement System (“PSPRS”), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members’ contribution rate, has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at http://psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2014, active PSPRS members were required by statute to contribute 10.35 percent of the members’ annual covered payroll, and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County also contributed 3.65 percent of the members’ required contribution, with the members net contribution as a result falling to 6.70 percent.

* Preliminary, subject to change.

Under the PSPRS for the fiscal year ending June 30, 2015, the employee contribution rate (net of the 3.65% paid by the County) is 7.40% of the member's annual covered payroll. The County's PSPRS employer contribution rate for the fiscal year ending June 30, 2015 is 41.92% of the members' annual covered payroll (not including the 3.65% of the member's required contribution that the County also pays as noted above). For the fiscal year ending June 30, 2016, the employee contribution rate will increase to 8.00% for employees hired before January 1, 2015, and to 11.65% for employees hired on or after January 1, 2015. The County's employer contribution rate is set to increase to 53.69% for employees hired before January 1, 2015 and to 50.04% for employees hired on or after January 1, 2015.

The employer contribution rates for the fiscal year ending June 30, 2016, noted above reflect the impact of an Arizona Supreme Court decision which determined that the reduction in a permanent benefit increase enacted by the State Legislature in 2011 is unconstitutional. As a result, the County's contribution to the PSPRS is required to increase to provide funding to provide for the benefit increase that was not funded for several years. The County currently intends to make up this funding by an increase in its employer contribution rates in fiscal year 2015-16, although the Board of Directors of the PSPRS adopted an alternative three-year phase in of higher contribution rates that employers may optionally choose for funding the benefit increase that was not previously funded. Other litigation related to the 2011 legislation remains outstanding. If the ultimate outcome overturns additional portions of the 2011 legislation, there may be further adverse impacts on the unfunded liability of the PSPRS and the actuarially determined contribution rates for the PSPRS.

New Reporting Requirements. Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

3. The Corrections Officers Retirement Plan ("CORP"), an agent multiple-employer defined benefit plan that covers certain County employees whose primary duties require direct inmate contact, for which the Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates, has reported increases in its unfunded liabilities. The most recent annual reports for the CORP may be accessed at: http://psprs.com/sys_corp/AnnualReports/cato_annual_rpts_corp.htm.

For the year ended June 30, 2014, active CORP members were required by statutes to contribute 8.41 percent of the member's annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll. For the years ending June 30, 2015 and June 30, 2016, active members are required by statute to contribute 8.41%, in each year, of the member's annual covered payroll. The County is required for each of these years to contribute at the actuarially determined rates of 17.76% and 22.97%, respectively.

4. The Elected Officials Retirement Plan (EORP) which covers County elected officials is relatively insignificant to the County's financial picture.

The effect of the increase in the unfunded liabilities for these four state plans is expected to result in increased contributions by the County and its employees, however the specific increases for the County's and its employees' future annual contributions cannot be determined at this time.

Other Post Employment Benefits

Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45") requires reporting the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. The County does not provide post-employment benefits and has no OPEB costs and liabilities.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF ALL
GOVERNMENTAL FUND TYPES (a)
(In \$000)

	Actual				
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues by Source:					
Property Taxes	\$423,443	\$421,623	\$407,711	\$391,630	\$385,829
Special Assessments	536	330	245	-	-
Licenses and Permits	7,791	8,494	8,155	8,371	8,275
Intergovernmental	296,004	308,219	327,939	301,223	292,082
Charges for Services	60,376	54,491	56,881	53,521	57,826
Fines and Forfeits	8,443	6,786	10,249	9,904	8,652
Interest Income	4,612	1,723	2,286	2,282	1,737
Miscellaneous	17,442	14,162	24,796	22,182	17,464
Total Revenues	818,647	815,828	838,262	789,113	771,865
Expenditures by Fund:					
General	426,361	429,182	445,798	451,858	469,984
Special Revenues	195,926	204,612	217,139	211,659	135,746
Debt Service	108,092	96,484	104,324	93,442	140,623
Capital Projects	162,306	153,203	149,612	174,976	195,400
Total Expenditures	892,685	883,481	916,873	931,935	941,753
Excess of Revenues Over (Under)					
Expenditures	(74,038)	(67,653)	(78,611)	(142,822)	(169,888)
Other Financing Sources (Uses):					
Premium on bonds	1,909	3,276	7,349	11,959	9,488
Proceeds of Long-Term Debt	156,955	75,000	109,170	130,175	78,160
Proceeds from Refunding Debt	-	-	-	51,280	8,805
Payment to Escrow Agent	(32,361)	-	(33,013)	(55,423)	(10,131)
Gain on Investment	-	-	-	-	-
Operating Transfers In (Out)	445	4,708	26,010	(9,017)	(27,457)
Capital Lease/Installment Note	-	-	894	764	239
Sale of General Fixed Assets	1,118	59	1,938	31	360
Total Other Financing Sources (Uses)	128,066	83,043	112,348	129,769	59,464
Net Change in Fund Balance	54,028	15,390	33,737	(13,053)	(110,424)
Beginning Fund Balance, as restated	292,247	346,270	361,730	395,385	382,556
Changes in Reserve for Inventory	4	43	(55)	224	(228)
Changes in Reserve for Prepaids	(9)	27	(27)	-	-
Ending Fund Balance	\$346,270	\$361,730	\$395,385	\$382,556	\$271,904

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
STATEMENT OF FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES (a)
(In \$000)

	Actual				
	2009-10	2010-11	2011-12	2012-13	2013-14
General					
Nonspendable	\$4,089	\$3,315	\$2,720	\$3,848	\$5,278
Restricted	522	336	333	-	-
Committed	-	-	-	-	-
Assigned	3,093	357	118	158	181
Unassigned	73,837	73,547	77,596	56,526	42,731
	81,541	77,555	80,767	60,532	48,190
Special Revenue					
Nonspendable	2,011	2,011	1,550	1,939	1,894
Restricted	82,957	94,567	105,468	76,570	60,984
Committed	15,305	37,978	10,264	7,746	6,308
Assigned	3,221	4,368	16,682	23,784	4,204
Unassigned	(5,793)	(9,180)	(9,013)	(8,385)	(6,536)
	97,701	129,744	124,951	101,654	66,854
Debt Service					
Assigned	40,868	35,903	28,298	25,640	7,848
	40,868	35,903	28,298	25,640	7,848
Capital Projects					
Nonspendable	18	12	-	-	-
Restricted	124,830	112,668	157,688	187,855	145,256
Committed	1,487	6,639	7,234	6,958	3,836
Assigned	52	-	-	-	-
Unassigned	(227)	(791)	(3,553)	(83)	(80)
	126,160	118,528	161,369	194,730	149,012
Total Fund Balance	\$346,270	\$361,730	\$395,385	\$382,556	\$271,904

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN GENERAL FUND BALANCE (a)
(In \$000)

	Actual				
	2009-10 (b)	2010-11	2011-12	2012-13	2013-14
Revenues by Source:					
Property Taxes	\$304,441	\$301,493	\$291,647	\$281,017	\$280,965
Licenses and Permits	2,738	2,681	2,696	2,816	2,928
Intergovernmental	128,927	122,952	127,029	131,984	135,953
Charges for Services	40,356	35,361	39,117	32,721	35,671
Fines and Forfeits	7,011	5,344	5,213	4,799	4,211
Interest Income	1,198	418	621	591	287
Miscellaneous	4,868	4,722	12,659	10,907	7,322
Total Revenues	489,539	472,971	478,982	464,835	467,337
Expenditures:					
Current					
General Government	184,606	186,193	197,190	193,097	206,356
Public Safety	117,378	116,573	123,235	131,087	136,825
Health	2,702	2,792	2,919	3,320	3,543
Welfare	87,089	90,572	94,292	95,076	92,858
Culture & Recreation	14,671	14,183	15,195	16,468	17,859
Education & Econ. Opport.	13,996	12,949	12,967	12,650	12,383
Debt Service:					
Principal	3,635	3,800	-	159	146
Interest	2,281	2,113	-	1	14
Miscellaneous	3	7	-	-	-
Total Expenditures	426,361	429,182	445,798	451,858	469,984
Excess of Revenues Over (Under)					
Expenditures	63,178	43,789	33,184	12,977	(2,647)
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	-	764	-
Sale of General Fixed Assets	204	11	1,608	-	-
Operating Transfers In (Out)	(22,007)	(47,786)	(31,580)	(33,976)	(9,695)
Total Other Financing Sources (Uses):	(21,803)	(47,775)	(29,972)	(33,212)	(9,695)
Net Change in Fund Balance	41,375	(3,986)	3,212	(20,235)	(12,342)
Beginning Fund Balance, as restated	40,166	81,541	77,555	80,767	60,532
Ending Fund Balance	\$81,541	\$77,555	\$80,767	\$60,532	\$48,190

Source: Pima County Finance and Risk Management Department.

- (a) This table has not been subject to any separate audit procedures.
- (b) The \$28 million decrease in the welfare expense line was primarily due to a \$16 million refund that was received for fiscal year 2009-10 from the Arizona Long-Term Care System (ALTCS) and Arizona Health Care Cost Containment System (AHCCCS).

**EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested the State of Arizona Auditor General to perform any review of the County's Comprehensive Annual Financial Report subsequent to June 30, 2014. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, expenses or expenditures of the opinion units affected.

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	1.40%	1.49%	0.92%	0.72%
School Reserve Fund	0.08%	0.02%	0.24%	0.27%
Self-Insurance Trust	2.80%	3.92%	2.03%	1.63%
Health Benefits Trust	0.99%	1.91%	8.34%	7.28%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.83%	99.84%	94.07%	94.36%
Development Services	0.27%	0.11%	3.67%	4.66%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Fund Statements</u>				
Major Fund:				
Regional Wastewater Reclamation Department				
Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.07%	1.05%	0.27%	0.29%
School Reserve Fund	0.36%	0.07%	0.07%	0.07%
Development Services	0.83%	0.50%	0.27%	0.25%
Self-Insurance Trust	13.79%	20.95%	0.58%	0.47%
Health Benefits Trust	4.89%	10.21%	2.40%	2.09%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 83 and 84, and the Schedule of Agent Retirement Plans' Funding Progress on page 85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 5, 2014



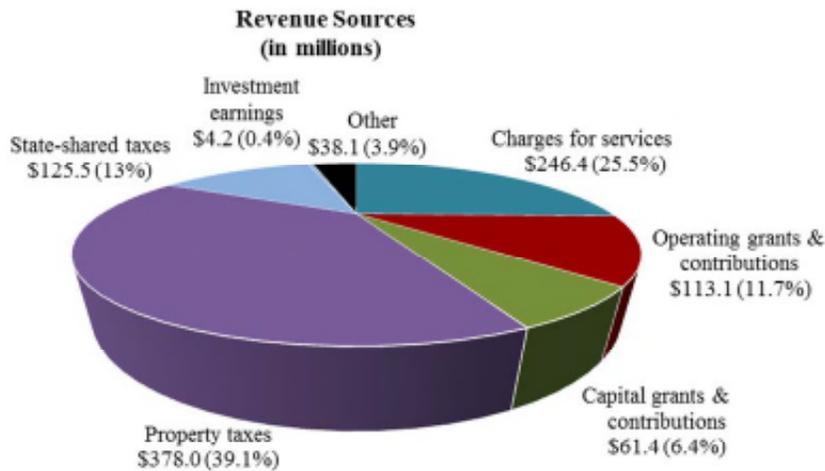
Management's Discussion and Analysis

Pima County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2014

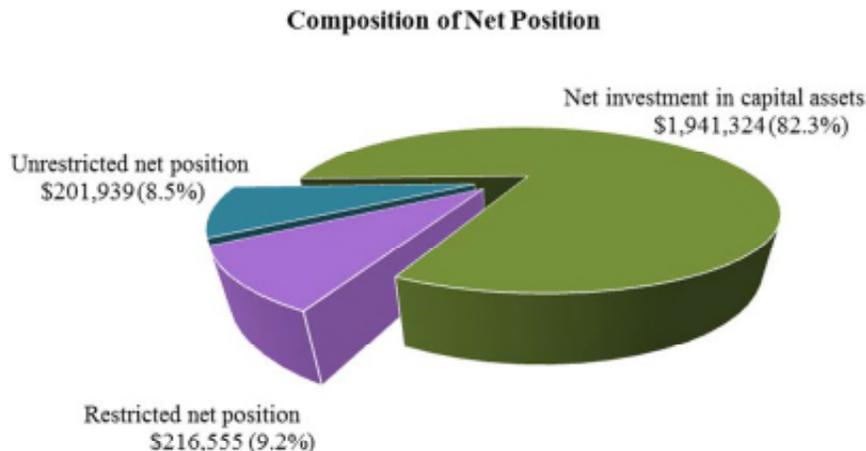
Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2014. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

Financial Highlights

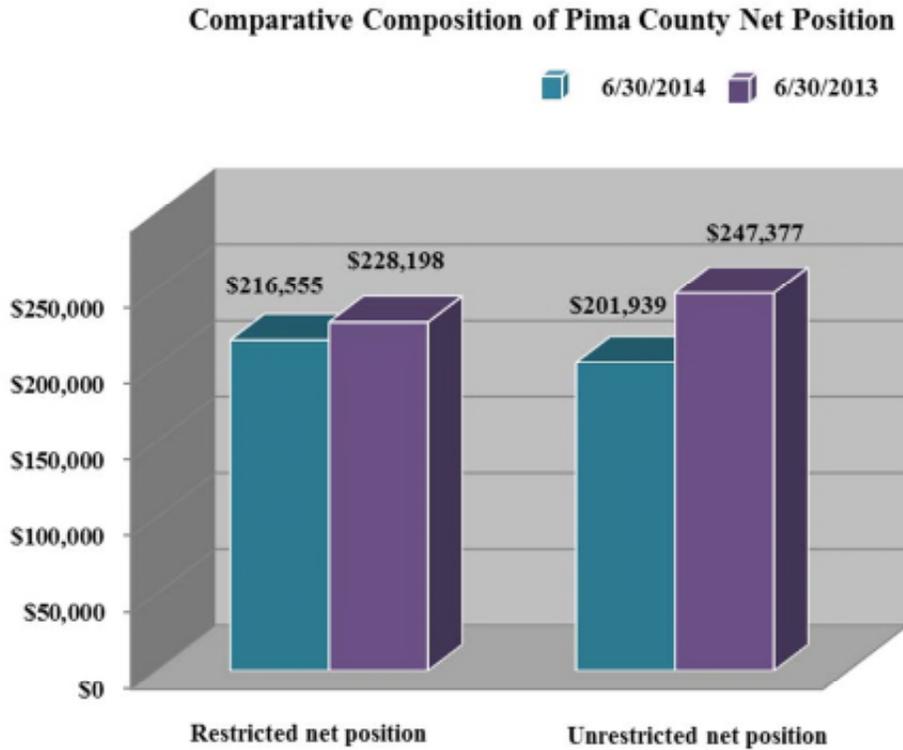
- The County's total net position increased \$44,241 in fiscal year 2013-14. This represents a 5.8% decrease when compared to the prior year's change in net position of \$46,972.
- The County's primary sources of revenue come from taxes, grants and contributions, and charges for services, and state shared taxes as displayed below:



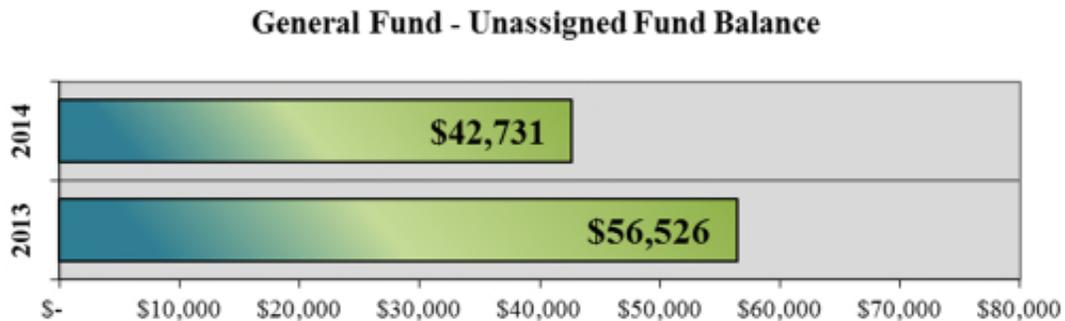
- The assets of the County exceeded its liabilities (net position) by \$2,359,818, an increase of 1.9% from the prior year. Of this amount, \$1,941,324 represents the net investment in capital assets, \$216,555 is restricted for specific purposes (*restricted net position*), and \$201,939 is available for general government expenditures (*unrestricted net position*).



- Unrestricted net position for the County decreased \$45,438 (or 18.4%), from \$247,377 to \$201,939 this fiscal year, restricted net position decreased \$11,643 (or 5.1%) from \$228,198 to \$216,555. The chart below presents the composition of restricted and unrestricted net position for the current and prior years:



- The General Fund unassigned fund balance decreased to \$42,731 from \$56,526 in the prior year. The unassigned fund balance comprises 88.7% of the total fund balance of \$48,190.



- The County continues to use debt to finance the construction of roads, streets, and buildings. Total capital assets for the year increased \$103,630; long-term liabilities increased \$14,155.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) Government-wide statements, (2) Fund statements, and (3) Notes. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all County assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) in contrast to other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, and education and economic opportunity. The business-type activities of the County include: Regional Wastewater Reclamation (RWR), Development Services, and the County's downtown parking garages.

A discretely presented component unit is included in the basic financial statements. It consists of one legally separate entity for which the County is financially accountable. The County reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit.

The government-wide financial statements can be found on pages 35-37.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance with applicable state statutes and Federal Office of Management and Budget budgeting guidelines. All of the funds can be divided into three categories: (1) *governmental funds*, (2) *proprietary funds*, and (3) *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand

the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains fifteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, and Debt Service funds which are reported as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 88-91.

Proprietary funds are maintained in two ways. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The County uses enterprise funds to account for sewer systems maintenance and operation, real estate-related development services, and parking garage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for employee health and health related benefits, risk management, automotive fleet maintenance and operations, printing services, telecommunications, wireless, and information technology network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of these services have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The RWR Enterprise Fund is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of *combining statements*.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 107-114.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

The fiduciary fund financial statements can be found on pages 46-47.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 48-82.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 83-85.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88-118.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2014 and 2013			
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Charges for services	\$ 246,421	\$ 231,625	\$ 14,796
Operating grants and contributions	113,129	116,121	(2,992)
Capital grants and contributions	61,390	63,212	(1,822)
Total program revenues	<u>420,940</u>	<u>410,958</u>	<u>9,982</u>
Total general revenues and transfers	<u>545,804</u>	<u>546,973</u>	<u>(1,169)</u>
Total program and general revenues	<u>966,744</u>	<u>957,931</u>	<u>8,813</u>
Total expenses	<u>922,503</u>	<u>910,959</u>	<u>11,544</u>
Change in net position	<u>\$ 44,241</u>	<u>\$ 46,972</u>	<u>\$ (2,731)</u>

As indicated above, total program and general revenues increased \$8,813 primarily due to a \$14,796 increase in charges for services. However, expenses also increased \$11,544 resulting in a decrease in the change in net position of \$2,731.

An explanation of each of these changes is discussed further in the following governmental and business-type activities sections.

The graph and schedule presented below illustrate at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2014 and June 30, 2013.



A general discussion of significant variances between fiscal years follows. For a more detailed discussion, please see the governmental activities and business-type activities sections immediately following this section.

Total assets for the County were \$3,976,297, an increase of \$29,633 (0.8%) from the prior year and total liabilities were \$1,619,999, a decrease of \$15,221 (0.9%) from the prior year.

The largest portion of the County's net position reflects its net investment in capital assets (i.e. land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2014, net investment in capital assets totaled \$1,941,324, comprising approximately 82.3% of total net position. This represents an increase of \$101,322 (5.5%) from the prior year. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2014, restricted net position totaled \$216,555 and comprised approximately 9.2% of total net position. This represents an \$11,643 (5.1%) decrease from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2014, unrestricted net position totaled \$201,939 and comprised approximately 8.5% of total net position. This represents a \$45,438 (18.4%) decrease from the prior year.

The following schedule presents, on a comparative basis, both governmental activities and business-type activities within the Statement of Net Position.

**Schedule of Assets, Deferred Outflows of Resources,
Liabilities and Net Position
At June 30, 2014 and 2013**

	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Current and other assets	\$ 499,542	\$ 579,558	\$(80,016)	\$ 254,677	\$ 248,658	\$ 6,019	\$ 754,219	\$ 828,216	\$(73,997)
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,965,669	1,908,895	56,774	1,256,409	1,209,553	46,856	3,222,078	3,118,448	103,630
Total assets	2,465,211	2,488,453	(23,242)	1,511,086	1,458,211	52,875	3,976,297	3,946,664	29,633
Deferred outflows of resources									
Deferred charges on refunding	3,520	4,133	(613)				3,520	4,133	(613)
Current and other liabilities	91,818	110,838	(19,020)	24,122	34,478	(10,356)	115,940	145,316	(29,376)
Long-term liabilities	794,543	789,601	4,942	709,516	700,303	9,213	1,504,059	1,489,904	14,155
Total liabilities	886,361	900,439	(14,078)	733,638	734,781	(1,143)	1,619,999	1,635,220	(15,221)
Net position:									
Net investment in capital assets	1,354,456	1,308,057	46,399	586,868	531,945	54,923	1,941,324	1,840,002	101,322
Restricted	143,400	138,472	4,928	73,155	89,726	(16,571)	216,555	228,198	(11,643)
Unrestricted	84,514	145,618	(61,104)	117,425	101,759	15,666	201,939	247,377	(45,438)
Total net position	\$ 1,582,370	\$ 1,592,147	\$ (9,777)	\$ 777,448	\$ 723,430	\$ 54,018	\$ 2,359,818	\$ 2,315,577	\$ 44,241

Analysis of Governmental activities

Assets

Current and other assets decreased by \$80,016 (13.8%) between fiscal years. Most of this variance is attributable to several significant transactions decreasing cash: a cash defeasance of general obligation bonds (series 2005 for \$14,815 and series 2007 for \$1,200) for \$16,015 and a cash transfer of \$51,400 from Capital Projects to RWR due to increases in building and other improvements from the 2013 Certificates of Participation (COPs) loan proceeds received in fiscal year 2012-13.

Capital assets increased \$56,774 (3.0%) primarily due to an increase of \$34,676 in equipment and machinery mainly due to the capitalization of the Regional Public Safety Communications Systems assets, and an increase of \$17,387 in buildings and other improvements including: Regional Flood Control assets increased \$2,106 for the Santa Cruz Pathway and drainage structures, Facilities Management assets increased \$1,464 for improvements to the Abrams building 4th floor, \$2,018 for the Administration building tenant improvements, and \$4,338 for the Sporting Chance Center assets. The Kino Sports Complex increased \$3,212 for facilities modifications and other improvements to the north fields, and an increase of \$1,498 in assets for the Library District included the renovation and expansion of Eckstrom Columbus Library.

Liabilities

Current and other liabilities decreased \$19,020 (17.2%) during the fiscal year. This is mostly due to both a \$10,356 increase in accounts payable and a \$28,604 decrease in employee compensation. Accounts payable increased \$4,419 as part of outstanding payables from an intergovernmental agreement with Regional Transportation Authority (for the regionalization of public transit and special needs service) and a contract with Motorola Solutions for the purchase of communication equipment for the Regional Public Safety Communications Systems for \$6,016. Employee compensation decreased primarily due to the change in reporting the non-current portion of long-term employee compensation under long-term liabilities of \$30,807.

Net position

In summary, total net position decreased by \$9,777 (0.6%) primarily due to a decrease in total revenues of \$11,604, increases in expenses of \$10,895, and a net increase in transfers out of \$9,385, as explained in previous paragraphs.

Analysis of Business-type activities

Assets

Capital assets increased \$46,856 (3.9%) primarily due to \$20,842 increase in RWR equipment assets and \$16,474 increase in the sewage conveyance system. Equipment increased \$22,691 primarily from the Regional Optimization Master Planning (ROMP) projects. Sewage conveyance system assets increased \$9,543 due to system-wide conveyance rehabilitation program, \$4,429 for the sewer modification project for Prince Road and I-10, and \$2,977 from developer contributed capital.

Liabilities

Long-term liabilities increased \$9,213 (1.3%) during the fiscal year. This is mostly due to an increase of sewer revenue obligations of \$48,500 offset by a decrease in sewer revenue bonds of \$16,765 and a decrease in sewer revenue obligations of \$18,725.

Net position

In summary, total net position for business-type activities increased \$54,018 (7.5%) primarily due to an increase in the net position of capital assets from the RWR Enterprise fund.

Governmental activities

The following table shows details of the changes in net position for governmental activities:

Governmental Activities					
Schedule of Revenues, Expenses, and Changes in Net Position					
For the Years Ended June 30, 2014 and 2013					
	<u>2014</u>	<u>2013</u>	<u>Variance</u>		
			<u>Amount</u>	<u>Percent</u>	
Program revenues:					
Charges for services	\$ 64,856	\$ 66,460	\$ (1,604)	-2.4%	
Operating grants and contributions	113,129	116,121	(2,992)	-2.6%	
Capital grants and contributions	54,583	59,298	(4,715)	-8.0%	
Total program revenues	<u>232,568</u>	<u>241,879</u>	<u>(9,311)</u>	<u>-3.8%</u>	
General revenues:					
Property taxes	378,032	383,508	(5,476)	-1.4%	
State-shared taxes	125,504	119,728	5,776	4.8%	
Investment earnings	2,955	2,627	328	12.5%	
Other general revenues	36,592	39,513	(2,921)	-7.4%	
Total general revenues	<u>543,083</u>	<u>545,376</u>	<u>(2,293)</u>	<u>-0.4%</u>	
Total revenues	775,651	787,255	(11,604)	-1.5%	
Expenses:					
General government	230,742	233,984	(3,242)	-1.4%	
Public safety	188,782	166,476	22,306	13.4%	
Highways and streets	93,675	80,087	13,588	17.0%	
Sanitation	4,252	6,409	(2,157)	-33.7%	
Health	36,085	36,540	(455)	-1.2%	
Welfare	93,224	95,428	(2,204)	-2.3%	
Culture and recreation	63,961	65,341	(1,380)	-2.1%	
Education and economic opportunity	35,756	49,924	(14,168)	-28.4%	
Amortization	(5,758)	(286)	(5,472)	1913.3%	
Interest on long-term debt	27,994	23,915	4,079	17.1%	
Total expenses	<u>768,713</u>	<u>757,818</u>	<u>10,895</u>	<u>1.4%</u>	
Excess before contributions and transfers	6,938	29,437	(22,499)	-76.4%	
Transfers in (out)	<u>(16,715)</u>	<u>(7,330)</u>	<u>(9,385)</u>	<u>128.0%</u>	
Change in net position	<u>(9,777)</u>	<u>22,107</u>	<u>(31,884)</u>	<u>-144.2%</u>	
Beginning net position	1,592,147	1,570,040	22,107	1.4%	
Ending net position	\$ 1,582,370	\$ 1,592,147	\$ (9,777)	-0.6%	

Revenues

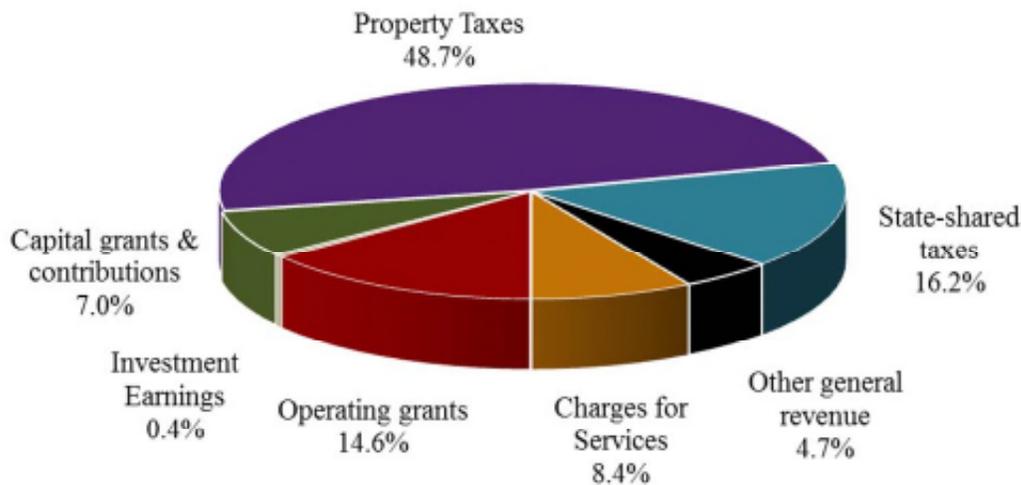
Overall, governmental activities total revenues decreased \$11,604 or 1.5% from fiscal year 2012-13 due to decreases in both program and general revenues.

Program revenues decreased \$9,311 (3.8%) primarily due to a \$2,992 decrease in operating grants and a decrease of \$4,715 in capital grants and contributions. The decrease in operating grants is primarily due to a \$6,707 decrease related to the ending of the American Recovery and Reinvestment Act (ARRA) Program. The \$4,715 decrease in capital grants and contributions is due to decreasing construction activity and related funding for projects nearing completion, primarily a decrease of \$6,930 for the Magee Road project.

General revenues decreased \$2,293 (0.4%) primarily due to a \$5,476 decrease in property tax revenues as a result of decreasing secondary net assessed values. Conversely, State shared sales tax increased \$5,776 due to increasing sales from an anticipated gradual recovery in the local economy.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 79.5% of the County's revenues.

General and Program Revenues - Governmental Activities

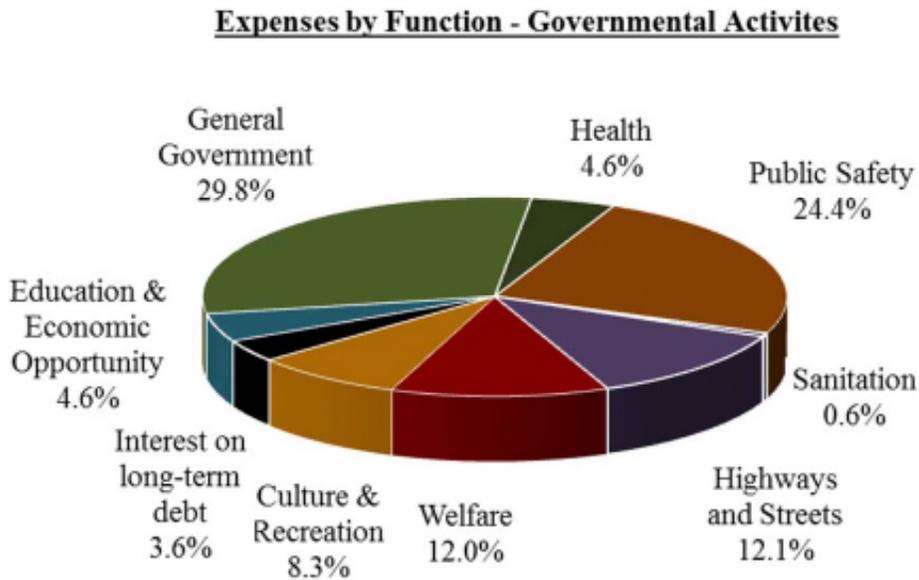


Expenses

Expenses for governmental activities increased \$10,895 (1.4%) primarily due to increases and decreases in the following functions:

- Public safety – a \$22,306 increase in expenses is primarily due from \$22,592 of expenses incurred in the Pima County Wireless Integrated Network (PCWIN) capital project.
- Highways and streets – a \$13,588 increase is primarily due to expenses incurred in the I-19 Frontage Road from Continental Road to Canoa project (\$19,737).
- Education and economic opportunity – a \$14,168 decrease in expenses was primarily due to a decrease in federal funding under the U.S Department of Housing and Urban Development for the Neighborhood Stabilization Program ARRA (\$6,200), Community Development Block Grants (\$660), Home investment Partnership Program (\$690), Housing Opportunities for persons with AIDS (\$185), and the decrease in funding from the U.S. Department of Labor for WIA adult, youth and dislocated worker formula grants (\$1,862).

The chart below presents expenses by function as a percentage to total expenses. The amount of each expense by function as a percentage to total expenses has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.



The resulting change in net position was a decrease of \$9,777 (0.6%) for fiscal year 2014 compared to an increase in net position of \$22,107 in fiscal year 2012-2013.

In summary, and as explained above, ending net position for governmental activities decreased \$9,777 (0.6%). This year's change in net position decreased \$31,884 from last year, primarily due to a decrease in revenues of \$11,604, an increase in expenses of \$10,895 and a net increase of \$9,385 in transfers out to business-type activities to fund capital projects.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. The following schedule shows changes in the net position for business-type activities.

Business-type Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	2014	2013	Variance	
			Amount	Percent
Program revenues:				
Charges for services	\$ 181,565	\$ 165,165	\$ 16,400	9.9%
Capital grants and contributions	6,807	3,914	2,893	73.9%
Total program revenues	188,372	169,079	19,293	11.4%
General revenues:				
Investment earnings	1,237	1,017	220	21.6%
Other general revenues	1,484	580	904	155.9%
Total general revenues	2,721	1,597	1,124	70.4%
Total revenues	191,093	170,676	20,417	12.0%
Expenses:				
Regional Wastewater Reclamation	145,117	144,085	1,032	0.7%
Development Services	6,796	7,231	(435)	-6.0%
Parking Garages	1,877	1,825	52	2.8%
Total expenses	153,790	153,141	649	0.4%
Excess before transfers	37,303	17,535	19,768	112.7%
Transfers in (out)	16,715	7,330	9,385	128.0%
Change in net position	54,018	24,865	29,153	117.2%
Beginning net position, as restated	723,430	698,565	24,865	3.6%
Ending net position	\$ 777,448	\$ 723,430	\$ 54,018	7.5%

Revenues

Total revenues for business-type activities increased \$20,417 (12.0%) mainly due to an increase in charges for services of \$16,400, and an increase in capital grants and contributions of \$2,893. The increase in charges for services is primarily due to a RWR rate increase (from \$3.203 to \$3.523 per CCF), resulting in a \$14,995 increase. The capital grants increase is due to approximately \$3,000 increase in capital contributions for RWR, which is consistent with the increase in construction activities.

Expenses

Total expenses for business-type activities increased \$649 (0.4%) mainly due to the increase of \$1,032 (0.7%) in RWR expenses. The RWR expense increase was primarily due to the increase in interest expense from debt service payments of \$12,062 offset by \$15,691 decrease in reporting a loss on disposals of equipment.

Transfers-in increased \$9,385 (128%) due to transfers from governmental activities, including an increase of \$7,072 from certificates of participation to fund ROMP projects, and an increase of \$2,663 to the Parking Garages Fund mainly for construction projects at the Public Service Center.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The County's general government functions are accounted for in the General, Capital Projects, Debt Service, and Special Revenue funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library and Stadium Districts) acting as the Board of Directors for each district. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County.

Intergovernmental revenues for the General Fund increased \$3,969 primarily due to increases in the state-shared sales tax associated with an anticipated gradual recovery in the local economy. Charges for services increased \$2,950 mostly from administrative overhead contributions. These increases were partially offset by decreases in miscellaneous revenue of \$3,585. Miscellaneous revenues received in the previous fiscal year included bankruptcy distributions from the National Century Financial Enterprises and Lehman Brothers of \$2,773 and a state refund from the Arizona Long Term Care System of \$824. Overall, revenues for the General Fund increased \$2,502.

General fund expenditures increased \$18,126 primarily due to a \$13,259 increase in general government for salary increases, higher medical insurance, and retirement benefits for the following departments: Administration \$2,260; County Attorney \$1,670; Juvenile, Justice and Law enforcement \$1,754. The expenditure increases also included \$3,325 for the intergovernmental agreement with the Arizona Health Care Cost Containment System (AHCCCS) for supplemental payments to disproportionate share hospitals (DSH payments). Public safety expenditures (Sheriff Department) increased \$5,738 due to \$3,853 salary increases, higher medical insurance and retirement benefit costs and \$2,100 increases in motor pool rates.

The \$2,502 increase in revenues and \$18,126 increase in expenditures is the primary basis for the \$12,342 decrease in the fund balance, which ended the year at \$48,190.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by \$84 and actual expenditures were less than budgeted expenditures by \$33,541.

Actual revenues for the General Fund were lower than budgeted primarily due to both, an under budget variance in property taxes of \$4,535 and an over budget variance for intergovernmental revenue of \$4,181. Actual intergovernmental revenues were higher than budgeted due to higher fiscal year 2014 Payments in Lieu of Taxes (PILT) from the department of interior of \$1,215 and higher State shared sales tax revenues of \$2,366. Actual property taxes were \$4,535 less than budgeted primarily due to lower collections of delinquent taxes and interest payments of property taxes.

Actual expenditures for the General Fund were less than budgeted primarily due to the County Administrator's maintenance of the unreserved contingency being \$21,684 less than budgeted. (The General Contingency is the Board of Supervisors' unreserved contingency that the board uses throughout the year to respond to changing needs or unforeseen circumstances.)

No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased \$8,880, mainly due to a decrease of \$8,322 in intergovernmental revenues. The intergovernmental revenue variance is primarily associated with a decrease of \$8,923 in State revenue, related to reductions in funding for road projects winding down, primarily the Magee Road project decrease of \$6,930 and the Camino de Oeste project decrease of \$1,764.

Expenditures (capital outlays) decreased \$39,230. This variance results from increases in capital expenditures in new or continuing programs, and greater decreases in expenditures of programs at or near completion. Significant decreases in capital expenditure projects include: Sunset Road-Santa Cruz River property acquisition \$3,963; the Public Service Center \$7,301; Tortolita Mountain Park Expansion \$3,913; Communications Center \$6,781; Magee Rd/Thornydale Rd \$11,363; 2013 Pavement Preservation program \$7,163; La Cholla Boulevard \$4,582; Magee Rd/La Canada Rd \$9,414. Some of the programs with larger increases in expenditures include: Flood Control-Paseo de las Iglesias project \$6,409; Orange Grove Road \$4,244; 2014 Pavement Preservation program \$5,208; Valencia Road-Alvernon Way-Wilmot Road project \$5,774.

The \$78,160 face amount of long-term debt issued represents a decrease of \$52,015 from fiscal year 2012-13. Proceeds received included \$52,160 from certificates of participation, \$10,000 from general obligation bonds, and \$16,000 from Highway-User Revenue Fund (HURF). In fiscal year 2012-13, proceeds received were \$130,175, including \$50,000 from general obligation bonds and \$80,175 from certificates of participation.

Transfers out increased by \$56,175 primarily due to a \$42,883 transfer from the 2013 COPs to RWR, a \$3,667 transfer of the 2014 COPs to Parking Garages for construction at the new Public Service Center, and a \$9,749 transfer to Fleet Services for the new services facility construction in progress.

The \$8,880 decrease in revenues, the \$39,230 decrease in expenses, and a total decrease of \$109,429 in other financing sources yield a decrease of \$79,079 in net change in fund balance, which ended the year at \$149,012.

Debt Service Fund

This major fund accounts for the accumulation of resources for the payment of principal and interest of long-term debt.

Revenues for the Debt Service Fund decreased \$4,630 primarily due to a decrease in property tax revenues as a result of decreasing secondary net assessed values. Expenditures for the Debt Service Fund increased \$47,181 mainly from an increase in principal payments of \$44,950. This expected increase is primarily associated with a \$34,645 first principal payment of COPs 2013A, which was paid on December 2013 and a \$16,000 GO series 2005, 2007 in cash defeasance. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Proceeds from refunding debt were \$8,805, a decrease of \$42,475, as the only refunding consisted of \$8,805 for 2014 HURF bonds.

Payments to escrow agents decreased to \$10,131, a decrease of \$45,292 from \$55,423 in the prior year. The increase of transfers-in of \$36,511 was primarily transfers from RWR to fund the first \$34,645 principal payment of the 2013A COPs.

Major Proprietary Fund

The County's Regional Wastewater Reclamation Enterprise (RWR) Fund is a major enterprise fund.

The significant changes contributing to the fund's change in net position was an increase in total assets of \$48,977, primarily from an increase of \$28,467 in sewage conveyance system assets from the Regional Optimization Master Plan (ROMP) projects, and a \$25,696 increase in equipment primarily from \$23,865 ROMP projects. Building and improvements assets increased \$456,540, resulting from the capitalization of completed projects.

Operating revenues of \$161,676 represents an increase of \$16,099 (11.1%) over the previous year, primarily due to an increase of \$15,039 charges for services, resulting from a 10% fee increase (from \$3.203 to \$3.523 per ccf) effective in fiscal year 2013-14.

Operating expenses total of \$125,160 represents an increase of \$8,554 (7.3%) over the prior year, mainly due to an increase of \$3,874 in depreciation expense following capitalization of approximately \$446,905 in ROMP projects, and an increase of \$3,093 in administrative expenses including, among other factors, an increase of \$916 in administrative overhead, and an increase of \$649 in motor pool expenses resulting from a rate increase.

The deficit in total nonoperating revenues decreased \$4,628 primarily due to the decrease in loss on disposal of capital assets of \$15,691 offset by an increase in debt interest cost of \$12,062.

Transfers-in increased by \$42,759, mainly due to a cash transfer from 2013 COPs. Transfers out increased by \$35,686, to fund a debt service payment of \$34,645 representing the first principal payment of the 2013A COPs.

The fiscal year 2013-14 activity yields a change in net position of \$50,378, an increase of \$22,489 (80.6%) over the previous year's change in net position, resulting in a total net position of \$761,031 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets consists of land, buildings and improvements, sewage conveyance systems, infrastructure, equipment, and construction in progress.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Governmental and Business-type Activities									
Capital Assets									
As of June 30, 2014 and 2013									
	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Land	\$ 499,163	\$ 487,902	\$ 11,261	\$ 12,630	\$ 12,554	\$ 76	\$ 511,793	\$ 500,456	\$ 11,337
Construction in progress	212,314	297,266	(84,952)	63,730	500,964	(437,234)	276,044	798,230	(522,186)
Buildings and improvements	478,182	460,795	17,387	651,642	204,944	446,698	1,129,824	665,739	464,085
Infrastructure	667,302	590,961	76,341				667,302	590,961	76,341
Sewage conveyance systems				439,754	423,280	16,474	439,754	423,280	16,474
Equipment	108,708	71,971	36,737	88,653	67,811	20,842	197,361	139,782	57,579
Total	\$1,965,669	\$1,908,895	\$ 56,774	\$1,256,409	\$1,209,553	\$ 46,856	\$3,222,078	\$3,118,448	\$103,630

The County's total capital assets increased \$103,630 (3.3%). Overall for the County, the most significant changes were: buildings and improvements increased \$464,085 (69.7%), equipment increased \$57,579 (41.2%), infrastructure increased \$76,341 (12.9%); conversely, construction in progress decreased \$522,186 (65.4%) .

Major capital asset events during the current fiscal year are described below.

Governmental activities

Capital assets of Governmental activities increased \$56,774 (3%) over the previous year. Infrastructure increased \$76,341 (12.9%), primarily from major road projects: La Cholla Blvd-Magee Road-Overton Road \$24,357, Magee Road-Cortaro Farms Rd.-Mona Lisa- Thornydale Road \$45,865. Equipment increased \$36,737 (51%), primarily due to the equipment from Regional Public Safety Communication System \$34,676.

Building and improvements increased \$17,387 (3.8%), with significant projects comprising the increase included the following:

Contributions, Sporting Chance Center	\$4,338
Kino Sports Complex stadium and field improvements	\$3,212
Regional Flood Control District, Santa Cruz project	\$2,106
Administration 4 th Floor Tenant Improvements	\$2,018
Eckstrom Columbus Branch Library Expansion	\$1,498

Construction in progress in Governmental activities decreased \$84,952 (28.6%), primarily due to the following completed projects: a decrease of \$41,710 in the Pima County Wireless Integrated Network (PCWIN) project, a \$23,500 decrease in the Interstate 19 Frontage Road- Continental Road-Canoa Road project, and a decrease of \$22,612 in the Magee Road-Cortaro Farms Road project.

Business-type activities

Total assets increased \$46,856 (3.9%). Equipment assets increased \$20,842 (30.7%) mainly due to the Regional Optimization Master Planning (ROMP) project for \$22,691. Sewage conveyance systems increased \$16,474 (3.9%) primarily due to System-wide Conveyance Rehabilitation Program for \$9,543, Prince Road and I-10 Sewer Modification project for \$4,429, and a \$2,977 increase from contributed capital from developers.

Building improvements increased \$446,698 (218%), while construction in progress decreased \$437,234 (87.3%). This is primarily due to the capitalization of RWRs completed ROMP projects of \$468,232.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 61-62.

Long-term Debt

Significant, comparative long-term debt entered into during the last two fiscal years is presented below:

Long-Term Debt		
For the Years Ended June 30, 2014 and 2013		
	2014	2013
Bonds issued (at face value):		
General Obligation	\$ 10,000	\$ 88,575
Street and Highway Revenue	24,805	
Sewer System Revenue Obligations	48,500	128,795
Certificates of Participation (COPs)	52,160	92,880
Total	\$ 135,465	\$ 310,250

During the year, \$10,000 of general obligation bonds were issued. The \$10,000 of new debt issued in Series 2014 was for the purpose of funding various capital projects in the County. The County also issued \$24,805 of transportation revenue bonds of which \$8,805 was used for a refunding transaction. This refunding resulted in an economic gain of \$515 and a reduction in debt service payments of \$569.

In addition, the County issued \$52,160 in Certificates of Participation Series 2014. The County intends to use the proceeds to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

Regarding business-type activities, \$48,500 of sewer system revenue obligations were issued to finance additions and improvements to the sewer conveyance systems.

The most recent ratings for Pima County’s bonds and COPs are:

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Dec-2013	AA-	Dec-2013
General Obligation*	AA-	Dec-2013	AA	Dec-2013
Street and Highway Revenue	AA	Dec-2013	AA	Dec-2013
Sewer Revenue Bonds**	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations***	AA-	Jan-2014	AA-	Dec-2013

* S&P upgraded the 2005 and 2008 GO Bonds to AA based on the rating of insurance coverage on 3/19/2014.

** S&P upgraded the 2004R, 2007, 2008 & 2009 Sewer Revenue Bonds to AA based on the rating of insurance coverage on 3/19/2014.

Excludes the 2011A Sewer Refunding Bonds which have ratings equal to the Sewer Revenue Obligations.

***S&P upgraded the 2010 Sewer Revenue Obligations to AA based on the rating of insurance coverage on 3/19/2014.

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is \$1,143,554, which is significantly in excess of Pima County’s outstanding general obligation debt.

Additional information regarding the County’s debt can be found in Note 7 of the financial statements on Pages 65-74.

Economic Factors and Next Year’s Budget

As presented at The University of Arizona’s Eller College of Management’s 2014 Mid-Year Economic Update, the current economic situation in the State of Arizona and Pima County is one of mixed characteristics. Growth is occurring throughout the State in the areas of employment, population, real income and housing permit activity. Pima County in particular has experienced positive gains in aggregate retail sales. However, these growth rates are slow relative to both pre-recession levels and when comparing Pima County to the rest of the State. Within the County, it is anticipated that the real estate market and construction industry will take several more years to fully recover. In addition, actions of both the State and Federal government that financially impact the County have become increasingly unpredictable, while trending toward shifting of responsibilities to local government. Given these factors, Pima County will continue to face numerous budgetary challenges that necessitate next year’s budget to be primarily a “maintenance of effort budget,” which will sustain the County’s existing service priorities. The following discussions identify significant activities expected to occur in fiscal year 2014-15.

Primary Property Taxes

The persistent weakness in the economy has put the County in an increasingly uncertain operating environment. The primary tax base began contracting in Fiscal Year 2010-11, while Net Assessed Value has declined 16.26% and is expected to shrink an additional 0.54% in the upcoming fiscal year. In order to compensate, the Fiscal Year 2014-15 Adopted Budget relies on a \$0.6114 increase in the primary property tax rate for the General Government over the prior year tax rate. The total property tax rate for Pima County will increase from \$5.0853 to \$5.7167 per \$100 of assessed valuation, a net increase of \$0.6314.

State Shared Revenues

State shared sales tax revenue is projected to increase by \$7.3 million in Fiscal Year 2014-15. This increase reflects a gradual recovery in the local economy.

University of Arizona Medical Center – South Campus

Beginning in 2010, Pima County entered into a two-year agreement with the Arizona Board of Regents on behalf of the University of Arizona, College of Medicine for funding of what is now designated as the University of Arizona Medical Center – South Campus. In May 2012, the Board of Supervisors approved a second two-year contract with the Arizona Board of Regents with an annual base funding of \$15 million. In May 2014, the Board of Supervisors approved a third two-year contract with the Board of Regents continuing with the annual funding base of \$15 million.

Road Repair

Pima County uses special revenues as a major funding source of its road repair. Since the economic recession, these revenues have continually trended downward. This decline is partly due to decreased collections in a weakened economy; but the decline is also exacerbated by the State's diversion of those collections that remain. As such, the Board of Supervisors will take the extraordinary action of appropriating General Fund dollars to the construction and maintenance of County roads for the third consecutive year. Continuation of this subsidy will be in the amount of \$5 million and the Board of Supervisors will review roads to be repaired in Fiscal Year 2015.

Medical Insurance

In order to insulate itself from rapidly rising medical insurance premiums, Pima County moved to a self-insured medical plan run by a third party administrator in fiscal year 2013-14. Under this new model, fiscal year 2013-14 insurance costs increased by less than 7% from the previous year. In the upcoming fiscal year, medical insurance costs are projected to increase by 5% from last year. These increases are well below the historic 15-20% yearly increases that the County experienced in the final five years under the previous insurance model.

Solid Waste

Effective June 1, 2013, Pima County went from a direct service model of providing solid waste services to the Public to a new model of having a private contractor providing these services. This change is anticipated to reduce the County's annual costs for this function by over \$4 million per year. Because of this action, funding within the General Fund to cover potential shortfalls is no longer needed.

Stadium District

Since the combined loss of Major League Baseball and stalling of the economy in 2008, the Stadium District has aggressively sought new strategies to broaden its users, decrease costs and increase revenues. Other than direct rental and concession revenue, funding for the District comes from three primary sources: a \$3.50 surcharge on rental cars; a \$0.50 per day tax on recreational vehicle spaces; and a 2% hotel/motel tax in the unincorporated area of the County. While fee and rental revenues paid to the District continue to trend in a positive direction, the slow

economic recovery continues to negatively affect tourist and recreational activities. The result has been a 23% decline in tax-based revenue over the past six years that was formerly used to fund the District. Fiscal Year 2013-14 projected revenues were insufficient to cover the Stadium's operating, maintenance, and debt service costs; thus necessitating a budgeted transfer of \$1.5 million from the General Fund to the District. A similar situation is expected in Fiscal Year 2014-15, which has prompted the Board of Supervisors to allocate \$2.2 million from the Budget Stabilization Fund to the District as an operating transfer, should the need arise.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

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PIMA COUNTY

Basic Financial Statements

PIMA COUNTY, ARIZONA

Exhibit A - 1

Statement of Net Position

June 30, 2014

(in thousands)

	Primary Government			Component Unit SW Fair Commission
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 415,700	\$ 129,781	\$ 545,481	\$ 750
Property taxes receivable (net)	12,138		12,138	
Interest receivable	298	203	501	
Internal balances	6	(6)	-	
Due from other governments	46,016	9	46,025	
Accounts receivable (net)	12,938	18,194	31,132	4
Inventories	2,086	1,877	3,963	32
Prepays	5,017	74	5,091	69
Other assets	1,018		1,018	
Restricted assets:				
Cash and cash equivalents	2,431	104,545	106,976	2,300
Loans receivable	1,894		1,894	
Capital assets not being depreciated:				
Land	499,163	12,630	511,793	
Construction in progress	212,314	63,730	276,044	
Capital assets being depreciated (net):				
Buildings and improvements	478,182	651,642	1,129,824	2,822
Sewage conveyance system		439,754	439,754	
Equipment	108,708	88,653	197,361	445
Infrastructure	667,302		667,302	
Total assets	2,465,211	1,511,086	3,976,297	6,422
Deferred outflows of resources				
Deferred charge on refunding	3,520		3,520	
Total deferred outflows of resources	3,520		3,520	
Liabilities				
Accounts payable	60,239	19,459	79,698	239
Interest payable	3	300	303	
Contract retentions	3,106		3,106	
Employee compensation	19,766	1,854	21,620	
Due to other governments	80	3	83	
Deposits and rebates	2,014		2,014	35
Unearned revenue	6,610	2,506	9,116	66
Noncurrent liabilities:				
Due within one year	100,920	49,129	150,049	
Due in more than one year	693,623	660,387	1,354,010	
Total liabilities	886,361	733,638	1,619,999	340
Net Position				
Net investment in capital assets	1,354,456	586,868	1,941,324	3,267
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	61,936		61,936	
Highways and streets	10,988		10,988	
Debt service		31,615	31,615	
Capital projects	66,885	22,720	89,605	
Regional wastewater		18,820	18,820	
Healthcare	3,591		3,591	
Unrestricted	84,514	117,425	201,939	2,815
Total net position	\$ 1,582,370	\$ 777,448	\$ 2,359,818	\$ 6,082

See accompanying notes to financial statements

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PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 230,742	\$ 27,355	\$ 26,013	\$ 5,969
Public safety	188,782	14,846	7,714	294
Highways and streets	93,675	6,307	49,953	46,125
Sanitation	4,252	31	1,168	
Health	36,085	13,259	8,428	
Welfare	93,224	80	336	
Culture and recreation	63,961	2,548	547	378
Education and economic opportunity	35,756	430	18,970	1,817
Amortization - unallocated	(5,758)			
Interest on long-term debt	27,994			
Total governmental activities	768,713	64,856	113,129	54,583
Business-type activities:				
Regional Wastewater Reclamation	145,117	171,650		6,807
Development Services	6,796	7,553		
Parking Garages	1,877	2,362		
Total business-type activities	153,790	181,565		6,807
Total primary government	\$ 922,503	\$ 246,421	\$ 113,129	\$ 61,390
Component unit:				
Southwestern Fair Commission	5,579	5,635	121	
Total component unit	\$ 5,579	\$ 5,635	\$ 121	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

See accompanying notes to financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Unit SW Fair Commission
Governmental Activities	Business-type Activities	Total	
\$ (171,405)		\$ (171,405)	
(165,928)		(165,928)	
8,710		8,710	
(3,053)		(3,053)	
(14,398)		(14,398)	
(92,808)		(92,808)	
(60,488)		(60,488)	
(14,539)		(14,539)	
5,758		5,758	
(27,994)		(27,994)	
<u>(536,145)</u>		<u>(536,145)</u>	
	\$ 33,340	33,340	
	757	757	
	485	485	
	<u>34,582</u>	<u>34,582</u>	
<u>(536,145)</u>	<u>34,582</u>	<u>(501,563)</u>	
			\$ 177
			<u>\$ 177</u>
273,435		273,435	
17,697		17,697	
28,354		28,354	
58,546		58,546	
6,262		6,262	
1,509		1,509	
101,605		101,605	
23,899		23,899	
5,035		5,035	
6,976		6,976	
2,955	1,237	4,192	
16,810	1,484	18,294	82
(16,715)	16,715		
<u>526,368</u>	<u>19,436</u>	<u>545,804</u>	<u>82</u>
(9,777)	54,018	44,241	259
<u>1,592,147</u>	<u>723,430</u>	<u>2,315,577</u>	<u>5,823</u>
<u>\$ 1,582,370</u>	<u>\$ 777,448</u>	<u>\$ 2,359,818</u>	<u>\$ 6,082</u>

Functions/Programs

Primary government:

Governmental activities:

- General government
- Public safety
- Highways and streets
- Sanitation
- Health
- Welfare
- Culture and recreation
- Education and economic opportunity
- Amortization - unallocated
- Interest on long-term debt

Total governmental activities

Business-type activities:

- Regional Wastewater Reclamation
- Development Services
- Parking Garages

Total business-type activities

Total primary government

Component unit:

- Southwestern Fair Commission

Total component unit

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for regional flood control district
- Property taxes, levied for library district
- Property taxes, levied for debt service
- Hotel/motel taxes, levied for sports facility and tourism
- Other taxes, levied for stadium district
- Unrestricted share of state sales tax
- Unrestricted share of state vehicle license tax
- Grants and contributions not restricted to specific programs
- Interest and penalties on delinquent taxes
- Investment earnings
- Miscellaneous

Transfers

- Total general revenues and transfers
- Change in net position

Net position at beginning of year

Net position at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2014
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 56,990	\$ 169,811	\$ 7,685	\$ 75,377	\$ 309,863
Property taxes receivable (net)	8,702		1,888	1,548	12,138
Interest receivable	73	38	74	77	262
Due from other funds	2,544	2,159		222	4,925
Due from other governments	20,625	7,097	6	18,147	45,875
Accounts receivable	1,494	1,952		6,348	9,794
Inventory				1,369	1,369
Prepaid expenditures	3,384			480	3,864
Loan receivable	1,894				1,894
Other assets				1,018	1,018
Restricted cash and cash equivalents		1,816		45	1,861
Total assets	\$ 95,706	\$ 182,873	\$ 9,653	\$ 104,631	\$ 392,863
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 13,462	\$ 25,242	\$ 3	\$ 16,971	\$ 55,678
Interest payable				3	3
Contract retentions		2,532		4	2,536
Employee compensation	14,533	31		4,831	19,395
Due to other funds	140	95		4,726	4,961
Due to other governments	10			70	80
Deposits and rebates	191	1,816		7	2,014
Unearned revenue	2,312	155		4,143	6,610
Total liabilities	30,648	29,871	3	30,755	91,277
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,476	3,213		5,277	16,966
Unavailable revenue - property taxes	8,008		1,802	1,446	11,256
Unavailable revenue - other	384	777		299	1,460
Total deferred inflows of resources	16,868	3,990	1,802	7,022	29,682
Total liabilities and deferred inflows of resources	47,516	33,861	1,805	37,777	120,959
Fund balances					
Nonspendable	5,278			1,894	7,172
Restricted		145,256		60,984	206,240
Committed		3,836		6,308	10,144
Assigned	181		7,848	4,204	12,233
Unassigned	42,731	(80)		(6,536)	36,115
Total fund balances	48,190	149,012	7,848	66,854	271,904
Total liabilities, deferred inflows of resources and fund balances	\$ 95,706	\$ 182,873	\$ 9,653	\$ 104,631	\$ 392,863

See accompanying notes to financial statements

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014
(in thousands)

Fund balances - total governmental funds		\$ 271,904
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 2,869,451	
Less accumulated depreciation	<u>(945,504)</u>	1,923,947
Some liabilities and their associated costs are not due and payable in the current period and therefore are not reported in the governmental funds.		
Unamortized deferred outflow for bond refunding	3,520	
Bonds payable	(549,087)	
Certificates of participation payable	(149,703)	
Leases and notes payable	<u>(640)</u>	(695,910)
Some compensated absences are not due and payable shortly after June 30, 2014, and therefore are not reported in the governmental funds.		
Employee compensation		(30,294)
Some liabilities are not due and payable shortly after June 30, 2014, and are therefore not reported in the governmental funds.		
Landfill liability	(22,771)	
Pollution remediation liability	<u>(639)</u>	(23,410)
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
		29,682
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		106,451
Net position of governmental activities		<u><u>\$ 1,582,370</u></u>

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2014
 (in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 280,965		\$ 58,737	\$ 46,127	\$ 385,829
Licenses and permits	2,928			5,347	8,275
Intergovernmental	135,953	\$ 25,037	14	131,078	292,082
Charges for services	35,671	5,054		17,101	57,826
Fines and forfeits	4,211			4,441	8,652
Investment earnings	287	762	295	393	1,737
Miscellaneous	7,322	1,740	14	8,388	17,464
Total revenues	467,337	32,593	59,060	212,875	771,865
Expenditures:					
Current:					
General government	206,356			41,151	247,507
Public safety	136,825			20,747	157,572
Highways and streets				37,772	37,772
Sanitation				2,521	2,521
Health	3,543			31,814	35,357
Welfare	92,858			335	93,193
Culture and recreation	17,859			38,886	56,745
Education and economic opportunity	12,383			21,813	34,196
Capital outlay		135,746			135,746
Debt service - principal	146		112,835	356	113,337
- interest	14		26,758	5	26,777
- miscellaneous			1,030		1,030
Total expenditures	469,984	135,746	140,623	195,400	941,753
Excess (deficiency) of revenues over (under) expenditures	(2,647)	(103,153)	(81,563)	17,475	(169,888)
Other financing sources (uses):					
Installment note				239	239
Premium on bonds			9,488		9,488
Proceeds from refunding debt			8,805		8,805
Payments to escrow agent			(10,131)		(10,131)
Face amount of long-term debt issued		78,160			78,160
Proceeds from sale of capital assets				360	360
Transfers in	24,192	46,610	61,489	30,392	162,683
Transfers (out)	(33,887)	(67,335)	(5,880)	(83,038)	(190,140)
Total other financing sources (uses)	(9,695)	57,435	63,771	(52,047)	59,464
Net change in fund balances	(12,342)	(45,718)	(17,792)	(34,572)	(110,424)
Fund balances at beginning of year	60,532	194,730	25,640	101,654	382,556
Changes in nonspendable fund balance:					
Change in inventory				(228)	(228)
Fund balances at end of year	\$ 48,190	\$ 149,012	\$ 7,848	\$ 66,854	\$ 271,904

See accompanying notes to financial statements

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

Net change in fund balances - total governmental funds \$ (110,424)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 89,408	
Less current year depreciation	<u>(62,322)</u>	27,086

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net Position. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of deferred outflows of resources, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Face amount of long-term debt issued	(78,160)	
Premium on bonds	(9,488)	
Proceeds from refunding bonds	(8,805)	
Debt service - principal payments	113,337	
Payments to escrow agent	10,131	
Installment note	(239)	
Amortization expense	5,758	
Deferred outflows - interest	<u>(1,208)</u>	31,326

Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Donations of capital assets	17,544	
Intergovernmental	(2,836)	
Property tax revenues	(822)	
Other	<u>848</u>	14,734

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences	(86)	
Change in landfill liability	(1,041)	
Net book value of capital asset disposals	(1,810)	
Other	<u>(133)</u>	(3,070)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.

30,571

Change in net position of governmental activities \$ (9,777)

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2014
(in thousands)

Exhibit A - 7

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 121,427	\$ 8,354	\$ 129,781	\$ 105,837
Restricted cash and cash equivalents	55,457		55,457	570
Interest receivable	194	9	203	36
Due from other funds	6		6	71
Due from other governments	3	6	9	141
Accounts receivable (net)	18,039	155	18,194	3,144
Inventory	1,877		1,877	717
Prepaid expense	54	20	74	1,153
Total current assets	<u>197,057</u>	<u>8,544</u>	<u>205,601</u>	<u>111,669</u>
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	10,862	1,768	12,630	592
Buildings and improvements	838,860	12,927	851,787	967
Sewage conveyance system	721,515		721,515	
Equipment	131,586	883	132,469	46,403
Less accumulated depreciation	(515,502)	(10,220)	(525,722)	(20,771)
Construction in progress	60,000	3,730	63,730	14,531
Total capital assets (net of accumulated depreciation)	<u>1,247,321</u>	<u>9,088</u>	<u>1,256,409</u>	<u>41,722</u>
Total noncurrent assets	<u>1,296,409</u>	<u>9,088</u>	<u>1,305,497</u>	<u>51,722</u>
Total assets	<u>1,493,466</u>	<u>17,632</u>	<u>1,511,098</u>	<u>163,391</u>
Liabilities				
Current liabilities:				
Accounts payable	18,960	499	19,459	4,561
Contract retentions				570
Employee compensation	1,611	243	1,854	371
Interest payable	300		300	
Due to other funds	12		12	29
Due to other governments	3		3	
Unearned revenue	2,506		2,506	
Current sewer revenue bonds and obligations payable	47,594		47,594	
Current portion of wastewater loans payable	1,535		1,535	
Current portion reported but unpaid losses				5,883
Current portion incurred but not reported losses				8,815
Total current liabilities	<u>72,521</u>	<u>742</u>	<u>73,263</u>	<u>20,229</u>
Noncurrent liabilities:				
Compensated absences payable	2,702	473	3,175	548
Loan payable				10,000
Contracts and notes	7,942		7,942	
Sewer revenue bonds and obligations payable	631,125		631,125	
Wastewater loans payable	18,145		18,145	
Reported but unpaid losses				15,838
Incurred but not reported losses				10,325
Total noncurrent liabilities	<u>659,914</u>	<u>473</u>	<u>660,387</u>	<u>36,711</u>
Total liabilities	<u>732,435</u>	<u>1,215</u>	<u>733,650</u>	<u>56,940</u>
Net position				
Net investment in capital assets	577,780	9,088	586,868	41,722
Restricted for:				
Debt service	31,615		31,615	
Capital projects	22,720		22,720	
Healthcare				7,538
Regional wastewater reclamation	18,820		18,820	
Unrestricted	110,096	7,329	117,425	57,191
Total net position	<u>\$ 761,031</u>	<u>\$ 16,417</u>	<u>\$ 777,448</u>	<u>\$ 106,451</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 8

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2014
 (in thousands)

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 160,229	\$ 9,915	\$ 170,144	\$ 110,474
Other	1,447	55	1,502	1,649
Total net operating revenues	161,676	9,970	171,646	112,123
Operating expenses:				
Employee compensation	34,878	5,338	40,216	8,992
Operating supplies and services	8,070	94	8,164	8,292
Utilities	7,664		7,664	
Sludge and refuse disposal	1,512		1,512	
Repair and maintenance	6,267	95	6,362	1,470
Incurred losses				52,012
Insurance premiums				10,275
General and administrative	10,810	2,495	13,305	4,411
Consultants and professional services	7,367	434	7,801	4,105
Depreciation	48,592	217	48,809	4,022
Total operating expenses	125,160	8,673	133,833	93,579
Operating income	36,516	1,297	37,813	18,544
Nonoperating revenues (expenses):				
Investment earnings	1,197	40	1,237	1,206
Sewer connection fees	11,397		11,397	
Interest expense	(15,529)		(15,529)	
Debt issuance cost	(523)		(523)	
Gain/(loss) on disposal of capital assets	(3,905)	6	(3,899)	(137)
Total nonoperating revenues (expenses)	(7,363)	46	(7,317)	1,069
Income before contributions and transfers	29,153	1,343	30,496	19,613
Capital contributions	6,807		6,807	216
Transfers in	51,404	3,667	55,071	16,008
Transfers (out)	(36,986)	(1,370)	(38,356)	(5,266)
Change in net position	50,378	3,640	54,018	30,571
Net position at beginning of year	710,653	12,777	723,430	75,880
Net position at end of year	\$ 761,031	\$ 16,417	\$ 777,448	\$ 106,451

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 9

	Business-Type Activities —			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				\$ 107,639
Cash received from customers for goods and services provided	\$ 160,202	\$ 9,966	\$ 170,168	
Cash received from miscellaneous operations	1,447		1,447	1,678
Cash payments to suppliers for goods and services	(26,697)	(1,560)	(28,257)	(23,582)
Cash payments to other funds for goods and services	(11,810)	(1,800)	(13,610)	(5,230)
Cash payments for incurred losses				(46,919)
Cash payments to employees for services	(34,738)	(4,910)	(39,648)	(7,924)
Net cash provided by operating activities	<u>88,404</u>	<u>1,696</u>	<u>90,100</u>	<u>25,662</u>
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	51,404	3,667	55,071	15,981
Cash transfers out to other funds	(36,959)	(1,370)	(38,329)	(5,266)
Loans with other funds	8,531		8,531	9,865
Net cash provided by noncapital financing activities	<u>22,976</u>	<u>2,297</u>	<u>25,273</u>	<u>20,580</u>
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds and loans	48,500		48,500	
Principal paid on bonds and loans	(36,978)		(36,978)	
Interest paid on bonds and loans	(23,364)		(23,364)	
Issuance cost of new debt	(523)		(523)	
Proceeds from premium	7,032		7,032	
Sewer connection fees	10,990		10,990	
Proceeds from sale of capital assets		6	6	722
Purchase of capital assets	(102,853)	(3,730)	(106,583)	(18,021)
Net cash (used for) capital and related financing activities	<u>(97,196)</u>	<u>(3,724)</u>	<u>(100,920)</u>	<u>(17,299)</u>
Cash flows from investing activities:				
Loan receivable				(10,000)
Interest received on cash and investments	1,068	34	1,102	1,176
Net cash provided by (used for) investing activities	<u>1,068</u>	<u>34</u>	<u>1,102</u>	<u>(8,824)</u>
Net increase in cash and cash equivalents	15,252	303	15,555	20,119
Cash and cash equivalents at beginning of year	<u>210,720</u>	<u>8,051</u>	<u>218,771</u>	<u>86,288</u>
Cash and cash equivalents at end of year	<u>\$ 225,972</u>	<u>\$ 8,354</u>	<u>\$ 234,326</u>	<u>\$ 106,407</u>

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 9.1

(continued)

	Business-Type Activities —			Governmental Activities- Internal Service Funds
	Enterprise Funds			
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating income	\$ 36,516	\$ 1,297	\$ 37,813	\$ 18,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	48,592	217	48,809	4,022
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(26)	(4)	(30)	(2,768)
Due from other governments	(1)		(1)	(38)
Inventory and other assets	1,220		1,220	(32)
Prepaid expense	(37)	(11)	(48)	437
Increase (decrease) in liabilities:				
Accounts payable	2,005	148	2,153	358
Due to other governments	(5)		(5)	
Reported but unpaid losses				115
Incurred but not reported losses				4,978
Other liabilities	140	49	189	46
Net cash provided by operating activities	<u>\$ 88,404</u>	<u>\$ 1,696</u>	<u>\$ 90,100</u>	<u>\$ 25,662</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2014:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of \$6,541 and received other capital assets totaling \$76. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of \$3,905.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a value of \$27 to the County's Internal Service Fund.

Regional Wastewater Reclamation Enterprise Fund received assets from the County's general government in the amount of \$278. This transaction was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Pima County Board of Supervisors' approved Connection Flow-Through Sewer Credit Agreement in the amount of \$95. This transaction was recorded as an increase to unearned revenue and a decrease in capital contributions.

The Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling \$7. This transaction was recorded as a decrease to unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of \$263.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation with a net book value of \$27.

Internal Service Funds received capital contributions with a value of \$216 from General Government and sold capital assets with a net book value of \$859.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 144,516	\$ 68,890
Interest receivable	136	
Due from other governments		1,174
Total assets	\$ 144,652	\$ 70,064
Liabilities		
Employee compensation		\$ 115
Due to other governments		37,894
Deposits and rebates		32,055
Total liabilities	\$	\$ 70,064
Net position		
Held in trust for pool participants	\$ 144,652	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 11

	Investment Trust Funds
Additions	
Contributions from participants	\$ 2,452,239
Total contributions	2,452,239
Investment earnings	957
Total investment earnings	957
Total additions	2,453,196
Deductions	
Distributions to participants	2,515,033
Total deductions	2,515,033
Change in net position	(61,837)
Net position held in trust July 1, 2013	206,489
Net position held in trust June 30, 2014	\$ 144,652

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies

Pima County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was originally created to provide regional leadership and fiscal resources to ensure the presence of major league baseball in Pima County. However, in 2008 and 2010, the Chicago White Sox and the Arizona Diamondbacks Major League Baseball teams terminated their agreements with the District and moved to newer, larger facilities in Maricopa County. Since their departure, the District has taken steps to repurpose and diversify the use of the Stadium and to decrease costs and increase revenue. The Kino Sports Complex is dedicated primarily to soccer activities with a lighted 2,000-seat North Grandstand field, four more soccer fields, and a 2,000-seat stadium under construction. Additional amenities include two lighted softball fields and the Kino Environmental Restoration Project. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as the Board of Directors of the District. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreation vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the Board of Directors of the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson, and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors for the Flood Control District. The Regional Flood Control District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs are not available.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation which manages and maintains the fairgrounds owned by the County and conducts annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization:

The Industrial Authority of Pima County (Authority) is a legally separate entity that was created to promote economic development and the development of affordable housing. The Authority fulfills its function through the issuance of tax-exempt bonds. The County Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements - Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities except for fiduciary activities. The statements also distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements - Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues such as connection fees, intergovernmental revenues, along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund revenues are primarily from property taxes and intergovernmental revenues.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. Capital Projects Fund revenues are from intergovernmental, face amount of long-term debt and transfers in.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues are from property taxes, proceeds from refunding debt, and transfers in.

The County reports the following major enterprise fund:

Regional Wastewater Reclamation (RWR) accounts for the management and operation of wastewater treatment and water pollution control programs. Revenues are from charges for services and connection fees.

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, printing services, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis. The County transitioned to a medical self-insurance model on July 1, 2013 that is funded by employee and employer premium rates.

Investment Trust Funds account for pooled assets and individual investment accounts the County Treasurer holds and invests on behalf of other governmental entities.

Agency Funds account for assets the County holds as an agent for the State, cities, towns, and other parties.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net position resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County recognizes property taxes to be available if collected within 30 days. In addition, other taxes that are reported as intergovernmental revenues, i.e. state shared sales tax, highway user revenues and vehicle license tax, recreational vehicle taxes, car rental surcharges, and hotel excise taxes are also recognized if collected within 30 days. Grant funded intergovernmental revenues are considered available if collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Inventories

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

The County accounts for its inventories in the Health Fund using the purchase method. Inventories of the Health Department consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method or average cost method.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Inventories of the Transportation Department are recorded as assets when purchased and expensed when used. Inventories in Transportation are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

F. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

Capital assets are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Land improvements (Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	\$100	Straight Line	10 - 50 Years
Equipment	\$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	\$100	Straight Line	10 - 50 Years
Intangible (Reported in land, equipment, and infrastructure)	\$100	Straight Line	Varies

Discretely presented component unit:

The Southwestern Fair Commission, Inc. capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets' estimated useful life, which range from 3 to 40 years.

H. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County Administrator to make assignments of resources for a specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

J. Investment Earnings

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

K. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Employees may accumulate up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, employees who have accumulated greater than 240 hours of sick leave and are eligible to retire will receive some benefits. An estimate of those retirement payouts is accrued as a liability in government-wide and proprietary funds' financial statements in Employee Compensation for the current portion and under Noncurrent Liabilities for the noncurrent portion. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year-end and is reported in Employee Compensation. Employees who are eligible to retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan may request sick leave be converted to annual leave on a predetermined conversion basis.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 2: Fund Balance Classifications of the Governmental Funds

The table below details the fund balance categories and classifications.

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>CAFR Total</u>
Fund Balance:					
Nonspendable:					
Inventory				\$ 1,369	\$ 1,369
Prepaid expenditures	\$ 3,384			480	3,864
Loan receivable	1,894				1,894
Permanent fund principal				45	45
Total nonspendable	<u>5,278</u>			<u>1,894</u>	<u>7,172</u>
Restricted for:					
Capital Projects					
Streets and highways		\$ 57,155			57,155
Other		34,792			34,792
Justice Court /Public Service Center		42,813			42,813
Judicial activities				21,829	21,829
Flood Control District		10,496		11,690	22,186
Health				5,128	5,128
Law enforcement				2,153	2,153
Library District				5,991	5,991
School reserve				536	536
Social services				1,368	1,368
Streets and highways				9,704	9,704
Tire fund				1,307	1,307
Other purposes				1,278	1,278
Total restricted		<u>145,256</u>		<u>60,984</u>	<u>206,240</u>
Committed to:					
Judicial activities				124	124
Parks and recreation		220		981	1,201
School reserve				238	238
Sports promotion (Stadium)				1,225	1,225
Other purposes		3,616		3,740	7,356
Total committed		<u>3,836</u>		<u>6,308</u>	<u>10,144</u>
Assigned to:					
Debt service reserve			\$ 7,848		7,848
Health				1,358	1,358
Landfill				379	379
Law enforcement	176			322	498
School reserve				920	920
Other purposes	5			1,225	1,230
Total assigned	<u>181</u>		<u>7,848</u>	<u>4,204</u>	<u>12,233</u>
Unassigned:	42,731	(80)		(6,536)	36,115
Total Fund Balance	<u>\$ 48,190</u>	<u>\$ 149,012</u>	<u>\$ 7,848</u>	<u>\$ 66,854</u>	<u>\$ 271,904</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments

Primary Government

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—The State statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures and notes that are denominated in United States dollars must be rated "A" or better by at least two nationally recognized rating agencies at the time of purchase.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require collateral for demand deposits and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

Concentration of credit risk—Statutes do not include any requirements for concentration of credit risk.

Interest rate risk—Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2014, the carrying amount of the County's deposits was \$57,664, and the bank balance was \$61,206.

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2014, \$4,599 of County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

Investments—At June 30, 2014, the County’s investments consisted of \$361,411 invested in marketable securities and \$446,740 invested in the State Treasurer’s Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer’s Pool. The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk.

At June 30, 2014, credit risk for the County’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Commercial paper	A1/P1	S&P / Moody's	\$ 9,989
Corporate bonds	B+/B1	S&P / Moody's	249,873
Municipal bonds	Unrated		10,773
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,898
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	34,013
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	349,634
State Treasurer Investment Pool 5	AAAf/S1+	S&P	283,182
State Treasurer Investment Pool 500	Unrated		101,357
State Treasurer Investment Pool 7	Unrated		62,201
		State Treasurer's Investment Pool	446,740
			<hr/>
Total			<u>\$ 796,374</u>

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County’s \$808,151 of investments, \$332,323, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County’s name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County’s exposure as of June 30, 2014 is less than 5% per issuer.

Interest rate risk—Interest rate risk is the risk that changes in interest rates will adversely affect an investment’s fair value. The County does not have a formal investment policy with respect to interest rate risk.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2014, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 283,182	0.16
State Treasurer Investment Pool 500	101,357	5.59
State Treasurer Investment Pool 7	62,201	0.05
Commercial paper	9,989	0.47
Corporate bonds	249,873	1.59
Municipal bonds	10,773	1.64
Federal Farm Credit Bank	15,898	2.36
Federal Home Loan Bank	34,013	3.15
U.S. Treasury Notes	11,777	1.34
Money market mutual fund	29,088	0.13
Total	<u>\$ 808,151</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

	<u>Cash on Hand</u>	<u>Amount of Deposits</u>	<u>Amount of Investments</u>	<u>Total</u>
Cash, deposits, and investments:	\$ 48	\$ 57,664	\$ 808,151	\$ 865,863

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Position:					
Cash and cash equivalents	\$ 415,700	\$ 129,781	\$ 144,516	\$ 68,890	\$ 758,887
Restricted cash and cash equivalents	2,431	104,545			106,976
Total	<u>\$ 418,131</u>	<u>\$ 234,326</u>	<u>\$ 144,516</u>	<u>\$ 68,890</u>	<u>\$ 865,863</u>

County Treasurer's Investment Pool—Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under her stewardship. The County Treasurer invests, on a pool basis, all monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the Pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The County Treasurer allocates interest earnings to each of the Pool's participants. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

	<u>Principal</u>	<u>Interest</u> <u>Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Commercial paper	\$ 10,000	0.00%	12/14	\$ 9,989
Corporate bonds	240,401	0.40-7.13%	07/14-06/18	249,873
Municipal bonds	10,710	0.25-1.5%	07/14-07/17	10,773
Federal Farm Credit Bank	15,828	0.35-2.08%	11/15-9/18	15,898
Federal Home Loan Bank	34,000	0.5-1.25%	11/16-11/18	34,013
U.S. Treasury Notes	11,700	0.75-2.63%	07/14-06/17	11,777
State Treasurer Investment Pool 5	147,502	N/A	N/A	147,502
Deposits	21,316	N/A	N/A	21,316
Interest receivable	136	N/A	N/A	136
Total assets				<u>\$ 501,277</u>

A condensed statement of the investment pool's net position and changes in net position follows:

Statement of Net Position

Assets held in trust for:

Internal participants	\$ 425,578
External participants	<u>75,699</u>
Total assets	501,277
Total liabilities	
Total net position held in trust	<u>\$ 501,277</u>

Statement of Changes in Net Position

Total additions	\$5,929,669
Total deductions	<u>(5,997,783)</u>
Net decrease	(68,114)
Net position held in trust:	
July 1, 2013	<u>569,391</u>
June 30, 2014	<u>\$ 501,277</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 4: Due from Other Governments

Governmental activities:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Federal government:						
Grants and contributions	\$ 69		\$ 6	\$ 2,608		\$ 2,683
State of Arizona:						
Taxes and shared revenues	19,016	\$ 1,150		4,792		24,958
Grants and contributions				8,224	\$ 3	8,227
Cities:						
Reimbursement for services	1,446	525		2,456	121	4,548
Other governments:						
Reimbursement for services	<u>94</u>	<u>5,422</u>		<u>67</u>	<u>17</u>	<u>5,600</u>
Total due from other governments fund based statements	<u>\$ 20,625</u>	<u>\$ 7,097</u>	<u>\$ 6</u>	<u>\$ 18,147</u>	<u>\$ 141</u>	<u>\$ 46,016</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 487,902	\$ 11,357	\$ (96)	\$ 499,163
Construction in progress	297,266	88,680	(173,632)	212,314
Total capital assets not being depreciated	<u>785,168</u>	<u>100,037</u>	<u>(173,728)</u>	<u>711,477</u>
Capital assets being depreciated:				
Buildings and improvements	657,161	36,312	(82)	693,391
Infrastructure	1,221,637	112,686	(1,642)	1,332,681
Equipment	155,586	50,383	(11,574)	194,395
Total capital assets being depreciated	<u>2,034,384</u>	<u>199,381</u>	<u>(13,298)</u>	<u>2,220,467</u>
Less accumulated depreciation for:				
Buildings and improvements	(196,366)	(18,902)	59	(215,209)
Infrastructure	(630,676)	(35,090)	387	(665,379)
Equipment	(83,615)	(12,352)	10,280	(85,687)
Total accumulated depreciation	<u>(910,657)</u>	<u>(66,344)</u>	<u>10,726</u>	<u>(966,275)</u>
Total capital assets being depreciated, net	<u>1,123,727</u>	<u>133,037</u>	<u>(2,572)</u>	<u>1,254,192</u>
Governmental activities capital assets, net	<u>\$ 1,908,895</u>	<u>\$ 233,074</u>	<u>\$ (176,300)</u>	<u>\$ 1,965,669</u>
	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,554	\$ 76		\$ 12,630
Construction in progress	500,964	92,401	\$ (529,635)	63,730
Total capital assets not being depreciated	<u>513,518</u>	<u>92,477</u>	<u>(529,635)</u>	<u>76,360</u>
Capital assets being depreciated:				
Buildings and improvements	395,247	473,802	(17,262)	851,787
Sewage conveyance systems	693,048	30,902	(2,435)	721,515
Equipment	107,036	32,024	(6,591)	132,469
Total capital assets being depreciated	<u>1,195,331</u>	<u>536,728</u>	<u>(26,288)</u>	<u>1,705,771</u>
Less accumulated depreciation for:				
Buildings and improvements	(190,303)	(25,930)	16,088	(200,145)
Sewage conveyance systems	(269,768)	(13,538)	1,545	(281,761)
Equipment	(39,225)	(9,341)	4,750	(43,816)
Total accumulated depreciation	<u>(499,296)</u>	<u>(48,809)</u>	<u>22,383</u>	<u>(525,722)</u>
Total capital assets being depreciated, net	<u>696,035</u>	<u>487,919</u>	<u>(3,905)</u>	<u>1,180,049</u>
Business-type activities capital assets, net	<u>\$ 1,209,553</u>	<u>\$ 580,396</u>	<u>\$ (533,540)</u>	<u>\$ 1,256,409</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 12,425
Public safety	9,824
Highways and streets	31,673
Sanitation	401
Health	488
Welfare	74
Culture and recreation	6,597
Education and economic opportunity	840
Internal service funds	4,022
Total governmental activities depreciation expense	<u>\$ 66,344</u>

Business-type activities:

Parking Garages	\$ 217
Regional Wastewater Reclamation Department	48,592
Total business-type activities depreciation expense	<u>\$ 48,809</u>

Discretely presented component unit:

Southwestern Fair Commission (SFC):

Capital assets being depreciated:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Buildings and improvements	\$ 5,974	\$ 491		\$ 6,465
Equipment	2,521	134	\$ (24)	2,631
Total capital assets being depreciated	<u>8,495</u>	<u>625</u>	<u>(24)</u>	<u>9,096</u>

Less accumulated depreciation for:

Buildings and improvements	(3,339)	(304)		(3,643)
Equipment	(2,021)	(189)	24	(2,186)
Total accumulated depreciation	<u>(5,360)</u>	<u>(493)</u>	<u>24</u>	<u>(5,829)</u>

Total capital assets being depreciated, net

	<u>3,135</u>	<u>132</u>		<u>3,267</u>
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SFC capital assets, net

	<u>\$ 3,135</u>	<u>\$ 132</u>		<u>\$ 3,267</u>
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PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

The SIT Fund, an internal service fund, accounts for the financing of the insured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. The SIT Fund is liable for any single general or automobile liability claim up to \$2,500 per occurrence, any workers' compensation claim up to \$1,000 per occurrence, and any single medical malpractice claim up to \$1,000 per occurrence or any medical malpractice claims in aggregate up to \$5,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the SIT Fund. Settled claims have not exceeded insurance coverage in any of the last 3 fiscal years.

Payment of unemployment claims is fully self-funded. Payment of environmental claims is generally self-funded, although some claims filed could result in past insurers being liable for such losses.

All of the County's departments participate in the SIT Fund. With the exception of environmental and unemployment losses, charges are based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Charges for environmental losses are based on historical experience. Charges for unemployment losses are based on actual claims paid.

Claims liabilities at June 30, 2014, for each insurable area are as follows:

Auto liability	\$	335
General liability		10,487
Workers' compensation		21,605
Medical malpractice		234
Environmental liability		1,500
		\$ 34,161

The above amounts, excluding environmental and unemployment, are reported at their present value using an expected future investment yield assumption of 2 percent.

Changes in the unpaid claims liability reported in the SIT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2012-13	\$ 35,397	7,676	(7,305)	\$ 35,768
2013-14	\$ 35,768	4,851	(6,458)	\$ 34,161

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-2014, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 6: Claims, Judgments and Risk Management (continued)

reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past fiscal year.

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2014 for each plan option are as follows:

High-Deductible Health Plan:		
Medical	\$	2,843
Pharmacy		973
Preferred Provider Organization Plan:		
Medical		2,149
Pharmacy		735
		\$ 6,700

Changes in the unpaid claims liabilities reported in the HBT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	\$ -	47,161	(40,461)	\$ 6,700

Litigation

Pima County is a defendant in a number of court actions. In the opinion of County management, the final disposition of these actions, if unfavorable, will not have a material effect upon the County's financial statements.

Pollution Remediation

The County has estimated and reported an environmental liability of \$639 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

Remediation efforts continue at the El Camino del Cerro site which is approximately bordered by the Santa Cruz River on the west, Interstate 10 on the east and El Camino del Cerro Road on the south. The groundwater contamination is suggested to resonate from the municipal and solid waste landfill operated on the site from 1973 to 1977.

The estimated liability was calculated based upon the expected future outlays associated with the estimate of one pump-and-treat system for one year. There is potential for changes due to increased costs associated with sewage disposal costs, construction costs for extraction and injection wells, and/or changes in the estimated extent of contamination.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2014.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Governmental activities:					
General obligation bonds	\$ 456,690	\$ 10,000	\$ 59,415	\$ 407,275	\$ 36,815
Unamortized premium/discount	10,678	409	2,356	8,731	2,059
Total general obligation bonds	<u>467,368</u>	<u>10,409</u>	<u>61,771</u>	<u>416,006</u>	<u>38,874</u>
Transportation revenue bonds	126,015	24,805	21,995	128,825	13,685
Unamortized premium/discount	2,589	2,696	1,029	4,256	1,292
Total transportation revenue bonds	<u>128,604</u>	<u>27,501</u>	<u>23,024</u>	<u>133,081</u>	<u>14,977</u>
Certificates of participation	127,735	52,160	40,995	138,900	29,680
Unamortized premium/discount	6,759	6,383	2,339	10,803	2,463
Total certificates of participation	<u>134,494</u>	<u>58,543</u>	<u>43,334</u>	<u>149,703</u>	<u>32,143</u>
Capital leases payable:					
Other capital leases	298		298		
Total capital leases	<u>298</u>		<u>298</u>		
Installment note payable	605	239	204	640	228
Total installment note payable	<u>605</u>	<u>239</u>	<u>204</u>	<u>640</u>	<u>228</u>
Reported but unpaid losses (Note 6)	21,606	44,936	44,821	21,721	5,883
Incurred but not reported losses (Note 6)	14,162	7,075	2,097	19,140	8,815
Landfill closure and post-closure care costs (Note 8)	21,730	1,041		22,771	
Pollution remediation (Note 6)	734		95	639	
Compensated absences payable *	30,739	103		30,842	
Total governmental activities long-term liabilities	<u>\$ 820,340</u>	<u>\$ 149,847</u>	<u>\$ 175,644</u>	<u>\$ 794,543</u>	<u>\$100,920</u>

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of \$2,636 is reported as Employee compensation.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance			Balance	Due within
	July 1, 2013	Additions	Reductions	June 30, 2014	1 year
Business-type activities:					
Sewer revenue bonds	\$ 154,415		\$ 16,765	\$ 137,650	\$ 17,555
Unamortized premium/discount	1,099		318	781	515
Total revenue bonds payable	<u>155,514</u>		<u>17,083</u>	<u>138,431</u>	<u>18,070</u>
Sewer revenue obligations	464,355	\$ 48,500	18,725	494,130	21,890
Unamortized premium/discount	46,620	7,032	7,494	46,158	7,634
Total revenue obligations payable	<u>510,975</u>	<u>55,532</u>	<u>26,219</u>	<u>540,288</u>	<u>29,524</u>
Regional Wastewater Reclamation Loans payable	21,169		1,489	19,680	1,535
Total loans payable	<u>21,169</u>		<u>1,489</u>	<u>19,680</u>	<u>1,535</u>
Contracts and notes	12,645	1,610	6,313	7,942	
Compensated absences payable *	3,087	88		3,175	
Total business-type activities long-term liabilities	<u>\$ 703,390</u>	<u>\$ 57,230</u>	<u>\$ 51,104</u>	<u>\$ 709,516</u>	<u>\$ 49,129</u>

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of \$271 is reported as Employee compensation.

The County's debt consists of various issues of general obligation, HURF revenue, certificates of participation, sewer revenue bonds, loans, and obligations bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. HURF revenue bonds are repaid from charges for services in the Transportation fund. Certificates of participation are repaid from General fund and other various funds' revenues. Sewer revenue bonds, loans, and obligations are repaid from the charges for services in the Regional Wastewater Reclamation fund.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

(Payments made from property tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2014, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$4,662 from the May 20, 1997, \$13,278 from the May 18, 2004, and \$741 from the May 16, 2006 bond elections remain unissued.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2007	\$ 95,000	3.00 - 4.50%	2015-21	July 1, 2017	\$ 48,550
Series of 2008	100,000	4.00%	2015-22	July 1, 2018	63,000
Series of 2009	75,000	3.00 - 4.13%	2015-23	July 1, 2019	36,185
Series of 2009A	90,000	3.00 - 4.00%	2015-24	July 1, 2019	63,225
Series of 2009A Refunding	23,535	3.00 - 3.25%	2015-16		660
Series of 2011	75,000	2.25 - 5.00%	2015-26	July 1, 2021	44,185
Series of 2012A	60,000	2.00 - 4.00%	2015-27	July 1, 2022	43,750
Series of 2012B Refunding	16,225	2.00 - 3.00%	2015-17		12,155
Series of 2013A	50,000	1.50 - 4.00%	2015-28	July 1, 2023	47,000
Series of 2013B Refunding	38,575	3.00 - 4.00%	2015-20		38,565
Series of 2014	10,000	1.00 - 5.00%	2015-28	July 1, 2023	10,000
G.O. bonds outstanding					407,275
Plus unamortized premium/discount:					8,731
		Total G.O. bonds outstanding			<u>\$ 416,006</u>

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 36,815	\$ 14,715
2016	37,655	13,581
2017	41,445	12,398
2018	40,880	11,041
2019	39,375	9,555
2020 - 2024	171,075	26,117
2025 - 2028	40,030	3,428
Total	<u>\$ 407,275</u>	<u>\$ 90,835</u>

REFUNDED GENERAL OBLIGATION BONDS

During fiscal year 2013-14, the County defeased \$14,815 of General Obligation Bonds, Series 2005 and \$1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements.

In prior years, the County defeased \$14,435 of General Obligation Refunded Bonds, Series 2005 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2014, \$30,450 of outstanding bonds are considered defeased, which includes debt defeased during this current year.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, \$73,375 from the November 4, 1997 bond election remains unissued.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2005	\$ 51,200	3.50 - 5.00%	2015-20	July 1, 2015	\$ 19,240
Series of 2007	21,000	3.25 - 4.75%	2015-22	July 1, 2017	14,870
Series of 2008	25,000	3.50 - 4.50%	2015-22	July 1, 2018	20,425
Series of 2009	15,000	3.00 - 4.00%	2015-24	July 1, 2019	13,650
Series of 2009 Refunding	8,420	3.00 - 4.00%	2015-24	July 1, 2019	7,385
Series of 2012	18,425	3.00 - 5.00%	2015-27	July 1, 2022	16,570
Series of 2012 Refunding	14,520	4.00 - 5.00%	2015-18		11,880
Series of 2014	16,000	3.00 - 5.00%	2015-28	July 1, 2023	16,000
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Transportation bonds outstanding					<u>128,825</u>
Plus unamortized premium/discount:					4,256
Total transportation bonds outstanding					<u>\$ 133,081</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 13,685	\$ 5,197
2016	14,250	4,652
2017	14,585	4,000
2018	15,245	3,351
2019	14,310	2,679
2020 - 2024	46,655	6,151
2025 - 2028	10,095	752
Total	<u>\$ 128,825</u>	<u>\$ 26,782</u>

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay \$128,825 in transportation revenue bonds issued between 2005 and 2014. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require approximately 122 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$155,607. Principal and interest paid for bonds in the current year and total net highway user revenues were \$17,661 and \$13,702, respectively.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

REFUNDED TRANSPORTATION BONDS

During fiscal year 2013-14, the County defeased \$9,570 of Transportation Bonds, Series 2005, by issuing \$8,805 of Transportation Bonds that have an average life of 3.93 years and an average interest rate of 5.00%. This refunding transaction resulted in an economic gain of \$515 and a reduction in debt service payments of \$569. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2014, \$9,570 of outstanding bonds are considered defeased.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007A for \$28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On February 4, 2010, the County issued Certificates of Participation Series 2010 for \$20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

On May 22, 2013, the County issued Certificates of Participation Series 2013A for \$80,175. The County intends to use \$60,000 of the proceeds from that issue for projects related to its sewer system. Although no sewer revenues are pledged for the repayment of the Certificates, the County intends to transfer available cash from the Regional Wastewater Reclamation Fund to repay that portion of the proceeds actually used for sewer projects. The County also issued \$12,705 of Refunding Certificates of Participation, Series 2013B. The Certificates were issued with a premium of \$1,260 and the proceeds were used to refund and redeem \$1,220 of Certificates of Participation, Series 1999, and \$12,335 of Certificates of Participation, Series 2003, previously reported by the County as a jail capital lease.

On February 12, 2014, the County issued Certificates of Participation Series 2014 for \$52,160 to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2014.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2007A	\$ 28,765	5.00%	2015-22	July 1, 2017	\$ 18,805
Series of 2010	20,000	3.50 - 5.25%	2015-19		12,030
Series of 2013A	80,175	2.00 - 5.00%	2015-23		45,530
Series of 2013B Refunding	12,705	3.00 - 5.00%	2015-18		10,375
Series of 2014	52,160	2.00 - 5.00%	2015-29	December 1, 2023	52,160
Certificates of participation outstanding					138,900
Plus unamortized premium/discount:					10,803
Total certificates of participation outstanding					<u>\$ 149,703</u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 29,680	\$ 6,572
2016	16,240	5,087
2017	11,955	4,409
2018	12,615	3,808
2019	10,670	3,256
2020 - 2024	35,615	9,622
2025 - 2029	22,125	2,875
Total	<u>\$ 138,900</u>	<u>\$ 35,629</u>

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired Tasers under contract agreements at a total purchase price of \$764. During fiscal year 2013-14, the County also acquired computer equipment under contract agreements at a total purchase price of \$239. The outstanding balance as of June 30, 2014, for the payable totaled \$640. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 229	\$ 16
2016	234	10
2017	177	4
	<u>\$ 640</u>	<u>\$ 30</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2014, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2004 Refunding	\$ 25,770	4.60%	2015	July 1, 2014	\$ 4,000
Series of 2007	50,000	4.00 - 5.00%	2015-26	July 1, 2017	34,715
Series of 2008	75,000	4.00 - 5.00%	2015-23	July 1, 2018	70,130
Series of 2009	18,940	3.25 - 4.25%	2015-24	July 1, 2019	14,540
Series of 2011 Refunding	43,625	3.00 - 5.00%	2015-16		14,265
Sewer revenue bonds outstanding					<u>137,650</u>
Plus unamortized premium/discount:					781
Total sewer revenue bonds outstanding					<u>\$ 138,431</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 17,555	\$ 5,883
2016	15,950	5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020 - 2024	61,400	8,606
2025 - 2026	7,280	440
Total	<u>\$ 137,650</u>	<u>\$ 31,640</u>

On June 17, 2010, Pima County entered into an agreement, whereby future revenues were pledged, that provided monies to be used primarily to pay a portion of the capital project costs associated with the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the county-wide sewer system, including the Agua Nueva (previously known as Roger Road) and Tres Rios (previously known as Ina Road) Wastewater Reclamation Facilities. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for \$189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

In December 2012, the County issued Sewer Revenue Obligations Series 2012A for \$128,795. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System, including the Agua Nueva and Tres Rios Wastewater Reclamation Facilities.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

In February 2014, the County issued Sewer Revenue Obligations Series 2014 for \$48,500. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2010	\$165,000	2.50 - 5.00%	2015-25	July 1, 2020	\$ 163,000
Series of 2011B	189,160	5.00%	2015-26	July 1, 2021	164,450
Series of 2012A	128,795	1.75 - 5.00%	2015-27	July 1, 2022	118,180
Series of 2014	48,500	2.00 - 5.00%	2015-28	July 1, 2023	48,500
Sewer revenue obligations outstanding					494,130
Plus unamortized premium/discount:					46,158
Total sewer revenue obligations outstanding					<u>\$ 540,288</u>

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 21,890	\$ 23,871
2016	22,740	22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020 - 2024	229,110	61,691
2025 - 2028	106,810	9,317
Total	<u>\$ 494,130</u>	<u>\$ 178,749</u>

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into various loan agreements (used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Outstanding June 30, 2014</u>
2004 Loans payable	\$ 19,967	1.81%	2015-24	\$ 13,534
2009 Loans payable	8,002	0.96%	2015-24	6,146
Total loans payable				<u>\$ 19,680</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,535	\$ 576
2016	1,581	529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020 - 2024	11,526	1,083
Total	<u>\$ 19,680</u>	<u>\$ 3,476</u>

Pima County has pledged future user charges, net of specified operating expenses, to repay \$137,650 in sewer revenue bonds issued between 2004 and 2011, \$19,680 in sewer revenue loans issued between 2004 and 2009, and \$494,130 in sewer revenue obligations issued between 2010 and 2014. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2028. Annual principal and interest payments on the bonds and obligations are expected to require approximately 67 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 3 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$169,290. Total principal and interest remaining to be paid on the loans is \$23,156. Total principal and interest remaining to be paid on the obligations is \$672,879. Principal and interest paid for bonds, obligations and loans in the current year and total customer net revenues were \$65,277, \$2,111, and \$96,134, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2014, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

Contracts and notes consist of contract retentions for several construction projects. Generally, interest is not accrued and the timing of payments is based on completion of the related construction projects.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

**LEGAL DEBT MARGIN
County General Obligation Bonds**

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2014, is as follows:

Net assessed valuation		\$7,623,691
<u>Debt limit (15% of net assessed valuation):</u>		1,143,554
<u>Less amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 407,275	
Less fund balance in debt service fund available for payment of general obligation bond principal	(5,326)	401,949
Legal debt margin available		\$ 741,605

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$22,771 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$4,584 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended June 30, 2014; actual costs may change due to inflation, changes in technology, or changes in regulations.

<u>Landfill Site</u>	<u>Capacity Used June 30, 2014</u>	<u>Estimated Remaining Service Life</u>
Ajo	73%	37 Years
Sahuarita	56%	28 Years
*Tangerine	99%	36 Years

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used. As the amount of County disposal is very small the estimated remaining service life was extended to 36 years.

The County plans to fund the estimated closure and post-closure care costs with proceeds of general obligation bonds.

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately \$10,946 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

On June 1, 2013 Tucson Recycling and Waste Services was contracted to operate the Landfill and Transfer Station operations on behalf of Pima County in an agency capacity. The closure and post closure costs remain the liability of Pima County.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits

Pension Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Corrections Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (**EORP**), all component units of the State of Arizona. The **EORP** and the **PSPRS**, Pima County – County Attorney Investigators are not described due to their relative insignificance to the County’s financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees’ average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree’s healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The **ASRS** administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions, including general employees of the County and school districts. The **ASRS** is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The **PSPRS** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a seven-member board, known as the Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium plan that covers certain state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The **CORP** is governed by the Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Beginning in fiscal year 2013-14, PSPRS and CORP established separate Funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2013-14, the plans transferred prior year health insurance premium benefit contributions that exceeded benefit payments from each plan’s Pension Fund to the new Health Insurance Fund.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web sites or may be obtained by writing or calling the applicable plan.

ASRS

3300 N. Central Ave
Phoenix, AZ 85012
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or
(800) 621-3778
www.azasrs.gov

PSPRS and CORP

3010 East Camelback Road
Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575
www.psprs.com

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for **ASRS**, **PSPRS** and **CORP**.

Cost-sharing plans

For the year ended June 30, 2014, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2014, the County contributed 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2013, the County contributed 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2012, the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2014	\$ 24,733	\$ 1,387	\$ 555
2013	\$ 22,902	\$ 1,452	\$ 536
2012	\$ 21,290	\$ 1,359	\$ 518

Agent plans

For the year ended June 30, 2014, active **PSPRS** members were required by statute to contribute 10.35 percent of the members' annual covered payroll and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 6.70 percent. The health insurance premium portion of the contribution was set at 1.60 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 actuarial valuations and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions were used to establish the fiscal year 2014 contribution requirements, are as follows:

	<u>PSPRS</u>	<u>CORP</u>
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	24 Years for underfunded, 20 Years for overfunded	24 Years for underfunded, 20 Years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2014, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Annual pension/OPEB cost	\$ 11,856	\$ 563	\$ 3,550	\$ 252
Contributions made	\$ 11,856	\$ 563	\$ 3,550	\$ 252

Trend Information

Annual pension and OPEB cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/ OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/ OPEB Obligation</u>
PSPRS				
Pension	2014	\$ 11,856	100%	
Health insurance premium benefit	2014	\$ 563	100%	
Pension	2013	\$ 9,903	102%	
Health insurance premium benefit	2013	\$ 591	64%	\$ 215
Pension	2012	\$ 8,445	103%	
Health insurance premium benefit	2012	\$ 638	60%	\$ 254
CORP				
Pension	2014	\$ 3,550	100%	
Health insurance premium benefit	2014	\$ 252	100%	
Pension	2013	\$ 2,722	104%	
Health insurance premium benefit	2013	\$ 264	54%	\$ 121
Pension	2012	\$ 2,076	107%	
Health insurance premium benefit	2012	\$ 288	51%	\$ 142

Funded Status

The plan's funded status as of the most recent valuation date of June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial accrued liability	\$ 324,825	\$ 7,337	\$ 100,333	\$ 3,122
Actuarial value of assets	\$ 141,813	7,549	\$ 48,811	3,248
Unfunded actuarial accrued liability (funding excess)	\$ 183,012	\$ (212)	\$ 51,522	\$ (126)
Funded ratio	43.7 %	102.9 %	48.6 %	104.0 %
Covered payroll	\$ 31,544	\$ 31,544	\$ 19,765	\$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	580.2 %	0 %	260.7 %	0 %

	PSPRS	CORP
	Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.85%	7.85%
Projected salary increases includes inflation at	4.0% - 8.0% 4.00%	4.0% -7.25% 4.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	22 Years for underfunded , 20 years for overfunded	22 Years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market
Permanent Benefit Increases	Members retired on or before: July 1, 2011: 2% compounded on average Members retired on or after: August 1, 2011: 0.5% compounded on average All current retirees receive the same dollar increase amount so approximation techniques were used to develop the assumed PBI for each member	Members retired on or befo July 1, 2011: 2.25% of benefit Members retired on or afte August 1, 2011: 0.5% of bene

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

Due from / Due to Other Funds are used to record loans or unpaid operating transfers between funds.

Amounts recorded as due to:

Amounts recorded as due from:

	General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Internal Services	Total
General	\$ 53		\$ 2,491			\$ 2,544
Capital Projects			2,153	6		2,159
Other Governmental	\$ 140		76	6		222
Regional Wastewater Reclamation			6			6
Internal Services		42			\$ 29	71
Total	\$ 140	\$ 95	\$ 4,726	\$ 12	\$ 29	\$ 5,002

B. Transfers

Transfers are used to record transactions between individual funds to subsidize their operations and fund debt service payments and capital construction projects.

Amounts recorded as transfers out:

Amounts recorded as transfers in:

	General	Capital Projects	Debt service	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General	\$ 99		\$ 22,990	\$ 103	\$ 1,000			\$ 24,192
Capital Projects	\$ 3,138		\$ 5,880	36,841	337	350	\$ 64	46,610
Debt Service	7,025	146		17,200	36,104	20	994	61,489
Other Governmental	23,724	310		2,115	415		3,828	30,392
Regional Wastewater Reclamation		51,404						51,404
Other Enterprise		3,667						3,667
Internal Service		11,709		3,892	27		380	16,008
Total	\$ 33,887	\$ 67,335	\$ 5,880	\$ 83,038	\$ 36,986	\$ 1,370	\$ 5,266	\$ 233,762

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 11: Construction and Other Significant Commitments

At June 30, 2014, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks and Recreation, Regional Flood Control, Regional Wastewater Reclamation and Transportation.

Facilities Management

At June 30, 2014, the Pima County Facilities Management Department had construction contractual commitments of \$37,309 and other contractual commitments related to service contracts of \$6,728. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government

At June 30, 2014, Pima County had contractual commitments related to service contracts for the Office of Medical Services of \$21,875. Procurement had construction contractual commitments of \$10,028 and other contractual commitments related to service contracts of \$2,406. Information Technology had commitments related to service contracts of \$8,220. Funding for these expenditures will be provided from general fund revenues, the PCWIN special revenue fund and general obligation bonds.

Natural Resources, Parks and Recreation

At June 30, 2014, Pima County had contractual commitments related to service contracts for the Natural Resources, Parks and Recreation Department of \$8,912. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control

At June 30, 2014, the Regional Flood Control fund had construction contractual commitments of \$4,852 and other contractual commitments related to service contracts of \$6,466. Funding for these expenditures will be provided primarily from Flood Control secondary tax levy revenues.

Regional Wastewater Reclamation

At June 30, 2014, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of \$14,718 and other contractual commitments related to service contracts of \$26,040. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation

At June 30, 2014, the Pima County Transportation Department had construction contractual commitments of \$43,327 and other contractual commitments related to service contracts of \$10,956. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 12: Deficit Fund Balances

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2014 of \$1,378 and \$1,032 respectively. The deficits can be eliminated in the future through normal operations.

SUMMARY OF LEGAL DOCUMENTS

The following are brief summaries of the provisions of the Financing Documents together with certain definitions in the Financing Documents not defined elsewhere in the Official Statement. These summaries are not intended to be definitive. Reference is made to the complete documents for the complete terms thereof. Copies of the documents are available as set forth in the Official Statement under the heading “INTRODUCTORY STATEMENT.”

CERTAIN DEFINITIONS

“2010 Certificates” shall mean the Outstanding principal amount of Certificates of Participation, Series 2010, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Second Supplement.

“2013 Certificates” shall mean the Outstanding principal amount of Certificates of Participation, Series 2013, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Third Supplement.

“2014 Certificates” shall mean the Outstanding principal amount of Certificates of Participation, Series 2014, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Fourth Supplement.

“2015 Certificates” shall mean the \$56,550,000* principal amount of Certificates of Participation, Series 2015, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Fifth Supplement.

“Acquisition Fund” shall mean the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Additional Certificates” shall mean additional certificates issued subsequent to the 2015 Certificates pursuant to the Trust Agreement.

“Additional Rent” shall mean any payments required to be made by the County pursuant to the Lease, in addition to the Lease Payments.

“Adult Detention Center” shall mean certain maximum and medium security detention facilities of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Aggregate Value” shall mean, with respect to the Certificates, the Outstanding principal amount thereof.

“Business Day” shall mean a day of the year other than (a) a Saturday or Sunday or (b) a day on which banking institutions located in the city designated by the Trustee for the presentation and payment of Certificates are required or authorized to remain closed.

“Certificates” shall mean the 2010 Certificates, the 2013 Certificates, the 2014 Certificates, the 2015 Certificates and any Additional Certificates.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

* Preliminary, subject to change.

“Deed” shall mean the Special Warranty Deed from the County, as grantor, to the Trustee, as grantee, conveying the Public Works Building, the Legal Services Building and the Adult Detention Center to the Trustee.

“Defeasance Obligations” means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause) and (ii) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including (A) United States Treasury obligations, including State and Local Government Series, and (B) all direct or fully guaranteed obligations of the Farmers Home Administration, General Services Administration, Guaranteed title XI financing, and Government National Mortgage Association (GNMA). Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

“Event of Default” shall mean (a) an event of default under the Lease, as defined in Section 9.1 thereof, (b) if the Lease has been terminated because the County fails to obtain proper budgeting and appropriation of the full amount of funds necessary to make all Lease Payments for any fiscal period, as described in the Lease, and the Lease has not been reinstated as provided therein, or (c) the failure of the Trustee to receive from the County an amount sufficient to pay principal of or interest on the Certificates on any date payment thereof is due.

“Fifth Amendment” means the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015*, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment.

“Fifth Supplement” means the Fifth Supplement to Trust Agreement, dated as of April 1, 2015*, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement.

“First Amendment” means the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, between the Trustee and the County, amending the Original Lease-Purchase Agreement.

“First Supplement” means the First Supplement to Trust Agreement, dated as of June 1, 2009, between the Trustee and the County, supplementing and amending the Original Trust Agreement.

“Fiscal Period” shall mean a period of 12 consecutive months commencing on the first day of July and ending on the last day of June, or any other consecutive 12-month period which may be established hereafter as the fiscal year of the Lessee for budgeting and appropriation purposes.

“Fourth Amendment” means the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment and the Third Amendment.

“Fourth Supplement” means the Fourth Supplement to Trust Agreement, dated as of January 1, 2014, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement, the Second Supplement and the Third Supplement.

“Ground Lease” shall mean, collectively, the Ground Lease, dated as of June 1, 2008, between the County, as lessor, and the Trustee, as lessee, together with any amendments thereof or supplements thereto, leasing the Public Works Parking Garage to the Trustee and the Ground Lease, dated as of January 1, 2014, between the County, as lessor, and the Trustee, as lessee, together with any amendments therefor or supplements thereto, leasing the Public Service Center Office Tower and Parking Garage to the Trustee.

“Interest Payment Date” shall mean each of the dates on which interest is due and payable with respect to the Certificates as provided in the Trust Agreement.

* Preliminary, subject to change.

“Lease” shall mean the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and as subsequently amended from time to time.

“Lease Payment” shall mean all payments required to be paid by the County pursuant to the Lease which are applied to the payment of the principal and interest represented by the Certificates.

“Leased Property” shall mean that certain real property located in Pima County, Arizona, and generally described as the Public Works Building, the Legal Services Building, the Public Works Parking Garage, the Adult Detention Center and the Public Service Center Office Tower and Parking Garage.

“Legal Services Building” shall mean the legal services building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Moody’s” shall mean Moody’s Investors Service, Inc. or any successor nationally recognized securities rating agency.

“Net Proceeds” shall mean any insurance proceeds (other than proceeds of any insurance policy resulting from liability to a third person for damages for bodily and personal injury, death or property damage connected with the construction or operation of the Leased Property) or condemnation award in excess of \$100,000, paid with respect to the Leased Property, or any proceeds resulting from the sale of the Leased Property following an Event of Default, remaining after payment therefrom of all expenses incurred in the collection thereof.

“Original Lease-Purchase Agreement” shall mean the Lease-Purchase Agreement, dated as of June 1, 2008, between the Trustee and the County.

“Original Trust Agreement” shall mean the Trust Agreement, dated as of June 1, 2008, between the Trustee and the County.

“Original Purchaser” shall mean RBC Capital Markets, LLC, as the original purchaser of the 2015 Certificates.

“Outstanding,” when used with reference to the Certificates, shall mean, as of any date of determination, all Certificates theretofore executed and delivered except:

- (a) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Certificates which are deemed paid and no longer Outstanding as provided in the Trust Agreement;
- (c) Certificates in lieu of which other Certificates of the same series shall have been executed and delivered pursuant to the provisions of the Trust Agreement relating to Certificates destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Certificate is held by a bona fide purchaser; and
- (d) Certificates owned or held by or for the account of the Lessee or by any person directly or indirectly controlled by, or under direct or indirect common control with the Lessee (except any Certificates held in any pension or retirement fund), for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in the Trust Agreement.

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

“Permitted Encumbrances” shall mean, as of any particular time (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to the Lease, permit to remain unpaid, (ii) the Lease, (iii) the Ground Lease, (iv) the Trust Agreement, (v) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist as of the date of issuance of the Certificates and which the County certifies in writing shall not materially impair the use of the Leased Property for purposes of the Lease or the security granted to the Trustee in the Trust Agreement, and (vi) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Lessor and the County consent in writing.

“Permitted Investments” shall mean and include the following investments only relating to the 2015 Certificates (to the extent permitted by law):

- (a) Defeasance Obligations.
- (b) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: (A) the Export Import Bank of the United States, (B) the Rural Economic Community Development Administration (formerly the Farmers Home Administration), (C) the U.S. Maritime Administration, (D) the Small Business Administration, (E) the U.S. Department of Housing and Urban Development (PHA’s), (F) the Federal Housing Administration, and (G) the Federal Financing Bank.
- (c) Direct obligations of any of the following federal agencies which are not fully guaranteed by the full faith and credit of the United States of America: (A) senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by Fannie Mae or Freddie Mac, (B) obligations of the Resolution Funding Corporation (REFCORP), and (C) senior debt obligations of the Federal Home Loan Bank System.
- (d) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)
- (e) Commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s, and which matures not more than 270 days after the date of purchase.
- (f) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P.
- (g) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P or Moody’s or any successors thereto, or
 - (B) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of obligations described in clause (B) of the definition of Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally-recognized independent certified public accountant or firm of such accountants, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vii) on the maturity or redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.
- (h) General obligations of any state of the United States of America rated at least “A2/A” or higher by both S&P and Moody’s.

Investment agreements and other forms of investments, including repurchase agreements (in the case of investment agreements, with appropriate opinions of counsel) with notice to S&P.

“Prepayment” shall mean any payment applied towards the prepayment of the Lease Payments, in whole or in part, pursuant to the Lease.

“Public Works Building” shall mean the County-utilized portion of the public works building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Public Service Center Office Tower and Parking Garage” shall mean the public service center office tower and adjacent parking garage of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Public Works Parking Garage” shall mean that certain parking garage located next to the Public Works Building in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Qualified Self-Insurance” shall mean any program of self-insurance regarding which the Trustee has received a written evaluation of an independent insurance consultant or actuarial consultant having a favorable reputation for skill and experience and an opinion of such consultant that adequate reserves for such program are either maintained with an independent corporate trustee or otherwise held with appropriate safeguards to insure their availability. Notwithstanding the foregoing, any self-insurance program maintained by the County in accordance with Arizona Revised Statutes Sections 11-981, 11-952.01 and 11-952.02 or their successors, shall be deemed to be Qualified Self-Insurance under the Lease.

“S&P” shall mean Standard & Poor’s Financial Services LLC or any successor nationally recognized securities rating agency.

“Second Amendment” means the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment.

“Second Supplement” means the Second Supplement to Trust Agreement, dated as of February 1, 2010, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement.

“Special Counsel” shall mean any law firm, acceptable to the County, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations.

“State” shall mean the State of Arizona.

“Tax Compliance Certificate” shall mean any agreement or certificate of the County which the County may execute in order to establish and maintain the exclusion from gross income for federal income tax purposes of the interest component to the Lease Payments payable with respect to the Certificates.

“Term of the Lease” shall mean the time during which the Lease is in effect, as provided therein.

“Third Amendment” means the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment and the Second Amendment.

“Third Supplement” means the Third Supplement to Trust Agreement, dated as of May 1, 2013, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement and the Second Supplement.

“Trust Agreement” shall mean the Original Trust Agreement, as supplemented by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and as subsequently amended from time to time.

“Trustee” shall mean U.S. Bank National Association, in its capacity as trustee, or any successor thereto acting as Trustee pursuant to the Trust Agreement.

LEASE

Lease of Leased Property

The Lessor has agreed to lease the Leased Property to the County pursuant to the Lease. The term of the Lease continues until December 1, 2028, unless terminated prior thereto as provided therein.

Upon the County’s failure to obtain, on or prior to the last date on which the County is required or permitted to adopt its budget for a fiscal year of the full amount of funds necessary to make all Lease Payments coming due during the fiscal period for which such budgeting and appropriation are made all of the County’s right, title and interest in and future obligations under the Lease and to all of the Leased Property shall terminate (subject to reinstatement within 45 days of such terminate date), effective as of the last day of the last fiscal period for which such budgeting and appropriation were properly obtained.

Lease Payments; Additional Rent; Reduction of Rental

The County has agreed to pay the Lease Payments as rental for the use and occupancy of the Leased Property, which shall be paid in arrears on May 15 and November 15 of each year.

The amount of Lease Payments shall be reduced upon the redemption of Certificates resulting from Prepayment of Lease Payments, including those resulting from damage or destruction (other than by eminent domain which is hereinafter discussed), of the Leased Property causing substantial interference with the use and occupancy thereof by the County. The Lease Payments shall be reduced proportionately as to the principal and interest components thereof such that the resulting Lease Payments shall correspond to the remaining payments of principal of and interest on the Outstanding Certificates (after any redemption of Certificates resulting from such Prepayments made with the Net Proceeds of insurance coverage for such damage or destruction), which resulting Lease Payments are deemed to represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed. In the event of any such reduction, the Lease shall continue in full force and effect and the County shall waive any right to terminate the Lease by virtue of any damage and destruction of the Leased Property causing such reduction in Lease Payments.

In addition to Lease Payments, the County has agreed to pay when due as Additional Rent (a) all costs and expenses of the Lessor or the Trustee to comply with the provisions of the Trust Agreement, (b) payments required to be deposited into the Rebate Fund pursuant to the Trust Agreement to make certain arbitrage rebate payments to the federal government, (c) compensation and expenses of the Trustee, (d) certain indemnification amounts (e) all costs and expenses of auditors, engineers and legal counsel, and (f) all rent for any holdover period during which the County stays in possession of the Leased Property after termination of the Lease.

Maintenance, Utilities, Taxes and Modifications

The County, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Lessor has no responsibility for such repair. The County has the power to make additions, modifications and improvements to the Leased Property which do not damage or reduce their value to a value substantially less than that which existed prior to such modification or improvement. Any such additions, modifications or improvements shall automatically become subject to the Lease. The County must pay or cause to be paid all taxes, other governmental charges and utility charges with respect to the Leased Property, as well as any taxes and assessments, if any, which it is legally obligated to pay.

Insurance

The Lease requires the County to maintain or cause to be maintained the following insurance against risk or physical damage to the Leased Property and other risks for the protection of the Certificate Owners and the Trustee:

(i) General Liability. The County shall maintain or cause to be maintained, throughout the term of the Lease through Qualified Self-Insurance or a standard commercial general insurance policy or policies with a responsible insurance company or companies authorized under the laws of the State to assume such risks, of such types and in such amounts as are then customary for similar institutions carrying on similar activities to those carried on the Leased Property.

(ii) Fire and Extended Coverage, Vandalism and Malicious Mischief. The County shall maintain or cause to be maintained, throughout the term of the Lease, insurance or Qualified Self-Insurance against loss or damage to any structure or equipment constituting any part of the Leased Property by fire and lightning, with extended coverage and malicious mischief insurance. Coverage shall be in an amount equal to 100% of the replacement cost of the Leased Property. Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss.

The insurance described in paragraphs (i) and (ii) may be maintained as part of or in conjunction with any other liability or fire and extended coverage for insurance, respectively, carried or required to be carried by the County and may be maintained in the form of Qualified Self-Insurance by the County.

(iii) Title Insurance. The County provided a title insurance policy in the amount of the aggregate principal amount of the Certificates, insuring the Trustee's estate in the Leased Property, subject only to Permitted Encumbrances.

All policies of insurance (except the policy of general liability insurance) must provide that the Net Proceeds thereof shall be payable to the Trustee. The Net Proceeds of fire and extended coverage insurance shall be deposited in the Insurance and Condemnation Fund and applied to restore, replace, repair, modify or improve the Leased Property or to the prepayment of Lease Payments and the corresponding redemption of Certificates. See "TRUST AGREEMENT – Funds – Insurance and Condemnation Fund". The Net Proceeds of general liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid. The proceeds of title insurance shall be deposited in the Lease Payment Fund and applied to the prepayment of Lease Payments and the corresponding redemption of Outstanding Certificates. The County has agreed to pay or cause to be paid when due the premiums on all insurance policies and furnish evidence of such payments promptly to the Trustee.

In the event the County maintains self-insurance for general liability insurance and fire and extended coverage insurance required under the Lease, the County shall cause to be delivered to the Trustee annually the documentation required for the determination that such self-insurance constitutes Qualified Self-Insurance. Additionally, to the extent the Trustee may not be named as an insured or loss payee under any insurance or Qualified Self-Insurance, the County assigns to the Trustee its rights to receive any or all proceeds received from such insurance or Qualified Self-Insurance as their respective rights under the Lease appear on the date of payment. The County shall furnish an annual certificate to the Trustee stating that the insurance in effect meets the requirements of the Lease.

Eminent Domain

If all of the Leased Property shall be taken permanently under the power of eminent domain, the term of the Lease shall cease as of the day possession shall be so taken. If less than all of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily, under the power of eminent domain, (i) the Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties thereto waive the benefit of any law to the contrary, and (ii) there shall be a partial reduction of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the Prepayment of the Lease Payments, which shall be reduced proportionately as to the principal and interest components thereof such that the resulting Lease Payments shall correspond to the remaining payments of principal

of and interest on the Outstanding Certificates, which represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Property. See "Lease – Lease Payments; Additional Rent; Reduction of Rental."

Option to Purchase Leased Property

The County has the option to purchase all of the Leased Property by prepaying the Lease Payments in whole at any time at the prices set forth in the Lease. In the event that the County elects to exercise its option prior to the optional redemption dates of the Certificates, the County is required to make such Prepayment by depositing certain Permitted Investments and cash, if required, sufficient, together with earnings on the investment thereof to pay and redeem the appropriate amount of Certificates. The optional prepayment prices have been determined such that all of the Outstanding Certificates shall be retired in the event the County elects to purchase all of the Leased Property.

The County may on any date secure the payment of Lease Payments with respect to any element of the Leased Property by deposit with the Trustee of certain Permitted Investments and cash, if required, in such amount as shall, in the opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Permitted Investments then on deposit in the Lease Payment Fund, the Insurance and Condemnation Fund related to the Lease Payments with respect to such Leased Property, be fully sufficient to pay all unpaid Lease Payments and Additional Rent with respect to such Leased Property on the respective Lease Payment Dates or on the applicable date for Prepayment of Lease Payments, as the County instructs at the time of said deposit.

Assignment; Subleases

The County may not assign any of its rights in the Lease, and may not sublease all or a portion of the Leased Property without the written consent of the Trustee and only under the conditions contained in the Lease, including the condition that such sublease not adversely affect the exclusion of the interest components of the Lease Payments from federal gross income when paid to the Owners of the Certificates.

Events of Default

Each of the following constitutes an "event of default" under the Lease:

(i) Failure by the County to make any Lease Payment or other payment required under the Lease when due and continuation of such failure for two (2) days; or

(ii) Failure by the County to comply with any covenant, agreement or condition contained in the Lease or the Trust Agreement, other than the event of default described in (i) above, and the continuance of such failure or default for a period of 30 days after written notice thereof has been given to the County by the Trustee, the Lessor, or the Owners of not less than 5% in aggregate principal amount of Certificates then Outstanding; provided, if the failure stated in the notice can be corrected, but not within such 30 day period, the Trustee, the Lessor and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the County within such 30 day period and diligently pursued until the default is corrected; or

(iii) Any representation or warranty made by the County under the Lease shall be untrue in any material respect; or

(iv) Certain events relating to bankruptcy of the County or the inability of the County to pay its debts.

Notwithstanding the foregoing, if, by reason of Force Majeure, the County is unable to perform or observe any agreement, term or condition of the Lease, other than any obligation to make Lease Payments or Additional Rent, the County shall not be deemed in default during the continuance of such inability. However, the County shall promptly give notice to the Trustee of the existence of any event of Force Majeure and shall use its best efforts to

remove the effects thereof; provided that the settlement of strike or labor disturbances shall be entirely within the County's discretion.

The term "Force Majeure" shall mean, without limitation: Acts of God; strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or any of its departments, agencies, political subdivisions, courts or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lighting; earthquakes; fire; hurricanes; tornados; storms; droughts; floods; arrests; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation.

Upon the occurrence and continuance of any event of default, the Lessor may at its option elect to terminate the Lease or, with or without such termination, to re-enter, take possession of the Leased Property, to the exclusion of the County, and sell, convey, re-rent or re-let the Leased Property. Any amounts collected by the Lessor from the sale or reletting of the Leased Property shall be credited towards the County's unpaid Lease Payments. Any net proceeds of sale, re-lease or other disposition of the Leased Property are required to be deposited in the Lease Payment Fund and applied to Lease Payments in order of payment date. Pursuant to the Trust Agreement, the Lessor assigns all of its rights with respect to remedies in an event of default to the Trustee, so that all such remedies shall be exercised by the Trustee and the Certificate Owners as provided in the Trust Agreement.

TRUST AGREEMENT

Pledge and Security

Pursuant to the Trust Agreement, the Trustee is authorized and directed to acquire, to receive and to hold as security for the Owners of the Certificates, the following:

A. All right, title and interest of the Lessor in and to the Leased Property; subject, however, to the rights of the County under the Lease.

B. All right, title and interest of the Lessor in and to the Lease, the Deed and the Ground Lease and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, (ii) bring actions and proceedings thereunder or for the enforcement thereof, and (iii) do any and all things which the Lessor is or may become entitled to do thereunder.

C. All right, title and interest of the Lessor in and to amounts on deposit from time to time in the funds and accounts created pursuant to the Trust Agreement (other than the Rebate Fund).

The Trust Agreement also represents a declaration by the Trustee that it holds the above rights and interests in trust for the benefit of the Owners of the Certificates.

Trustee

The Trustee is appointed pursuant to the Trust Agreement and is authorized to execute and deliver the Certificates and to act as a depository of amounts held thereunder. The Trustee is required to make deposits into and withdrawals from funds, and invest amounts held under the Trust Agreement in accordance with the County's instructions.

Funds

The Trust Agreement creates the Acquisition Fund, the Delivery Costs Fund, the Lease Payment Fund and the Insurance and Condemnation Fund to be held in trust by the Trustee.

Acquisition Fund. There shall be deposited into the Acquisition Fund (after certain deposits are made to the Delivery Costs Fund) amounts necessary to acquire the Leased Property.

Delivery Costs Fund. There shall be deposited in the Delivery Costs Fund amounts necessary to pay costs relating to the execution, sale and delivery of Certificates, which amounts shall be disbursed by the Trustee, upon the written order of the County.

Lease Payment Fund. There shall be deposited into the Lease Payment Fund, when received by the Trustee, all Lease Payments and Prepayments. Moneys on deposit in the Lease Payment Fund shall be used to pay principal of, redemption premiums, if any, and interest on the Certificates.

Insurance and Condemnation Fund. Any Net Proceeds of insurance or condemnation awards in excess of \$100,000 shall be deposited in the Insurance and Condemnation Fund. Moneys on deposit, in the event of an insurance award, shall be used, as directed by the County, either to replace, repair or improve the Leased Property or be transferred to the Lease Payment Fund and applied to the Prepayment of the Certificates. However, if the Leased Property is destroyed in full, such Net Proceeds may only be used to prepay Lease Payments if they are sufficient, together with other available moneys, to fully prepay the Certificates. If such moneys are not so sufficient, they shall be used to replace, repair or improve the Leased Property.

Net Proceeds of a condemnation award shall be used as follows: (i) if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such eminent domain proceedings have not materially affected the operation of any of the Leased Property or the County's ability to meet its obligations under the Lease, and if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such proceeds are not needed for repair or rehabilitation of the Leased Property, the Trustee shall transfer such proceeds to the Lease Payment Fund as a credit against Lease Payments, (ii) if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such proceedings have not materially affected the operations of any of the Leased Property or the County's ability to meet its obligations under the Lease and such proceeds are needed for repair, rehabilitation or replacement of the Leased Property, the Trustee shall pay to the order of the County such portion of the proceeds required for such repair, rehabilitation or replacement, (iii) to prepay Lease Payments and redeem Certificates if less than all of the Leased Property is taken and the Trustee determines that such proceedings have materially affected the operation of the Leased Property or the County's ability to meet its obligations under the Lease, or (iv) if all of the Leased Property is taken, to prepay Lease Payments and thereby redeem Certificates.

Any moneys in the Insurance and Condemnation Fund (including investment earnings) remaining after the repair, replacement or improvement of the Leased Property is completed shall be paid to the County.

The Trustee is required to invest and reinvest all moneys held under the Trust Agreement upon order of a representative of the County in Permitted Investments for the Certificates. Any surplus remaining in the Lease Payment Fund after the payment of all Certificates, or provision for their payment has been made, shall be repaid to the County,

Event of Default; Acceleration

Upon the occurrence of an Event of Default, the Trustee, shall take action to exclude the County from the Leased Property and, upon the request of the Owners of at least 5% in Outstanding principal amount of the Certificates, shall exercise any and all remedies available at law or pursuant to the Lease including declaring the Certificates then Outstanding to be immediately due and payable; provided however that no such acceleration shall change or otherwise affect the County's obligation to make Lease Payments and Additional Rent only during the term of the Lease and at the amounts and times provided therein. The Owner of any Certificate may institute any suit, action, or other proceedings in equity or at law for the protection or enforcement of any right under the Lease or Trust Agreement if and only if (i) such Owner has given written notice to the Trustee of such Event of Default, (ii) a majority of Certificate Owners have first notified the Trustee in writing of the event of default and made written request of the Trustee to exercise such powers, (iii) the Trustee shall have been offered reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (iv) the Trustee shall have refused or omitted to comply with such request 60 days following receipt of such written request and such tender of indemnity.

Amendment

The Trust Agreement or the Lease may be amended by agreement among the parties thereto, and without the consent of the Owners of the Certificates, but only (i) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved in the Trust Agreement to the Lessor or the County, (ii) to cure, correct or supplement any ambiguous or defective provision, (iii) in regard to questions arising thereunder, which shall not, in the judgment of the Trustee, materially adversely affect the interest of the Owners, or (iv) to provide additional terms and conditions in connection with the issuance of Additional Certificates, which shall not, in the judgment of the Trustee, materially adversely affect the interests of the Owners. Any other amendment shall require the approval of a majority in principal amount of the Certificates then Outstanding; provided that no such amendment shall (i) extend the maturity or time of interest payment, or reduce the interest rate, amount of principal or premium payable on, any Certificate without such owner's consent, (ii) reduce the percentage of Owners of Certificates required to consent to any amendment or modification, or (iii) modify any of the Trustee's rights or obligations without its consent.

Defeasance

Upon payment of all Outstanding Certificates, either at or before maturity, or upon the irrevocable deposit of Permitted Investments of the type described in paragraph (a) of the definition of the term "Permitted Investments" (but not including any repurchase agreements), with the Trustee sufficient together with other available funds, without reinvestment, to retire the Certificates at or before maturity, the Trust Agreement shall be terminated, except for the obligations of the Trustee to make payments on the Certificates.

Any Certificate or portion thereof in authorized denominations may be paid as provided in the preceding paragraph; provided, however, that if any such Certificate or portion thereof is to be redeemed, notice of such redemption shall have been given in accordance with the provisions of the Trust Agreement or the County shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Certificate or portion thereof is to be redeemed and as to the giving of notice of such redemption; and provided further, that if any such Certificate or portion thereof shall not mature or be redeemed within 60 days of the deposit of the moneys or the respective Permitted Investments referred to in the preceding paragraph, the Trustee shall give notice of such deposit by first class mail to the Owners.

Additional Certificates

So long as the Lease remains in effect and no Event of Default under the Trust Agreement has occurred, the Trustee may execute and deliver, at the direction of the County, Additional Certificates from time to time to provide funds to pay any one or more of (i) the costs of refunding Outstanding Certificates or restructuring the County's Lease Payments under the Lease, or (ii) the costs of making any modifications or improvements to the Leased Property as the County may deem necessary or desirable.

Before the Trustee shall deliver any Additional Certificates executed, the following items shall have been received by the Trustee:

- (a) Original executed counterparts of any amendments or supplements to the Lease and of the Trust Agreement entered into in connection with the execution and delivery of the Additional Certificates, which are necessary or advisable, in the opinion of Special Counsel, to provide that the Additional Certificates will be executed and delivered in compliance with the provisions of the Trust Agreement.
- (b) A written opinion of Special Counsel to the effect that (i) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of the Trust Agreement, (ii) any filings required to be made under the Trust Agreement have been made, and (iii) all conditions precedent to the delivery of the Additional Certificates have been fulfilled.
- (c) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above), to the effect that (i) when executed and delivered by the Trustee, those

Additional Certificates will be valid and binding in accordance with their terms and will be secured hereunder equally and on a parity with all other Certificates at the time Outstanding under the Trust Agreement as to the assignment to the Trustee of the amounts pledged thereunder, and (ii) the execution and delivery of the Additional Certificates will not result in the portion of the Lease Payments designated as interest evidenced by the Certificates Outstanding immediately prior to that execution and delivery of such Additional Certificates becoming includable in gross income for purposes of federal income taxation.

- (d) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above) to the effect that any amendments or supplements to the Lease entered into in connection with the execution and delivery of the Additional Certificates have been duly authorized, executed and delivered by the County, and that the Lease, as amended or supplemented, constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to exceptions reasonably satisfactory to the Trustee for bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.
- (e) Written confirmation from Moody's, if the Certificates are then rated by Moody's, from Fitch, if the Certificates are then rated by Fitch, and from S&P, if the Certificates are then rated by S&P, that the issuance of the Additional Certificates will not cause the then-assigned rating assigned to the Certificates to be reduced or withdrawn.

THE GROUND LEASE

The County leases the site for the Public Works Parking Garage and the Public Service Center Office Tower and Parking Garage and all improvements and structures thereon, to the Trustee for the period commencing as of the date of the Ground Leases and terminating on June 1, 2029, provided that in no event shall the Ground Lease terminate before the termination of the Lease.

Title to the Public Works Parking Garage and the Public Service Center Office Tower and Parking Garage shall at all times remain with the County.

The Trustee prepaid its rental payments under the Ground Lease upon execution and delivery of the Ground Lease in connection with the execution and delivery of the 2008 Certificates.

The County shall have the right to terminate the Ground Lease upon written notice to the Trustee of (a) defeasance of the Lease and the Trust Agreement with respect to all Certificates as permitted thereunder, or (b) the exercise of the County of its option to purchase the Leased Property pursuant to the Lease and defeasance of the Trust Agreement as permitted thereunder.

FORM OF SPECIAL COUNSEL OPINION

_____, 2015

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as special counsel to our client Pima County, Arizona (the “County”) and not as counsel to any other person in connection with the execution and delivery by U.S. Bank National Association, as trustee (the “Trustee”), of \$56,550,000* aggregate principal amount of Certificates of Participation, Series 2015 (the “2015 Certificates”) pursuant to a Trust Agreement, dated as of June 1, 2008, as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009, a Second Supplement to Trust Agreement, dated as of February 1, 2010, a Third Supplement to Trust Agreement, dated as of May 1, 2013, a Fourth Supplement to Trust Agreement dated as of January 1, 2014 and a Fifth Supplement to Trust Agreement, dated as of April 1, 2015* (collectively, the “Trust Agreement”), between the County and the Trustee, and relating to a Lease-Purchase Agreement, dated as of June 1, 2008, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 and a Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015* (collectively, the “Lease Agreement”), between the Trustee, as lessor, and the County, as lessee. The Lease Agreement and the Trust Agreement are referred to collectively as the “County Documents.” Capitalized terms not defined in this letter are used as defined in the County Documents.

In our capacity as special counsel, we have examined the transcript of proceedings relating to the execution and delivery of the 2015 Certificates, the County Documents, a copy of the executed 2015 Certificate of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

The 2015 Certificates, together with other Certificates heretofore or hereafter executed and delivered pursuant to the Trust Agreement, represent undivided and proportionate interests in the obligations of the County under the Lease Agreement. The County has agreed to lease certain real and personal property from the Trustee, as lessor, under the Lease Agreement.

Based upon our examination, we are of the opinion that, under existing law:

1. The County is a political subdivision existing under the laws of the State of Arizona, and has all requisite power to enter into and perform its obligations under the County Documents.
2. The County Documents each have been duly authorized, executed and delivered by the County and constitute legal, valid and binding obligations of the County enforceable in accordance with their terms.

* Preliminary, subject to change.

3. The 2015 Certificates have been duly authorized, executed and delivered by the Trustee at the request and for the benefit of the County and are valid and binding limited and special obligations payable solely from the Lease Payments and certain funds held under the Trust Agreement as provided therein. The 2015 Certificates are not secured by an obligation or pledge of any taxing power or moneys raised thereby and are not a debt of and do not constitute a pledge of the faith and credit of the County, the State of Arizona or any political subdivision thereof.

4. The portion of each Lease Payment made by the County pursuant to the Lease Agreement and denominated as and comprising interest pursuant to the Lease Agreement and received by the owners of the 2015 Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the Interest Portion earned by certain corporations may be subject to a corporate alternative minimum tax. The Interest Portion is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the 2015 Certificates. We also express no opinion as to the treatment for federal income tax purposes or Arizona state income tax purposes of amounts paid to the owners of the 2015 Certificates in the event of termination of the Lease Agreement due to nonappropriation.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the County delivered in connection with this matter.

In rendering those opinions with respect to treatment of the Interest Portion under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to the execution and delivery of the 2015 Certificates may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2015 Certificates.

The rights of the owners of the 2015 Certificates and the enforceability of the 2015 Certificates and the County Documents are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as special counsel with respect to the 2015 Certificates has concluded on this date.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$56,550,000*
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by Pima County, Arizona (the “County”), in connection with the execution and delivery of \$56,550,000* aggregate principal amount of Certificates of Participation, Series 2015 (the “Certificates”), pursuant to a Trust Agreement, dated as of June 1, 2008, as amended (the “Trust Agreement”), between the County and U.S. Bank National Association, as trustee.

In connection with the Certificates, the County covenants and agrees as follows:

Purpose of this Undertaking. This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Certificates and in order to assist the Underwriter in complying with the requirements of the Rule (as defined below).

Definitions. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“Annual Information” means the financial information and operating data set forth in Exhibit I.

“Annual Information Disclosure” means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“Audited Financial Statements” means the general purpose audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Listed Event” means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

* Preliminary, subject to change.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Arizona.

“Underwriter” includes each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Certificates.

CUSIP Number/Final Official Statement. The base CUSIP Number of the Certificates is 721664.

Official Statement. The Final Official Statement relating to the Certificates is dated _____, 2015.

Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA, in a format prescribed by the MSRB. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Listed Events Disclosure. Subject to Section 8 of this Undertaking, the County hereby covenants that it will disseminate notice of occurrence of a Listed Event to the MSRB through EMMA not later than ten business days after the occurrence of the Listed Event, in a format prescribed by the MSRB, except that for the events 2, 7, 10, 13 and 14, listed in Exhibit II, the County will provide such notice if it determines that such event would be material under applicable federal securities laws.

Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Certificate may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an event of default on the Certificates. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

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

This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

The amendment does not materially impair the interests of the beneficial owners of the Certificates, as determined by an independent counsel or other entity unaffiliated with the County.

Non-Appropriation. The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to the MSRB through EMMA.

Termination of Undertaking. The Undertaking of the County shall be terminated hereunder when the County no longer has liability for any obligation relating to repayment of the Certificates or the Rule no longer applies to the Certificates. The County shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA.

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

Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Certificates, and shall create no rights in any other person or entity.

Recordkeeping. The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Listed Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

Assignment. The County shall not transfer its obligations under the Trust Agreement unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

Governing Law. This Undertaking shall be governed by the laws of the State.

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Manager

Date: _____, 2015

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement in Appendix B in the tables entitled “PIMA COUNTY, ARIZONA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES,” “PIMA COUNTY, ARIZONA STATEMENT OF FUND BALANCES – ALL GOVERNMENTAL FUND TYPES” and “PIMA COUNTY, ARIZONA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE.”

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; and the Final Official Statement need not be available from the Commission. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to generally accepted accounting principles (“GAAP”), as applied to governmental units as modified by State law (“GAAP”), Audited Financial Statements will be provided to the MSRB through EMMA, at the same time as Annual Financial Information is filed, or if not available when such Annual Financial Information is filed, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the County will disseminate a notice of such change as required by Section 4, including changes in Fiscal Year or GAAP.

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the County;

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

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, SPECIAL COUNSEL, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the 2015 Certificates. The 2015 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2015 Certificate certificate will be issued for each maturity of the 2015 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2015 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Certificates on DTC's records. The ownership interest of each actual purchaser of each 2015 Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2015 Certificates, except in the event that use of the book-entry system for the 2015 Certificates is discontinued.

To facilitate subsequent transfers, all 2015 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2015 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2015 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of 2015 Certificates may wish to ascertain that the nominee holding the 2015 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2015 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2015 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2015 Certificates will be made by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Certificates at any time by giving reasonable notice to the Trustee or the County. Under such circumstances, in the event that a successor depository is not obtained, 2015 Certificate certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2015 Certificate certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE TRUSTEE WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2015 CERTIFICATES UNDER THE TRUST AGREEMENT; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2015 CERTIFICATES; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2015 CERTIFICATES; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2015 CERTIFICATES; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the 2015 Certificates, as nominee of DTC, references herein to "Owner" or registered owners of the 2015 Certificates (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2015 Certificates.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the County or the Trustee to DTC only.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

\$57,025,000
CERTIFICATES OF PARTICIPATION,
SERIES 2015
Evidencing a Proportionate
Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

CERTIFICATE PURCHASE CONTRACT

March 16, 2015

Pima County, Arizona
c/o Board of Supervisors
130 West Congress Street
Tucson, Arizona 85701

The undersigned, on behalf of RBC Capital Markets, LLC (the "*Underwriter*"), acting on its own behalf, offers to enter into this Certificate Purchase Contract (this "*Contract*") with Pima County, Arizona (the "*County*"), which, upon written acceptance of this offer, will be binding upon the County and the Underwriter. This offer is made subject to written acceptance hereof by the County before 5:00 p.m., Arizona time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the County at any time prior to the acceptance hereof. Terms not defined in this Contract shall have the same meanings assigned to them in the Trust Agreement and the Official Statement (both defined herein).

1. *Purchase and Sale of the Certificates.*

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth

herein, the Underwriter shall purchase all, but not less than all, and the County shall cause U.S. Bank National Association, as trustee (the "Trustee"), to execute, sell and deliver to the Underwriter all of the \$57,025,000 principal amount of Certificates of Participation, Series 2015 (the "Certificates") evidencing proportionate ownership interests in the Lease Payments to be made by the County.

(b) The County acknowledges and agrees that: (i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the County and the Underwriter and that the Underwriter has financial and other interests that differ from those of the County; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the County and has not assumed any advisory or fiduciary responsibility to the County with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the County on other matters); (iii) the only obligations the Underwriter has to the County with respect to the transaction contemplated hereby expressly are set forth in this Contract; and (iv) the County has consulted its own legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

(c) The principal amount of the Certificates to be executed and delivered, the dated date thereof and the maturities, redemption provisions and interest rates and yields per annum therefor are set forth in the Schedule hereto. The Certificates shall be as described in, and shall be executed, delivered and secured under and pursuant to the provisions of, a Trust Agreement, dated as of June 1, 2008, as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009, a Second Supplement to Trust Agreement, dated as of February 1, 2010, a Third Supplement to Trust Agreement, dated as of May 1, 2013, a Fourth Supplement to Trust Agreement, dated as of January 1, 2014, and a Fifth Supplement to Trust Agreement, to be dated as of April 1, 2015 (as so supplemented, the "Trust Agreement"), between the County and the Trustee, and authorized by a Resolution of the Board of Supervisors of the County (the "Board") adopted on December 16, 2014 (the "Resolution").

(d) The Certificates represent undivided proportionate interests of the owners thereof in lease payments (the "Lease Payments") to be received from the County pursuant to a Lease-Purchase Agreement, dated as of June 1, 2008, as amended by a First Amendment to Lease Agreement, dated as of June 1, 2009, a Second Amendment to Lease Agreement, dated as of February 1, 2010, a Third Amendment to Lease Agreement, dated as of May 1, 2013, a Fourth Amendment to Lease Agreement, dated as of January 1, 2014, and a Fifth Amendment to Lease Agreement, to be dated as of April 1, 2015 (as so amended, the "Lease"), by and between the County and the Trustee, as the rental price for certain real property and improvements thereto (the "Leased Property"). The obligations of the County under the Lease will be

payable exclusively from appropriated funds and will not be a general obligation or indebtedness of the County for any purpose.

(e) The purchase price of the Certificates shall be \$60,179,495.25, which represents an aggregate principal amount of the Certificates of \$57,025,000.00, plus original issue premium of \$3,468,132.75, less an underwriting discount of \$313,637.50.

2. *Public Offering.* The Underwriter shall make a *bona fide* public offering of all of the Certificates at yields not less than the public offering yields set forth on the inside cover page of the Official Statement and may subsequently change such offering yields without any requirement of prior notice. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at yields higher than the public offering yields stated on the inside cover of the Official Statement.

3. *The Official Statement.*

(a) The Preliminary Official Statement dated March 6, 2015 (including the cover page, the inside cover page and Appendices thereto, the "*Preliminary Official Statement*"), of the County relating to the Certificates, to be subsequently revised to reflect the changes resulting from the sale of the Certificates and including amendments or supplements thereto, is hereinafter called the "*Official Statement.*"

(b) The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Certificates. The County hereby deems the Preliminary Official Statement "final" as of its date, except for the omission of such information which is dependent upon the final pricing of the Certificates for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The County represents that appropriate officials of the County have reviewed and approved the information in the Official Statement and that the Board has authorized the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Certificates. The County shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the acceptance by the County of this Contract (but, in any event, not later than within seven (7) business days after the acceptance by the County of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule

and the rules of the Municipal Securities Rulemaking Board (the "MSRB").

(d) If, after the date of this Contract to and including the date the Underwriter is no longer required to provide the Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Certificates), the County becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or if it is necessary to amend or supplement the Official Statement to comply with law, the County will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request) and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the County will forthwith prepare and furnish, at the expense of the County (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the hereinafter defined Closing, the County shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) Unless otherwise notified in writing by the Underwriter, the County can assume that the "end of the underwriting period" for purposes of the Rule is the hereinafter defined Closing Date.

4. *Representations, Warranties, and Covenants of the County.* The undersigned on behalf of the County, but not individually, represents and warrants to and covenants with, as applicable, the Underwriter that:

(a) The County is duly organized and validly existing as a political subdivision under the laws of the State of Arizona (the "State") with powers specifically required for purposes of this Contract and has now and at the Closing Date will have full legal right, power and authority to cause the Resolution to be adopted and (i) to enter into, execute and deliver the Resolution, the Trust Agreement, the Lease, this Contract and an Undertaking of the County

which satisfies the requirements of Section (b)(5)(i) of the Rule (the "Undertaking" and such documents referred to in this clause (i) hereinafter collectively referred to as the "County Documents"), (ii) to cause the sale and execution and delivery of the Certificates as provided herein and (iii) to carry out and consummate the transactions contemplated by the County Documents and the Official Statement, and the County has complied, and will at the Closing Date be in compliance in all material respects, with the terms of the County Documents as they pertain to such transactions;

(b) By all necessary official action of the County prior to or concurrently with the acceptance hereof, the County has duly authorized all necessary action to be taken by it for (i) the adoption of the Resolution and the sale and execution and delivery of the Certificates, (ii) the approval, execution and delivery of, and the performance by the County of the obligations on its part contained in, the Certificates and the County Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the County Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the County in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The County Documents constitute legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith; the Certificates, when paid for and executed and delivered, in accordance with the Resolution, the Trust Agreement and this Contract, will constitute legal, valid and binding obligations of the County entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and upon the execution and delivery of the Certificates as aforesaid, the Trust Agreement will provide, for the benefit of the holders, from time to time, of the Certificates, the legally valid and binding pledge of and lien it purports to create as set forth in the Trust Agreement;

(d) The County is not in breach of or default in any material respect under any applicable constitutional provision, law of the State or the United States or any applicable judgment or decree or any loan agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County is otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the County under any of the foregoing, and the execution and delivery of

the Certificates and the County Documents and the adoption of the Resolution and compliance with the provisions on the part of the County contained herein and therein will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County pledged to secure the Certificates or under the terms of any such law, regulation or instrument, except as provided by the Certificates and the Trust Agreement;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under the County Documents and the Certificates have been duly obtained, except such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Certificates;

(f) The Certificates conform to the descriptions thereof contained in the Official Statement under the caption "THE 2015 CERTIFICATES"; the proceeds of the sale of the Certificates will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCE" and the Undertaking conforms to the description thereof contained in the Official Statement in "APPENDIX F - Form of Continuing Disclosure Undertaking";

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the County after due inquiry, threatened against the County, affecting the existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale or execution and delivery of the Certificates or the appropriation of Lease Payments to pay the principal of and interest on the Certificates or in any way contesting or affecting the adoption of the Resolution or the validity or enforceability of the Certificates or the County Documents, or contesting the exclusion from gross income of interest on the Certificates for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Official Statement or any supplement or amendment thereto or contesting the powers of the County or any authority for the execution and delivery of the Certificates, the adoption of the Resolution or the execution and delivery of the County Documents, nor, to the best knowledge of the County, is

there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates or the County Documents;

(h) As of the date thereof and hereof, the Preliminary Official Statement (excluding information under the headings "TAX MATTERS," "RATINGS" and "UNDERWRITING" and in Appendix G) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) As of the date of the County's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement (excluding information under the headings "TAX MATTERS," "RATINGS" and "UNDERWRITING" and in Appendix G) does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended (excluding information under the headings "TAX MATTERS," "RATINGS" and "UNDERWRITING" and in Appendix G) will not contain any untrue statement or a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The County will apply, or cause to be applied, the proceeds from the sale of the Certificates as provided in and subject to all of the terms and provisions of the Trust Agreement and not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or State income tax purposes of the interest on the Certificates;

(l) The County will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Certificates for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions and (B) to continue such quali-

fications in effect so long as required for the distribution of the Certificates (provided, however, that the County will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the County of any notification with respect to the suspension of the qualification of the Certificates for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the County in the Official Statement fairly present the financial position and results of the County as of the dates and for the periods therein set forth in accordance with generally accepted governmental accounting principles as applicable to governmental units and have been prepared in accordance with generally accepted governmental accounting principles consistently applied throughout the periods covered (except as otherwise disclosed in the Official Statement or financial statements);

(n) Except as otherwise disclosed in the Official Statement, since June 30, 2014, the County has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, result of operations or condition, financial or otherwise, of the County that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business;

(o) Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the County and the County is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the County, would have a materially adverse effect on the financial condition of the County;

(p) Prior to the Closing, the County will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business, without the prior approval of the Underwriter which shall not be unreasonably withheld;

(q) Any certificate, signed by any official of the County authorized to do so in connection with the transactions contemplated by this Contract, shall be deemed a representation and warranty by the County to the Underwriter as to the statements made therein;

(r) The County has fully submitted to the Arizona Department of Revenue the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the County pursuant to Section 35-501(B), Arizona Revised Statutes, and shall file the information relating to the Certificates required to be submitted to the Arizona Department of Revenue pursuant to

Section 35-501(B), Arizona Revised Statutes, within sixty (60) days of the Closing Date and

(s) Except as disclosed in the Official Statement, the County is in compliance in all material respect with the terms of all continuing disclosure undertakings previously executed by the County for purposes of the Rule.

5. *Closing.*

(a) Before 10:00 a.m., Arizona time, on April 15, 2015 (the "*Closing Date*"), or at such other time and date as shall have been mutually agreed upon by the County and the Underwriter, the County will, subject to the terms and conditions hereof, cause the Certificates to be delivered to the Underwriter duly executed, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 of this Contract by wire transfer payable in immediately available funds to the order of the County (the "*Closing*"). Payment for the Certificates as aforesaid shall be made at the offices of Special Counsel, or such other place as shall have been mutually agreed upon by the County and the Underwriter and

(b) Delivery of the Certificates shall be made through the facilities of The Depository Trust Company, New York, New York ("*DTC*"), or, in the case of a "Fast Automated Securities Transfer" with the Trustee or by such other means as shall have been mutually agreed upon by the County and the Underwriter. The Certificates shall be prepared in definitive fully registered form, bearing CUSIP numbers without coupons, with one Certificate for each maturity of the Certificates, registered in the name of Cede & Co., all as provided in the Trust Agreement, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

6. *Closing Conditions.* The Underwriter has entered into this Contract in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County and the Trustee of their obligations hereunder and thereunder, both as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriter under this Contract to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance by the County and the Trustee of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the County and the Trustee of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The County and the Trustee shall have performed and complied with all agreements and conditions required by this Contract to be performed or complied with by them prior to or at the Closing Date;

(c) At the time of the Closing, (i) the County Documents, the hereinafter defined Trustee Documents and the Certificates shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and (ii) all actions of the County and the Trustee required to be taken by the County and the Trustee shall be performed and in full force and effect in order for Special Counsel and Counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) At or prior to the Closing, the Resolution shall have been duly adopted and delivered by the County and the Trustee shall have duly executed and delivered the Certificates;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the County, from that set forth in the Official Statement that in the reasonable judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Certificates on the terms and in the manner contemplated in the Official Statement;

(f) At the Closing Date, no "event of default" shall have occurred or be existing under the County Documents or the Trustee Documents nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under the County Documents or the Trustee Documents;

(g) The County shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(i) At or prior to the Closing, the Underwriter shall have received two copies of the transcript of all proceedings of the

County relating to the authorization and delivery of the County Documents, executed and certified, as necessary, by appropriate officials of the County, and the Trustee relating to the authorization and delivery of the Trustee Documents, executed and certified, as necessary, by appropriate officials of the Trustee, including each of the following documents:

(1) the Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the County by the Chair of the Board and the County Administrator, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) the County Documents and the Trustee Documents;

(3) the approving opinion of Special Counsel, dated the Closing Date, with respect to the Certificates, in substantially the form attached to the Official Statement along with a reliance letter with respect thereto, dated the Closing Date and addressed to the Underwriter;

(4) a supplemental opinion of Special Counsel dated the Closing Date, addressed to the Underwriter, substantially to the effect that:

(i) the Resolution has been duly adopted and is in full force and effect;

(ii) it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the Securities Act of 1933, as amended (the "1933 Act") or to qualify the Trust Agreement under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

(iii) the information contained in the Official Statement on the cover page thereof, under the headings entitled "INTRODUCTORY STATEMENT," "THE 2015 CERTIFICATES," "PLAN OF FINANCE - General," "SOURCES OF PAYMENT OF THE CERTIFICATES," "SECURITY FOR THE CERTIFICATES," "TAX MATTERS" and "CONTINUING SECONDARY MARKET DISCLOSURE" (other than matters relating to the County's compliance with prior undertakings as to which no opinion shall be expressed) therein, and in Appendices D, E and F thereto, insofar as such information summarizes certain provisions of the Certificates, the County Documents and certain provisions of Arizona and federal law, including the federal and Arizona income status of interest on the Certificates, fairly present the information purported to be shown and that nothing has come to the attention of such counsel which would lead them to

believe that such information contains any untrue statement of a material fact or that such information, taken collectively, omits to state any material fact that is necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading; provided, however, that such information does not purport to summarize all the provisions of, and is qualified in their entirety by, the complete documents which are summarized;

(iv) this Contract has been duly authorized, executed and delivered by the County and (assuming due authorization and execution by the Trustee and the Underwriter) is a legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy and judicial discretion;

(v) the Undertaking has been duly authorized, executed and delivered by the County and is a legal, valid and binding obligation of the County, enforceable in accordance with its terms; subject to customary exceptions for bankruptcy and judicial discretion and

(vi) no consent of any other party and no consent, license, approval or authorization of, exemption by, or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Lease, the Trust Agreement, the Undertaking and this Contract) is required in connection with the execution, delivery and performance by the County of the Lease, the Trust Agreement, the Undertaking and this Contract;

(5) An opinion of the Pima County Attorney's Office, dated the Closing Date, addressed to the Underwriter and Special Counsel, substantially in the form attached hereto as the Exhibit;

(6) An opinion of Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter to the effect that:

(i) the Certificates are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act and the Indenture need not be qualified under the Trust Indenture Act and

(ii) based upon their participation in the preparation of the Official Statement as such counsel and their

participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding the DTC and its book-entry system as to which no view need be expressed);

(7) A certificate, dated the Closing Date, of appropriate representatives of the County to the effect that, to the best knowledge, information and belief of those executing the certificate, that:

(i) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) except as otherwise described in the Official Statement, no litigation or proceeding against it is pending or, to their knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the County to hold and exercise their respective positions, (b) contest the due organization and valid existence of the County, (c) contest the validity, due authorization and execution of the Certificates, the County Documents or the Trustee Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the County from functioning and appropriating Lease Payments or other amounts, including payments on the Certificates pursuant to the County Documents or (e) which if resolved adversely to the County, would have a material adverse effect on (I) the functioning of the County, the operations of the County, its revenues or its properties, or payment by the County of the amounts due under the Lease in the manner and time required thereby or (II) the validity or enforceability of the Lease or the financial condition of the County or its operations;

(iii) the Resolution has been duly adopted by the County, is in full force and effect and has not been modified, amended or repealed;

(iv) that the audited financial statements included in the Official Statement were true and correct as of June 30, 2014, and the other financial statements and other financial statistical data included in the Official Statement are true and correct as of the date of such certificate;

(v) no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of the Closing, and the information contained in the Official Statement (excluding the information under the headings "TAX MATTERS," "RATINGS" and "UNDERWRITING" and in Appendix G) is correct in all material respects and, as of the date of the Official Statement, did not, and, as of the Closing Date, does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(8) A certificate, dated the Closing Date, of appropriate representatives of the County in form and substance satisfactory to Special Counsel (a) setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code and (b) certifying that to the best of the knowledge and belief of the County there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(9) Any other certificates and opinions required by the Resolution or the Trust Agreement for the execution and delivery thereunder of the Certificates;

(10) Evidence satisfactory to the Underwriter that the Certificates have been rated "A+" by Standard & Poor's Financial Services LLC and "AA-" by Fitch Ratings, Inc., and that such ratings are in effect as of the Closing Date;

(11) A certificate or certificates, dated the Closing Date, of an authorized officer of the Trustee that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America with the power and authority to exercise corporate trust powers in the State and has full power and authority to (A) acquire and hold title to or a leasehold interest in, as applicable, the Leased Property and (B) execute and deliver and perform its obligations under this Contract, the Certificates, the Lease and the Trust Agreement (such documents referred to in this clause (B) hereinafter collectively referred to as the "Trustee Documents") and all other documents executed and delivered by the

Trustee in connection with the issuance of the Certificates and the acquisition and the lease-purchase of the Leased Property;

(ii) The Trustee has by proper corporate action duly authorized (A) the acquisition of title to or a leasehold interest in, as applicable, the Leased Property and (B) the execution and delivery of, and the due performance of its obligations under the Trustee Documents and the taking of any and all other actions as may be required on the part of the Trustee to carry out, give effect to and consummate the transaction contemplated by such Trustee Documents;

(iii) This Contract has been duly executed and delivered by the Trustee, and the other Trustee Documents (when executed and delivered by the other parties thereto) and the Contract will be, legal, valid and binding obligations of the Trustee, enforceable in accordance with their terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief;

(iv) No approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained (other than any approvals that may be required under the "blue sky" laws of any jurisdiction) is required with respect to the Trustee in connection with the issuance and sale of the Certificates, the acquisition of title to or a leasehold interest in, as applicable, the Leased Property or the execution and delivery by the Trustee of, or the performance by the Trustee of its obligations under, the Trustee Documents;

(v) The execution and delivery by the Trustee of the Trustee Documents and the compliance by the Trustee with the provisions thereof do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of, or constitute a default under any resolution, indenture, deed of trust, mortgage commitment, agreement or other instrument to which the Trustee is a party or by which the Trustee is bound, or any constitutional provision, existing law, administrative regulation, court order or consent decree to which the Trustee or its property is subject;

(vi) There is no litigation, action, suit or proceeding pending or threatened by or before any court, administrative agency, arbitrator or governmental body that challenges (A) the authority of the Trustee, its officers or its employees to acquire the Leased Property, (B) the proper authorization, execution and delivery of the Trustee Documents, (C) the assignment of its rights under the Lease, or (D) the ability of the Trustee to otherwise perform its obligations under the Trustee Documents and to carry out the transactions contemplated thereby and

(vii) The representations and warranties of the Trustee set forth in the Trustee Documents are, and as of the Closing Date will be, true, accurate and complete as if made on the Closing Date;

(12) The filing copy of the Information Return Form 8038-G (IRS) for the Certificates;

(13) The filing copy of the information required to be submitted to the Arizona Department of Revenue pursuant to Section 35-501(B), Arizona Revised Statutes;

(14) Evidence of insurance or Qualified Self-Insurance required by the Lease to be maintained on the Leased Property and

(15) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations and warranties of the County contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the County.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Contract, this Contract shall terminate and the Underwriter, the County shall not be under any further obligation hereunder, except that the respective obligations of the County and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. *Termination.* The Underwriter shall have the right to cancel its obligation to purchase the Certificates if, between the date of this Contract and time of the Closing, the market price or marketability of the Certificates shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Depart-

ment of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary, or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Certificates or, with respect to State taxation, of the interest on the Certificates as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Trust Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to

the Certificates or as to obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the County, its property, income securities (or interest thereon), or the validity or enforceability of the Certificates;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the County;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the judgment of the Underwriter, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred any withdrawal or downgrading, or any notice shall have been given of (A) any intended or potential withdrawal or downgrading or (B) any review or possible change that does not indicate a possible upgrade, in the rating accorded any of the obligations of the County (including the rating to be accorded the Certificates) and

(l) the purchase of and payment for the Certificates by the Underwriter, or the resale of the Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. *Expenses.*

(a) The Underwriter shall be under no obligation to pay, and the County shall pay, all expenses incident to the performance of the County's obligations hereunder, including, but not limited

to (i) the cost of preparation and printing of the Certificates, the Preliminary Official Statement and the Official Statement and any amendment or supplement thereto, (ii) the fees and disbursements of Special Counsel, Counsel to the Trustee and Counsel to the Underwriter; (iii) the fees and disbursements of U.S. Bank National Association, as the Trustee and the lessor pursuant to the Lease, and any engineers, accountants, and other experts, consultants or advisers retained by the County, if any; and (iv) the fees for bond ratings. The County shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Contract and the execution and delivery of the Certificates, including miscellaneous closing costs.

(b) Except as provided for above, the Underwriter shall pay (i) the cost of preparation and printing of this Contract; (ii) all advertising expenses in connection with the public offering of the Certificates; and (iii) all other expenses incurred by it in connection with its public offering and distribution of the Certificates.

(c) If this Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the County to comply with the terms or to fulfill any of the conditions of this Contract, or if for any reason the County shall be unable to perform its obligations under this Contract, the County will reimburse the Underwriter for all "out-of-pocket expenses" (including the fees and disbursements of Counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Contract or the offering contemplated hereunder.

(d) The County acknowledges that it has had an opportunity to evaluate and consider the fees and expenses being incurred as part of the execution and delivery of the Certificates.

9. *Notice Concerning Cancellation.* To the extent applicable by provision of law, this Contract is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein.

10. *Notices.* Any notice or other communication to be given under this Contract must be given by delivering the same in writing to:

To the County: Pima County, Arizona
130 West Congress Street
Tucson, Arizona 85701
Attention: County Administrator

To the Trustee: U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Attention: Corporate Trust Services

To the Underwriter: RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Attention: Kurt Freund, Managing
Director

11. *Parties in Interest.* This Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the County, the Trustee and the Underwriter (including successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof, this Contract may not be assigned by the County. All of the representations, warranties and agreements of the County contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Contract; and (iii) any termination of this Contract.

12. *Effectiveness.* This Contract shall become effective upon the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

13. *Choice of Law.* This Contract shall be governed by and construed in accordance with the law of the State.

14. *Severability.* If any provision of this Contract shall be held or deemed to, or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

15. *Business Day.* For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

16. *Section Headings.* Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

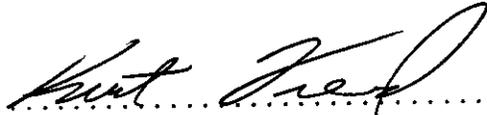
17. *Counterparts; Electronic Signature.* This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document. The electronic signature of a party to this Contract shall be as valid as an original signature of such party and shall be effective to bind such party to this Contract. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (pdf) or other replicating image attached to an email or internet message.

[Remainder of page left blank intentionally.]

If you agree with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Underwriter. This Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

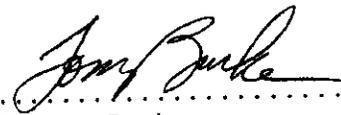
Very truly yours,

RBC CAPITAL MARKETS, LLC

By..........
Name: Kurt Freund
Title: Managing Director

Accepted and agreed at ^{2:15}..... p.m.,
MST, this ^{16th} day of March, 2015

PIMA COUNTY, ARIZONA

By..........
Name: Thomas Burke
Title: Finance and Risk Management Director

Schedule to
Certificate Purchase Contract

\$57,025,000
CERTIFICATES OF PARTICIPATION,
SERIES 2015
Evidencing a Proportionate
Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

DATED DATE

Date of Initial Authentication and Delivery

MATURITY SCHEDULE

<u>Maturity</u> (December 1)	<u>Principal</u> <u>Amounts</u> <u>Maturing</u>	<u>Interest</u> <u>Rates</u>	<u>Yield</u>
2015	\$15,000,000	1.00%	0.15%
2016	15,000,000	2.00	0.60
2017	15,000,000	5.00	1.06
2018	12,025,000	5.00	1.41

NO OPTIONAL REDEMPTION

The Certificates will not be subject to optional redemption prior to maturity.

EXTRAORDINARY REDEMPTION PROVISIONS

The Certificates will be subject to redemption on any Interest Payment Date, in whole or in part, to the extent of any Net Proceeds of insurance or condemnation that are deposited in the Lease Payment Fund for such purpose as provided under the Lease, at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date.

Exhibit to
Certificate Purchase Agreement

FORM OF OPINION OF PIMA COUNTY ATTORNEY'S OFFICE

[Closing Date]

RBC Capital Markets, LLC
Phoenix, Arizona

Re: Pima County, Arizona Certificates of Participation,
Series 2015

This opinion is rendered in connection with the execution and delivery by Pima County, Arizona (the "County"), of: a Lease-Purchase Agreement, dated as of June 1, 2008, as amended by a First Amendment to Lease Agreement, dated as of June 1, 2009, a Second Amendment to Lease Agreement, dated as of February 1, 2010, a Third Amendment to Lease Agreement, dated as of May 1, 2013, a Fourth Amendment to Lease Agreement, dated as of January 1, 2014, and a Fifth Amendment to Lease Agreement, dated as of April 1, 2015 (as so amended, the "Lease-Purchase Agreement"), between the County, as lessee, and U.S. Bank National Association, as lessor; a Trust Agreement, dated as of June 1, 2008, as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009, a Second Supplement to Trust Agreement, dated as of February 1, 2010, a Third Supplement to Trust Agreement, dated as of May 1, 2013, a Fourth Supplement to Trust Agreement, dated as of January 1, 2014, a Fifth Supplement to Trust Agreement, dated as of April 1, 2015 (as so supplemented, the "Trust Agreement"), between the County and U.S. Bank National Association, as trustee (the "Trustee"); a Continuing Disclosure Undertaking, dated the date hereof (the "Undertaking"), and a Certificate Purchase Contract, dated the date of sale of the captioned Certificates (the "Certificate Purchase Contract"), between the County and RBC Capital Markets, LLC. The Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract are each authorized by a resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Authorizing Resolution"). We have examined the transcript of proceedings relating to the execution and delivery of the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract and such other documents as we considered necessary to our opinion. As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the above-mentioned proceedings and

other documents, and have relied upon certificates, covenants and representations furnished to us by the County without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of execution and delivery of the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract, that:

1. The authorization, approval and execution of the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract, the adoption of the Authorizing Resolution and all other proceedings of the County relating to the authorization, approval and execution of the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract have been carried out in conformance with the applicable open meeting and other laws of the State of Arizona.

2. The authorization, execution and delivery of the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract and compliance with the provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or of any existing law, administrative regulation, court order or consent decree to which the County or the Leased Property (as defined in the Lease-Purchase Agreement) is subject.

3. There are no lawsuits or administrative proceedings pending or, to the best of our knowledge, threatened, against the County (i) which in any way question (a) the validity and the proper authorization, approval and execution of the Lease-Purchase Agreement, the Trust Agreement, the Undertaking or the Certificate Purchase Contract, (b) the authority of the County or its officials to enter into the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract or the ability of the County otherwise to perform its obligations under the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract and to carry out the transactions contemplated thereby or (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Lease-Purchase Agreement, the Trust Agreement, the Undertaking and the Certificate Purchase Contract or the Leased Property or the financial condition of the County.

4. The statements in the Official Statement under the heading "LITIGATION" are true and correct in all material respects and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

PIMA COUNTY ATTORNEY

By.....

OFFICIAL STATEMENT

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS: See "Ratings" herein

In the opinion of Squire Patton Boggs (US) LLP, Special Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, the portion of the Lease Payments paid and denominated as interest under the Lease and received by the owners of the 2015 Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Interest Portion is exempt from Arizona state income tax. Special Counsel expresses no opinion as to the treatment for federal income tax purposes or Arizona state income tax purposes of amounts paid to the owners of the 2015 Certificates in the event of termination of the Lease by nonappropriation. The Interest Portion may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of the Interest Portion. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$57,025,000

PIMA COUNTY, ARIZONA CERTIFICATES OF PARTICIPATION, SERIES 2015

Evidencing a Proportionate Interest of Owners thereof in Lease Payments to be Made by PIMA COUNTY, ARIZONA, As Lessee

Dated: Date of Initial Delivery

Due: December 1, as shown on inside front cover page

The securities being offered hereby consist of Certificates of Participation, Series 2015 (the "2015 Certificates") in a Lease-Purchase Agreement, dated as of June 1, 2008, as amended, including by a Fifth Amendment to Lease-Purchase Agreement to be dated as of April 1, 2015 (the original as so amended and as subsequently amended, the "Lease"), between U.S. Bank National Association, as trustee under the below-described Trust Agreement, as lessor (the "Trustee"), and Pima County, Arizona, as lessee (the "County"). The property being leased by the Trustee to the County consists of certain interests in the major portion of the public works building of the County, the legal services building of the County, a parking garage of the County, the public service office tower and parking garage of the County, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2015 Certificates are being executed and delivered under a Trust Agreement, dated as of June 1, 2008, as supplemented, including by a Fifth Supplement to Trust Agreement to be dated as of April 1, 2015 (the original as so supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County. Initially, the 2015 Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2015 Certificates. Purchases of beneficial interests in the 2015 Certificates will be made in book-entry-only form in amounts of \$5,000 of principal maturing on a specified date or any integral multiple thereof. Purchasers will not receive certificates representing the ownership interest in the 2015 Certificates purchased by them. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

Interest represented by the 2015 Certificates will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date and will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2015, until maturity or prior redemption, and principal with respect to the 2015 Certificates will be payable annually in accordance with the schedule set forth on the inside front cover page. So long as the 2015 Certificates are registered in the name of DTC, or its nominee, payments of the principal and interest with respect to the 2015 Certificates will be made directly by the Trustee to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the 2015 Certificates, as described herein.

The 2015 Certificates will be subject to extraordinary redemption prior to maturity as more fully described herein. See "THE 2015 CERTIFICATES - Redemption Provisions" herein.

The 2015 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County and (ii) pay costs associated with the execution and delivery of the 2015 Certificates. See "PLAN OF FINANCE" herein.

MATURITY SCHEDULE AND ADDITIONAL INFORMATION ON INSIDE FRONT COVER PAGE

The 2015 Certificates, together with \$50,405,000 outstanding principal amount of Certificates of Participation, Series 2014, \$32,150,000 outstanding principal amount of Certificates of Participation, Series 2013, \$12,030,000 outstanding principal amount of Certificates of Participation, Series 2010, and any Additional Certificates (defined herein) executed and delivered pursuant to the Trust Agreement (collectively, the "Certificates"), will evidence and represent undivided and proportionate interests of the registered Owners thereof in semiannual lease payments (the "Lease Payments") to be made by the County pursuant to the Lease. **The obligations of the County under the Lease will be payable exclusively from annually appropriated funds and will not be a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Lease will be subject to termination as of the last day of each fiscal year, at the option of the County. If so terminated and not reinstated as provided in the Lease, the County shall thereafter be relieved of any subsequent obligation under the Lease other than to surrender possession of the Leased Property to the Trustee. Upon such termination, there will be no assurance of payment of the principal or interest represented by the Certificates, including the 2015 Certificates, from funds available under the Trust Agreement as a result of the Trustee's re-leasing of the Leased Property.** See "SOURCES OF PAYMENT OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES" herein.

The Certificates will be payable solely from the Lease Payments to be made by the County from the sources identified above and from funds available under the Trust Agreement. The obligation of the County to make the Lease Payments will not be secured by a pledge of any funds, will not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation nor constitute a general obligation of the County nor an indebtedness of the County, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

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

The 2015 Certificates are offered when, as and if certain conditions are satisfied and subject to the legal opinion of Squire Patton Boggs (US) LLP, Special Counsel. Certain legal matters will be passed upon solely for the benefit of the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the 2015 Certificates will be available for delivery through the facilities of DTC, on or about April 15, 2015.

RBC CAPITAL MARKETS

March 16, 2015

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION,
SERIES 2015

Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

Maturity Schedule

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP (a) (721664)
2015	\$15,000,000	1.00%	0.15%	EH9
2016	15,000,000	2.00	0.60	EJ5
2017	15,000,000	5.00	1.06	EK2
2018	12,025,000	5.00	1.41	EL0

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**PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS**

Sharon Bronson, *Chair*

Ray Carroll

Richard Elías

Ally Miller

Ramón Valadez

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara LaWall
County Attorney

APPOINTED OFFICIALS

C.H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

SPECIAL COUNSEL

Squire Patton Boggs (US) LLP
Phoenix, Arizona

TRUSTEE

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the 2015 Certificates identified on the cover page hereof. No person has been authorized by Pima County, Arizona (the “County”), to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are “forward looking statements,” which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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

RBC Capital Markets, LLC (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors in accordance with the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2015 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The issuance and sale of the 2015 Certificates have not been registered under the federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor have the issuance and sale of the 2015 Certificates been qualified under the Securities Act of Arizona, in reliance upon various exemptions thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information contained herein in Appendix G – “BOOK-ENTRY-ONLY SYSTEM” has been furnished by The Depository Trust Company, and no representation has been made by the County or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

The County has undertaken to provide continuing disclosure with respect to the 2015 Certificates as required by Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING SECONDARY MARKET DISCLOSURE” and Appendix F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” herein.

U.S. Bank National Association, as trustee and lessor, assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

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\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION,
SERIES 2015
Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and appendices hereto (the "Official Statement"), has been prepared on behalf of Pima County, Arizona (the "County"), in connection with the original execution, delivery and sale of \$57,025,000 principal amount of Certificates of Participation, Series 2015 (the "2015 Certificates").

Certain capitalized terms used herein but not defined elsewhere are defined under "SUMMARY OF LEGAL DOCUMENTS - Certain Definitions" in Appendix D hereto.

The 2015 Certificates, together with \$50,405,000 outstanding principal amount of Certificates of Participation, Series 2014 (the "2014 Certificates"), \$32,150,000 outstanding principal amount of Certificates of Participation, Series 2013 (the "2013 Certificates"), \$12,030,000 outstanding principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates") and any Additional Certificates executed and delivered pursuant to the hereafter-described Trust Agreement (collectively, the "Certificates"), evidence and represent undivided and proportionate interests of the registered owners thereof in semiannual lease payments (the "Lease Payments") for the hereafter described Leased Property, to be made by the County pursuant to a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement"), as amended, including by a Fifth Amendment to Lease-Purchase Agreement to be dated as of April 1, 2015 (the "Fifth Amendment" and, together with the Original Lease-Purchase Agreement, as previously amended and as subsequently amended, the "Lease"), between U.S. Bank National Association, as trustee under the Trust Agreement, as lessor (the "Trustee"), and the County, as lessee. The property being leased by the Trustee to the County will consist of certain interests in the major portion of the public works building of the County, a parking garage adjacent to the public works building, the legal services building of the County, the public service center office tower and adjacent parking garage of the County, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). The Trustee will hold a fee title interest in the public works building, the legal services building and the adult detention (jail) facilities portions of the Leased Property (the "Sellable Leased Property") and a ground leasehold interest in the portion of the Leased Property consisting of the parking garage adjacent to the public works building and the public service center office tower and adjacent parking garage (the "Ground Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2015 Certificates are being executed and delivered under a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement"), as supplemented, including by a Fifth Supplement to Trust Agreement to be dated as of April 1, 2015 (the "Fifth Supplement" and, together with the Original Trust Agreement, as previously supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County.

The 2015 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County and (ii) pay costs associated with the execution and delivery of the 2015 Certificates. See "PLAN OF FINANCE" herein. Fee title to the Sellable Leased Property will be held by the Trustee and, a ground leasehold interest in the Ground Leased Property will be held by the Trustee pursuant to a Ground Lease, dated as of June 1, 2008 (the "2008 Ground Lease"), a Ground Lease dated as of January 1, 2014 (the "2014 Ground Lease," and together with the 2008 Ground Lease, the "Ground Lease") each between the County and the Trustee with respect to the Ground Leased Property. Pursuant to the Lease, the Trustee has or will lease back to the County the Leased Property. See "PLAN OF FINANCE" herein.

The County expects to use the amounts received from the Trustee from the refinancing of the acquisition of the Leased Property to pay the costs of the herein-described Improvements, which are expected to consist of costs of various projects to expand and improve the County's existing sewer system facilities, but may include other capital project purposes. See "PLAN OF FINANCE – The Improvements" herein.

The obligations of the County under the Lease are payable exclusively from annually appropriated funds of the County and will not be a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Lease will be subject to termination as of the last day of each Fiscal Period of the County, at the option of the County. If so terminated and not reinstated as provided in the Lease, the County shall thereafter be relieved of any subsequent obligation under the Lease other than to surrender possession of the Leased Property to the Trustee. The Lease will also terminate upon the occurrence of an Event of Default thereunder by the County and the election of the Trustee to terminate the Term of the Lease and upon taking of all the Leased Property by eminent domain. In the event of any such termination, there is no assurance of payment of the principal or interest represented by the Certificates, including the 2015 Certificates, from funds available under the Trust Agreement or as a result of the Trustee's selling the Sellable Leased Property or re-leasing of the Leased Property. See "SOURCES OF PAYMENT OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES" herein.

The Certificates will be payable solely from the Lease Payments required to be made by the County from the sources identified above and from funds available under the Trust Agreement. The obligation of the County to make Lease Payments under the Lease will not be secured by a pledge of any funds, will not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation and will not constitute a general obligation of the County, or an indebtedness of the County, the State of Arizona ("Arizona" or the "State") or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

Under the Lease, the County will be required to pay base rent comprising the Lease Payments equal to the principal and interest requirements represented by the outstanding Certificates, unless the Lease is terminated as provided therein. Such base rent will be held in trust by the Trustee only for payment to the Owners of the Certificates. The County will also be required to pay Additional Rent, which includes payment of any taxes and assessments and the cost of maintenance and repair of the Leased Property, and to pay other fees and obligations. See "SUMMARY OF LEGAL DOCUMENTS - LEASE" in Appendix D hereto.

Unless and until discontinued, the 2015 Certificates will be held in book-entry form by The Depository Trust Company, a registered securities depository ("DTC"), and beneficial interests therein may only be purchased and sold, and payments of principal and interest represented by the 2015 Certificates will be made only to beneficial owners, through participants in the DTC system. Beneficial interests in the 2015 Certificates will be in amounts described on the cover page hereof. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

The Lease Payments will be subject to reduction to the extent of any Prepayments made with insurance or condemnation proceeds as a result of damage, destruction or condemnation of a portion of the Leased Property, which causes substantial interference with the County's use of the Leased Property; provided that the revised Lease Payments shall be sufficient to pay principal and interest represented by the Certificates remaining Outstanding after the application of the Net Proceeds of the insurance or self-insurance coverage or condemnation award to redeem a portion of the Certificates. See "SUMMARY OF LEGAL DOCUMENTS – LEASE -- Lease Payments; Additional Rent; Reduction of Rental" in Appendix D hereto. As permitted under the Lease, the County will be self-insured for damage or destruction of the Leased Property in amounts required by the Lease. Proceeds from such self-insurance program and such condemnation awards will be applied either to repair or replace the Leased Property or to redeem all or a portion of the Certificates. See "THE 2015 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption*" herein and "SUMMARY OF LEGAL DOCUMENTS – LEASE – Insurance" in Appendix D hereto.

This Official Statement contains descriptions of the 2015 Certificates, the Trust Agreement, the Ground Lease and the Lease. The descriptions of the 2015 Certificates, the Trust Agreement, the Ground Lease and the Lease and other documents described in this Official Statement (collectively, the "Financing Documents") do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the complete documents, copies of which are available from RBC Capital Markets, LLC (the "Underwriter") prior to the delivery of the 2015 Certificates.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as shown by the financial and other information, will necessarily continue or be repeated in the future.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes (“A.R.S.”) or uncodified, or of the Arizona Constitution, are references to those provisions in their current form. Those provisions may be amended, repealed or supplemented.

THE 2015 CERTIFICATES

General Provisions

The 2015 Certificates will be dated their date of initial delivery and will mature on the dates and in the principal amounts and represent interest at the respective per annum rates, all as set forth on the inside front cover page of this Official Statement. Interest represented by the 2015 Certificates will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date. Interest will be computed on the basis of a 360-day year of twelve 30-day months and be payable on each June 1 and December 1 of each year, commencing on December 1, 2015 (each, an “Interest Payment Date”).

The 2015 Certificates will be delivered in the form of fully registered certificates without coupons registered in the name of Cede & Co. as registered Owner and nominee of DTC. The Trustee shall treat Cede & Co., as the registered Owner, as the absolute owner of the 2015 Certificates for all purposes, including making payments and sending notices. So long as Cede & Co. is the registered Owner of the 2015 Certificates, as nominee of DTC, references herein to “Owners” or registered owners of the 2015 Certificates (other than under the caption “TAX MATTERS”) shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of such 2015 Certificates. When reference is made to any action which is required or permitted to be taken by the beneficial owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such beneficial owners for such purposes. When notices are given, they shall be sent by the County or the Trustee to DTC only. See Appendix G - “BOOK-ENTRY-ONLY SYSTEM.”

Subject to the provisions summarized in Appendix G - “BOOK-ENTRY-ONLY SYSTEM,” the principal represented by each 2015 Certificate will be payable at the designated office of the Trustee. Interest represented by each 2015 Certificate will be paid on each Interest Payment Date by check drawn on the Trustee mailed on or before the Interest Payment Date to the registered owners as shown on the records of the Trustee as of the fifteenth day of the month immediately preceding such Interest Payment Date or, if such a day is not a business day, on the next succeeding business day or the Trustee may agree with a registered Owner of \$1,000,000 or more in aggregate principal amount of the 2015 Certificates for another form of payment.

Redemption Provisions

No Optional Redemption. The 2015 Certificates will not be subject to optional redemption prior to their stated maturities.

Extraordinary Redemption. The 2015 Certificates will be subject to redemption on any Interest Payment Date, in whole or in part, to the extent of any Net Proceeds of insurance or condemnation that are deposited in the Lease Payment Fund for such purpose as provided under the Lease (See “LEASE - Insurance” and “—Eminent Domain” in Appendix D hereto), at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date.

Selection of Certificates. Whenever less than all Outstanding 2015 Certificates are called for redemption, the maturities of the 2015 Certificates to be selected for redemption may be specified by the County or, if the County does not so specify, will be determined by the Trustee by lot, and within any maturity will be selected by lot.

Notice of and Procedure for Redemption

In the event any 2015 Certificates are called for redemption, notice thereof identifying the 2015 Certificates to be redeemed and specifying a redemption date and the redemption price will be required to be given by the Trustee in the form of a redemption notice to DTC not less than 30 nor more than 60 days prior to the date fixed for redemption. If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or by the Trustee prior to sending the notice of redemption, such redemption shall be conditional on such money 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. See Appendix G – “BOOK-ENTRY-ONLY SYSTEM.”

All of the 2015 Certificates so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and will no longer be protected by and will not be deemed to be Outstanding under the provisions of the Trust Agreement.

Defeasance

If the County (i) pays the principal and interest of all Outstanding 2015 Certificates when the same becomes due and payable, or (ii) at or before maturity of all Outstanding 2015 Certificates, deposits money or Defeasance Obligations with the Trustee which, together with other available funds, are sufficient to pay the principal and interest of all Outstanding 2015 Certificates and any Additional Rent, the lien of the Trust Agreement and all covenants, agreements and obligations of the County and the Trustee securing or pertaining to the 2015 Certificates will terminate, except for the obligation of the Trustee to make payment on the 2015 Certificates. (See “SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT - Defeasance” in Appendix D hereto.)

PLAN OF FINANCE

General

The proceeds received by the Trustee from the sale of the 2015 Certificates, net of amounts deposited into the Delivery Costs Fund established under the Trust Agreement to pay costs related to the execution and delivery of the 2015 Certificates, will be used by the Trustee to refinance the original acquisition of the Leased Property from the County.

The County intends to use such amounts received from the Trustee to pay the costs of the Improvements described below, none of which are a part of the Leased Property.

The Leased Property

The Leased Property consists of the following property of the County:

Adult Detention Center. This portion of the Leased Property (the “Adult Detention Center”) consists of a fee ownership interest in the maximum security facility (a seven-story block building designed with a 732-bed capacity) and a medium security facility (a four-story block building designed with an approximately 400-bed capacity). The medium security facility is an annex to the maximum security facility. The maximum security facility has been retrofitted so that it now accommodates 1,892 beds. The Adult Detention Center currently provides the only maximum and medium detention facilities for the County.

The Adult Detention Center opened in 1984 and currently houses approximately 1,800 inmates. The change in average annual jail population for the past ten years is shown below.

Calendar Year	Average Jail Population	Calendar Year	Average Jail Population
2014	2,061	2009	1,826
2013	2,037	2008	1,913
2012	1,926	2007	2,008
2011	1,687	2006	2,028
2010	1,636	2005	2,009

Source: Pima County Sheriff's Department.

The two-building complex is located on approximately 17 acres of land situated about 3 miles southwest of downtown Tucson, Arizona.

Pima County Public Works Building Portion of Leased Property. This portion of the Leased Property consists of a fee ownership interest in the south 137,938 square feet of a 9-story building, located at 201 North Stone in Tucson, Arizona, which serves as the Public Works Building of the County. *(The north 63,000 square feet of the building are leased to the City of Tucson Arizona, by the County and are not part of the Leased Property.)* The 9-story site contains 15,524 square feet of land. The building was constructed in the 1960s; it was subsequently gutted back to the concrete floors and ceilings. By 1991, the building was completely rebuilt and immediately occupied by the County.

Public Works Building Parking Garage. This portion of the Leased Property consists of a ground leasehold interest in a 785-space parking garage located adjacent to the Pima County Public Works Building in downtown Tucson, Arizona, and includes the site for the facility and related entry and exit ramps and the parking facility itself, which is located above the downtown Tucson branch of the YMCA. The YMCA is located on a portion of the same site, beneath the first level of the parking garage, pursuant to a lease granted by the County in 1990. *The Leased Property does not include any portion of the YMCA facilities located on the site or elsewhere.*

The parking facility was constructed in 1991 and has been in continuous operation since its opening. The majority of the facility is used for parking for County employees and public parking during normal business hours and for users of the downtown YMCA facility.

The term of the Ground Lease associated with the parking facility will extend through June 1, 2029, but will be subject to earlier termination on any date upon (a) defeasance of the Lease and the Trust Agreement with respect to all Certificates as permitted thereunder, or (b) the exercise of the County of its option to purchase the Leased Property pursuant to the Lease and defeasance of the Trust Agreement as permitted thereunder.

Legal Services Building Portion of Leased Property. This portion of the Leased Property consists of a fee ownership interest in a 20-story, single-tenant office building constructed in 1966, located at 32 North Stone in Tucson, Arizona. The gross square footage of the tower is 209,187 square feet. The tower site contains 10,636 square feet of land. The 15th floor of the tower was specifically gutted to a shell condition in order to accommodate the record file storage requirements of the Legal Services Division of the County.

Public Service Center Office Tower and Parking Garage. This portion of the Leased Property consists of a 288,363 square foot multi-story building, half of which has 14 courtrooms along with supporting administrative and detention accommodations for use by the Pima County Justice Courts, and space to accommodate an additional 7 courtrooms. The balance of the building is office space for the County Recorder, County Treasurer and County Assessor. The Public Service Center also includes a multi-story, 700 car, precast parking garage with one-half level below grade for secured judicial parking. At grade level, the parking garage includes 8,800 square feet of multi-tenant retail.

Pursuant to the Lease, the Trustee will lease back to the County the Leased Property. The County has not undertaken an appraisal of the Leased Property but believes the market value of the Leased Property is at least \$166

million. Policies of title insurance, in an aggregate amount of \$166 million, will be in effect upon execution and delivery of the 2015 Certificates, insuring the Trustee's fee title interest in the Sellable Leased Property and its leasehold interest in the Ground Leased Property.

The Improvements

The County intends to use the amounts received from the Trustee from the refinancing of the acquisition of the Leased Property to fund various projects to expand and improve the County's existing sewer system facilities. The County may also use a portion of the funds received for other capital projects. All such capital projects are collectively referred to herein as the "Improvements". None of the Improvements will be part of the Leased Property.

Sources of Lease Payments

Although no specific revenue sources will be pledged to or secure the Certificates, the County anticipates using monies from the County's sewer system enterprise for making the Lease Payments, subject to annual appropriation by the Board of Supervisors of the County.

See "SOURCES OF PAYMENT OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES."

SOURCES OF PAYMENT OF THE CERTIFICATES

Under the terms of the Trust Agreement, the 2015 Certificates will be payable on a parity with the outstanding 2010 Certificates, the 2013 Certificates, the 2014 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement, solely from: (1) Lease Payments received by the Trustee from the County under the Lease, subject to termination of the Lease as provided under the Lease, (2) amounts from time to time deposited in the funds created under the Trust Agreement and investment earnings on such funds (except for any investment earnings that are required to be rebated to the United States in order to continue the exclusion of the interest represented by the Certificates from gross income for federal income tax purposes) and (3) any Net Proceeds from insurance coverage or condemnation awards received by the Trustee from the damage, destruction or taking of the Leased Property or portion thereof pursuant to the Lease and the Trust Agreement or from exercise by the Trustee of any remedies under the Lease and the Trust Agreement upon default thereunder. See "SECURITY FOR THE CERTIFICATES" as well as "SUMMARY OF LEGAL DOCUMENTS – LEASE -- Events of Default," "-- Eminent Domain" and "-- Insurance" and "SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT -- Events of Default; Acceleration" in Appendix D hereto.

The County will be required under the Lease to make Lease Payments semiannually in amounts sufficient to make interest and principal payments represented by the Certificates on November 15, 2015, and each May 15 and November 15 thereafter. The County's obligation under the Lease to pay Lease Payments during the term of the Lease will be absolute and unconditional, but subject to (1) the County's right each year to terminate the Lease as of the end of each Fiscal Period by failing to budget and appropriate the full amount necessary to make all Lease Payments come due in the next Fiscal Period, (2) reduction of Lease Payments in the event of damage, destruction or condemnation of any portion of the Leased Property, and (3) termination of the Lease upon taking of all of the Leased Property by eminent domain, all as described below under "SECURITY FOR THE CERTIFICATES" and under "SUMMARY OF LEGAL DOCUMENTS - LEASE -- Lease of Leased Property" and "-- Lease Payments; Additional Rent; Reduction of Rental" in Appendix D hereto.

IN THE EVENT OF TERMINATION OF OR DEFAULTS UNDER THE LEASE, THERE IS NO ASSURANCE THAT THE TRUSTEE WILL HAVE ADEQUATE FUNDS UNDER THE TRUST AGREEMENT TO PAY INTEREST AND PRINCIPAL REPRESENTED BY THE CERTIFICATES. See "RISK FACTORS - Limitations on Remedies."

SECURITY FOR THE CERTIFICATES

General

Each Certificate will evidence an undivided and proportionate interest in Lease Payments under the Lease. The County's obligations to make Lease Payments and any other obligation under the Lease will be subject to and dependent upon an annual budgeting and appropriation being made by the Board of Supervisors of the County to make such Lease Payments. The term of the Lease will continue through and including December 1, 2028, unless terminated prior thereto. If the Board of Supervisors of the County (the "Board") does not budget and appropriate funds sufficient to pay Lease Payments in any succeeding Fiscal Period, the Lease will terminate as of the last day of the Fiscal Period for which Lease Payments were made, and the County will be required to vacate and return possession of the Leased Property to the Trustee, all in accordance with and subject to the terms of the Lease and the Trust Agreement. See "SECURITY FOR THE CERTIFICATES - Non-appropriation; Other Termination Events" herein. In that event, the Trustee will be entitled to exercise all available remedies, which could include selling the Sellable Leased Property or re-leasing the Leased Property. See "RISK FACTORS - Limitations on Remedies" below.

The County's obligation to make Lease Payments will not constitute a debt or liability of the County, the State or any political subdivision thereof within the meaning of any constitutional or statutory limitation. Neither the faith and credit nor the taxing power of the County, the State or any political subdivision thereof will be pledged to pay the principal or interest evidenced by the Certificates. Payments with respect to the Certificates will be made solely from amounts derived under the terms of the Lease, including the Lease Payments, and available amounts from time to time on deposit under the terms of the Trust Agreement. No funds will be pledged by the County to pay Lease Payments.

Non-appropriation; Other Termination Events

If the County fails to obtain, on or before the third Business Day prior to the last date on which the County is required or permitted to adopt its budget for a Fiscal Period, proper budgeting and final appropriation by the Board of the full amount of funds necessary to make all Lease Payments coming due during the Fiscal Period for which such budgeting and appropriation are made, thereafter, the County will immediately notify the Trustee in writing of that fact. If on the last date on which the County is required or permitted to adopt its budget for a Fiscal Period no such proper budgeting and final appropriation by the Board shall have been made, all of the County's right, title and interest in and future obligations under the Lease and to all of the Leased Property will terminate (subject to reinstatement as provided below), effective as of the last day of the last Fiscal Period for which such budgeting and appropriation were properly obtained and for which sufficient funds were determined to be lawfully available and allocated. In the event the County terminates the Lease, the County will be relieved of any subsequent obligation under the Lease with respect thereto, other than to return to the Trustee possession of all of the Leased Property as provided in the Lease and to pay any accrued and unpaid obligations.

The budget officials of the County have covenanted in the Lease that they will include in the budget presented to the Board sufficient funds for payment of all Lease Payments and Additional Rent when due, provided, however, pursuant to Arizona law, the budgeting and appropriation of money by the Board is a legislative act of the Board and is beyond the control of the budgeting officials of the County.

If the Lease terminates as described above and if within forty-five (45) days after such date of termination amounts described above are determined to be available which would have permitted the Lease to have continued in effect with respect to the Leased Property if such amounts had been determined to be available prior to the termination date, then the Lease will be reinstated with respect thereto and deemed renewed as of the day following the date of such termination.

In the event the County terminates the Lease, the County will have no further obligations under the Lease. Upon termination, the County will be required by the Lease to surrender possession of the Leased Property to the Trustee. Such termination will constitute an Event of Default under the Trust Agreement, if the Lease has not been reinstated, but such termination will not be a default under the Lease. Upon such Event of Default under the Trust

Agreement, the Trustee may exercise one or more of the remedies provided in the Trust Agreement, subject to receipt of indemnity satisfactory to it, including an option to sell the Sellable Leased Property or re-lease its interest in the Leased Property, and to apply the proceeds of such disposition, if any, along with the moneys in the Lease Payment Fund established under the Trust Agreement, to the payment of the Certificates. See “SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT -- Event of Default; Acceleration” in Appendix D hereto. However, there is no assurance that net revenues received by the Trustee from any such sale of the Sellable Leased Property or re-lease of the Leased Property would be sufficient to pay in full all Outstanding Certificates. Should such a shortfall occur, the interest and principal represented by the Certificates would be paid by the Trustee to the extent of moneys, if any, held by the Trustee under the Trust Agreement.

Upon an Event of Default under the Trust Agreement, the Trustee will be required to take action to force the County to surrender possession of the Leased Property. However, the exercise by the Trustee of any other subsequent or additional remedies may be affected by the environmental condition of the Leased Property, and the Trustee may decline to exercise such other remedies unless it is indemnified and obtains assurances to its satisfaction that it will not become responsible for environmental liabilities. See “RISK FACTORS - Limitations on Remedies.”

Damage, Taking or Removal of Leased Property

The Leased Property will be required to be insured or self-insured to the extent set forth herein under “SUMMARY OF LEGAL DOCUMENTS – LEASE -- Insurance” in Appendix D hereto, which includes property insurance equal to the full replacement cost of the Leased Property. As permitted under the Lease, the County will be self-insured for damage or destruction of the Leased Property and other liabilities in amounts required by the Lease.

Under the Lease, the Net Proceeds of any insurance recoveries and proceeds of self-insurance resulting from any damage or destruction of the Leased Property by fire or other casualty must be deposited in the Insurance and Condemnation Fund established under the Trust Agreement. Moneys in the Insurance and Condemnation Fund will be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property by the County, provided, however, that if the County notifies the Trustee within 90 days of such deposit of its determination that the replacement, repair, restoration, modification or improvement of the damaged portion of the Leased Property is not economically feasible or in the best interests of the County, then such Net Proceeds will be promptly transferred by the Trustee to the Lease Payment Fund and applied to effect extraordinary redemption of Outstanding Certificates as follows: in the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause redemption of all Outstanding Certificates, and in the event of damage or destruction of the Leased Property in part, if such Net Proceeds are sufficient, together with all other funds available therefor to redeem all Outstanding Certificates, such amounts will be applied to the extraordinary redemption, in whole, of all Outstanding Certificates, or if such Net Proceeds, together with such other funds, are not sufficient to redeem all Outstanding Certificates, then the County shall have the option to either use such Net Proceeds to repair the Leased Property or to extraordinarily redeem the Certificates in part. See “THE 2015 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption.*”

In the event of such partial redemption, the Lease Payments will be reduced to an amount sufficient to pay interest and principal represented by the Certificates Outstanding after such partial redemption.

Under the Lease, the County will waive any right to terminate the Lease because of damage or destruction to the Leased Property, but retains the right to determine annually whether to appropriate Lease Payments for the next Fiscal Period.

If all the Leased Property is taken by eminent domain, the Net Proceeds of the condemnation award will be deposited in the Insurance and Condemnation Fund and used to extraordinarily redeem Certificates to the extent of such Net Proceeds and the Lease shall terminate as of the date possession is taken from the County.

If a part of the Leased Property is taken by eminent domain, or if all of the Leased Property is taken temporarily, then the Lease will continue in effect and the Net Proceeds will be deposited in the Insurance and

Condemnation Fund and applied as follows: if the Trustee determines that either (1) such taking does not materially adversely affect the operation of the Leased Property and the Net Proceeds are not needed to replace the Leased Property, or (2) such taking does not materially adversely affect remaining portions of the Leased Property or the ability of the County to meet any of its obligations under the Lease, then the Net Proceeds will be used to extraordinarily redeem Certificates in part; otherwise, such Net Proceeds will be used to replace the taken Leased Property. See “THE 2015 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption*.”

If there is a partial taking of the Leased Property, the Lease Payments will be reduced to an amount sufficient to pay interest and principal represented by Certificates Outstanding after such partial redemption.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not used to redeem Certificates will be required to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property by the County. Any balance of the Net Proceeds remaining after such work has been completed will be required to be deposited in the Lease Payment Fund and applied as a credit against the next subsequent Lease Payments.

Additional Certificates

Subject to certain conditions provided in the Trust Agreement, the Trustee may execute and deliver, at the direction of the County, Additional Certificates from time to time to provide funds to pay the costs of refunding Outstanding Certificates or to restructure the County’s Lease Payments under the Lease, or to pay the costs of making any modifications or improvements to the Leased Property or to finance additional property as the County deems necessary or desirable. Such conditions include, but are not limited to, that the Lease remains in effect, that no Event of Default has occurred under the Trust Agreement, that such Additional Certificates do not affect the tax-exempt status of the Outstanding Certificates then bearing tax-exempt interest or result in the reduction or withdrawal of the assigned ratings on the Outstanding Certificates.

RISK FACTORS

The purchase of the 2015 Certificates involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective 2015 Certificate purchaser should make an independent evaluation of all the information presented herein. Certain of these investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect relative importance of risks. The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the 2015 Certificates.

Limited Obligation. The obligation of the County to pay Lease Payments will not be secured by the levy or pledge of any tax or any other funds and will not constitute a debt or indebtedness of the County or the State within the meaning of any constitutional or statutory debt limitation or restriction. See “SECURITY FOR THE CERTIFICATES.” The Lease Payments are payable by the County, subject to annual appropriation by the Board of Supervisors of the County, from monies of the County.

No Pledge of County Funds. No funds or revenues of the County will be pledged, obligated or restricted for the payment of the Lease Payments, including, without limitation, the funds and revenues described under “PLAN OF FINANCE - Sources of Lease Payments” and “SOURCES OF PAYMENT OF THE CERTIFICATES.” In addition, the County will have the right to refuse to appropriate funds, and thus terminate the Lease, for any reason including inadequacy of the Leased Property. Were the County to refuse to appropriate funds and thereby terminate the Lease, there will be no assurance that the Trustee would have adequate funds under the Trust Agreement to pay interest and principal represented by the Certificates.

Other Obligations of County. The County has existing obligations, including lease-purchase obligations, and has the capacity to enter into other obligations which are payable from amounts in the General Fund or other monies of the County, which is the same source it will use to make Lease Payments. See “PIMA COUNTY, ARIZONA – FINANCIAL INFORMATION - Lease, Lease-Purchase and Purchase Agreements” and “- Certificates

of Participation” in Appendix B. To the extent that the County’s current or future obligations are paid from the General Fund or other County monies, the funds available to make Lease Payments may be decreased. The Lease will not impose any restrictions upon the ability of the County to incur additional obligations.

Termination of Lease. In addition to termination of the Lease upon non-appropriation of funds as described under the heading “SECURITY FOR THE CERTIFICATES - Non-appropriation; Other Termination Events”, several other events may lead to a termination of the Lease:

- (1) an Event of Default on the part of the County and an election by the Trustee to terminate the Lease as described under the heading “SUMMARY OF LEGAL DOCUMENTS – LEASE - Events of Default” in Appendix D hereto;
- (2) the taking of all of the Leased Property under the power of eminent domain, described below; and
- (3) violation of certain State statutes pertaining to conflicts of interest, described below.

If an Event of Default under the Lease occurs, the Trustee may terminate the Lease and sell or relet the Leased Property. The Net Proceeds from the sale of the Sellable Leased Property or re-leasing of the Leased Property, together with other moneys then held by the Trustee under the Trust Agreement, will be required to be used under the Trust Agreement to pay principal and interest represented by the Certificates as it becomes due, to the extent of such moneys. No assurance can be given that the amount of such funds would be sufficient to pay all the Certificates when due.

In the event that the Leased Property has been taken in whole pursuant to eminent domain proceedings, all Net Proceeds, together with funds, if any, then on hand in funds held by the Trustee will be applied to the extraordinary redemption of the Certificates and the Lease shall terminate on the date possession is taken from the County. No assurance can be given that the Net Proceeds of eminent domain and other moneys available under the Trust Agreement will be sufficient to redeem all of the Outstanding Certificates.

As required by the provisions of A.R.S. Section 38-511, the County may, within three years after its execution, cancel any contract (including the Financing Documents), without penalty or further obligation, made by the County if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Financing Documents on behalf of the County (a “County Representative”) is, at any time while the Financing Documents or any extension thereof are in effect, an employee of any other party to the Financing Documents in any capacity or a consultant to any other party of the Financing Documents with respect to the subject matter thereof. The cancellation shall be effective when written notice from the Board is received by all other parties to the Financing Documents unless the notice specifies a later time. The Trustee will agree in the Lease not to employ as an employee or an agent, or with respect to the subject matter of the Financing Documents, as a consultant any County Representative within three years from execution of the Financing Documents unless a waiver of Section 38-511 is provided by the Board.

Squire Patton Boggs (US) LLP, Special Counsel with respect to the execution and delivery of the 2015 Certificates (“Special Counsel”), will not render an opinion with respect to the tax-exempt status of payments made to Owners of the 2015 Certificates from sources made available by the County as a result of the termination of the Lease for any reason (including termination upon nonappropriation of funds by the County). If the Lease is terminated while 2015 Certificates are Outstanding, there will be no assurance that after such termination, payments made to Owners (from sources other than funds made available by the County) with respect to interest will be excludable from gross income of the Owners thereof for federal or Arizona income tax purposes.

In addition, neither Special Counsel nor counsel to the Underwriter will render an opinion as to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to the transfer of any 2015 Certificates in the event payments are received from sources made available by the County as a result of termination of the Lease for any reason. If the Lease is terminated while the 2015 Certificates are Outstanding, there will be no assurance that after such termination 2015 Certificates may be transferred by a 2015

Certificate Owner without compliance with the registration provisions of the Securities Act of 1933, as amended, or that an exemption from such registration is available.

Limitations on Remedies. Due to the specialized configuration of the Leased Property and the limited number of potential users of the Leased Property, no assurance can be given that the proceeds from any sale of the Sellable Leased Property or re-leasing of the Leased Property will be sufficient to pay in full the 2015 Certificates. The enforcement of any remedies provided in the Lease and the Trust Agreement could prove both expensive and time consuming. In addition, the enforceability of the Lease and the Trust Agreement is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State and its political subdivisions. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Trustee to obtain possession of the Leased Property upon termination of the Lease or exercise of remedies upon default by the County may result in delays in payment of the Certificates.

Although the Lease and the Trust Agreement provide that the Trustee may take possession of the Leased Property and sell the Sellable Leased Property or re-lease the Leased Property if there is a default by the County thereunder or if the County terminates the Lease, and the Lease provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, no assurance can be given that revenues from the Trustee's sale or reletting of the Leased Property would be sufficient to pay in full all Outstanding Certificates.

Upon the termination of the Lease or if the County defaults in its obligation to make Lease Payments thereunder, the Trustee will be required to take action to force the County to surrender possession of the Leased Property. However, under the terms of the Trust Agreement, the Trustee will not be under any obligation to take any other action if the Trustee determines that to do so exposes the Trustee to a risk of financial liability (including environmental liability) for which it reasonably believes it is not adequately indemnified. Prior to taking other actions under the Trust Agreement, the Trustee may request assurances, such as an additional environmental audit, that it will not incur liability by reason of any other action taken by the Trustee pursuant to the Trust Agreement.

SOURCES AND USES OF FUNDS

The sources and uses of funds derived from the sale of the 2015 Certificates are as follows:

Sources of Funds

Par Amount of the 2015 Certificates	\$57,025,000.00
Original Issue Premium	3,468,132.75
Total Sources	\$60,493,132.75

Uses of Funds

2015 Acquisition Fund (a)	\$60,000,000.00
Costs of Issuance (Including Underwriter's Discount)	493,132.75
Total Uses	\$60,493,132.75

- (a) This amount will be paid to the County to refinance the acquisition of the Leased Property upon execution and delivery of the 2015 Certificates. The County will use such amount to pay for the Improvements. See "PLAN OF FINANCE – The Improvements" herein.

CERTIFICATE PAYMENT REQUIREMENTS

The Lease requires that Lease Payments be paid on the fifteenth day of the month preceding each Interest Payment Date and in the following amounts. The Trust Agreement provides that such amounts be deposited in the Lease Payment Fund and applied, on a semiannual basis, to pay amounts due with respect to the Certificates.

Interest Payment Date	Lease Payments on Outstanding Certificates	2015 Certificates		Total Lease Payments on Certificates
		Principal	Interest (a)	
06/01/2015	\$ 4,503,491			\$ 4,503,491
12/01/2015	14,159,991	\$15,000,000	\$1,130,785	30,290,775
06/01/2016	4,260,541		825,625	5,086,166
12/01/2016	9,305,691	15,000,000	825,625	25,131,316
06/01/2017	4,149,516		675,625	4,825,141
12/01/2017	9,496,516	15,000,000	675,625	25,172,141
06/01/2018	4,016,266		300,625	4,316,891
12/01/2018	7,090,766	12,025,000	300,625	19,416,391
06/01/2019	3,924,516			3,924,516
12/01/2019	7,235,375			7,235,375
06/01/2020	1,095,625			1,095,625
12/01/2020	6,630,625			6,630,625
06/01/2021	957,250			957,250
12/01/2021	6,932,250			6,932,250
06/01/2022	807,875			807,875
12/01/2022	7,197,875			7,197,875
06/01/2023	648,125			648,125
12/01/2023	4,448,125			4,448,125
06/01/2024	553,125			553,125
12/01/2024	4,548,125			4,548,125
06/01/2025	453,250			453,250
12/01/2025	4,653,250			4,653,250
06/01/2026	348,250			348,250
12/01/2026	4,763,250			4,763,250
06/01/2027	237,875			237,875
12/01/2027	4,877,875			4,877,875
06/01/2028	121,875			121,875
12/01/2028	4,996,875			4,996,875

(a) The first interest payment date on the 2015 Certificates is December 1, 2015.

LITIGATION

To the knowledge of appropriate representatives of the County, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the issuance or delivery of the 2015 Certificates, the Trust Agreement, or the Lease, or in any way contesting or affecting any authority for the execution and delivery of the 2015 Certificates, or the validity of the 2015 Certificates, the proceeds from the execution and delivery thereof or any agreements entered into in connection therewith, or in any way contesting the existence or powers of the County with regard to the 2015 Certificates, the Trust Agreement, or the Lease or any agreement, document, duty or covenant pertaining thereto.

The County has been named as a defendant in several lawsuits for which the County believes either that it has adequate self-insurance or insurance coverage in the event of liability or that such liability would not otherwise materially and adversely affect the financial condition of the County.

LEGAL MATTERS

The 2015 Certificates will be sold with the understanding that the County will furnish the Underwriter with an approving opinion of Squire Patton Boggs (US) LLP, Special Counsel. A form of such opinion is included in Appendix E hereto. Said attorneys have been retained by the County as Special Counsel and in such capacity will render their opinion only upon the legality of the 2015 Certificates under Arizona law and on the exclusion of the interest portion related to the 2015 Certificates from gross income for purposes of calculating federal income taxes and of the exemption of that interest portion from State income taxes. (See "TAX MATTERS" herein.) Fees of Special Counsel will be paid from 2015 Certificate proceeds.

Certain legal matters will be passed upon solely for the benefit of the Underwriter by Greenberg Traurig, LLP.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Special Counsel, under existing law (i) the Interest Portion of the Lease Payments paid under the Lease and received by the Owners is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the Interest Portion is exempt from Arizona state income tax. Special Counsel expresses no opinion as to any other tax consequences regarding the 2015 Certificates. Under certain circumstances, interest paid for periods following termination of the Lease by nonappropriation may not be excludable from gross income for federal income tax purposes. Special Counsel expresses no opinion on the federal income tax or Arizona state income tax treatment of amounts paid to Owners in the event of termination of the Lease by nonappropriation or as to any other tax consequences regarding the 2015 Certificates. See also "SECURITY FOR THE CERTIFICATES – Non-appropriation; Other Termination Events."

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Interest Portion is and will remain excluded from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Special Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Special Counsel's legal judgment as to the exclusion of the Interest Portion from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Special Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the Interest Portion being included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2015 Certificates. The County has covenanted to take the actions required of it for the Interest Portion to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Notwithstanding the previous sentence, in the event of termination of the Lease by nonappropriation, use

of the property or the facilities financed with the proceeds of the 2015 Certificates in a manner that would cause the Lease, if the property or the facilities financed with the proceeds of the 2015 Certificates had originally been used in such manner, to constitute a “private activity bond” under Section 141 of the Code may prompt the IRS to take the position that the Interest Portion is not excluded from gross income for federal income tax purposes, retroactive to the date of execution and delivery of the 2015 Certificates. After the date of execution and delivery of the 2015 Certificates, Special Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Special Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of the Interest Portion or the market value of the 2015 Certificates.

A portion of the Interest Portion earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, the Interest Portion may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the Owner of the 2015 Certificates. Special Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2015 Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If an Owner of a 2015 Certificate is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Special Counsel’s engagement with respect to the 2015 Certificates ends with the execution and delivery of the 2015 Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax status of the Interest Portion of the 2015 Certificates in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2015 Certificates, under current IRS procedures, the IRS will treat the County as the taxpayer and the Beneficial Owners will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2015 Certificates for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2015 Certificates.

Prospective purchasers of the 2015 Certificates upon their original issuance at prices other than the respective prices indicated on the inside front cover page of this Official Statement, and prospective purchasers of the 2015 Certificates at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Special Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2015 Certificates. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of execution and delivery of the 2015 Certificates will not have an adverse effect on the tax status of the Interest Portion or the market value or marketability of the 2015 Certificates. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of the Interest Portion from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would

result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the 2015 Certificates should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the Interest Portion for federal income tax purposes for all or certain taxpayers. In such event, the market value of the 2015 Certificates may be adversely affected and the ability of holders to sell their 2015 Certificates in the secondary market may be reduced. The 2015 Certificates are not subject to special mandatory redemption as a result of a change in federal tax law, and the interest rates on the 2015 Certificates are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Premium

The 2015 Certificates (“Premium Certificates”) as indicated on the inside front cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes certificate premium. For federal income tax purposes, certificate premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate (or, in the case of a Premium Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Certificate), compounded semiannually. No portion of that certificate premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner’s tax basis in the Premium Certificate is reduced by the amount of certificate premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate. A purchaser of a Premium Certificate in the initial public offering at the price for that Premium Certificate stated on the inside front cover page of this Official Statement who holds that Premium Certificate to maturity (or, in the case of a callable Premium Certificate, to its earlier call date that results in the lowest yield on that Premium Certificate) will realize no gain or loss upon the retirement of that Premium Certificate.

Owners of Premium Certificates should consult their own tax advisers as to the determination for federal income tax purposes of the amount of certificate premium properly amortizable in any period with respect to the Premium Certificates and as to other federal tax consequences and the treatment of certificate premium for purposes of state and local taxes on, or based on, income.

RATINGS

Fitch Ratings, Inc. (“Fitch”) and Standard & Poor’s Financial Services LLC (“S&P”) will assign the 2015 Certificates ratings of “AA-” and “A+”, respectively. Such ratings reflect only the views of Fitch and S&P, and any desired explanation of the significance of these ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch at One State Street Plaza, New York, New York 10004 and S&P at 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings may subsequently be revised downward or withdrawn entirely by Fitch and S&P, respectively, if in their respective judgment, circumstances to warrant. Any subsequent downward revision or withdrawal of such ratings may have an adverse effect on the market price and marketability of the 2015 Certificates.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the 2015 Certificates to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2016 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events, if material (the “Notices”). The Annual Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system as described in Appendix F - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the

information to be contained in the Annual Reports and the Notices is set forth in Appendix F - "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

These covenants have been made in order to assist the Underwriter of the 2015 Certificates in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and mailing the Annual Reports and the Notices to the MSRB. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2015 Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2015 Certificates and their market price.

The County has complied with all existing continuing disclosure undertakings relating to the County for the last five years in all material respects.

UNDERWRITING

The 2015 Certificates will be purchased by the Underwriter at an aggregate purchase price of \$60,179,495.25, pursuant to a certificate purchase contract (the "Certificate Purchase Agreement") entered into by the County, the Trustee and the Underwriter. If the 2015 Certificates are sold to produce the yields shown on the inside front cover page, the Underwriter's compensation will be \$313,637.50. The Certificate Purchase Agreement will provide that the Underwriter will purchase all of the 2015 Certificates so offered if any are purchased. The Underwriter may offer and sell the 2015 Certificates to certain dealers (including dealers depositing 2015 Certificates into unit investment trusts) and others at yields lower than the public offering prices stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

FINANCIAL STATEMENTS

Included as Appendix C of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering its opinion on such Comprehensive Annual Financial Report.

ADDITIONAL INFORMATION

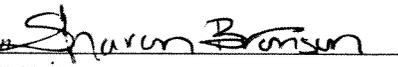
Additional information and copies of this Official Statement may be obtained from Pima County, Director of Finance and Risk Management, 130 West Congress, Tucson, Arizona 85701.

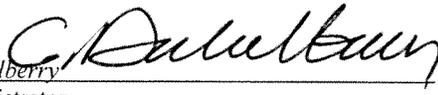
CONCLUDING STATEMENT

To the extent that any statement made in this Official Statement involves matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has been identified by source and has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing are to be construed as part of a contract with the Underwriter or subsequent owners of the 2015 Certificates.

The County has approved and authorized the distribution and use of this Official Statement.

By /s/ Sharon Bronson 
Chair, Board of Supervisors

By /s/ C.H. Huckelberry 
County Administrator

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PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the “County”) is located in the southern portion of the State of Arizona (“Arizona” or the “State”), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State’s four original counties, the County is today the second most populous county in Arizona with an estimated 2014 population of 1,007,162. Approximately 53% of the County’s population resides in the City of Tucson, Arizona (“Tucson”), the County seat of government and southern Arizona’s largest city.

TABLE 1
Population Statistics For Pima County,
the City of Tucson and the State of Arizona

	<u>Pima County</u>	<u>City of Tucson</u>	<u>State of Arizona</u>
2014 Estimate (a)	1,007,162	529,336	6,667,241
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Source: Except as otherwise described, U.S. Census Bureau.

Organization

The County is governed by a five-member Board, each member of which is elected for a four-year term to represent one of the designated districts within the County. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrator who is responsible for the general administration and overall operations of the various departments of the County.

Mr. Charles H. Huckelberry was appointed County Administrator in December 1993. From 1987 to 1993, Mr. Huckelberry served as an Assistant County Manager with responsibility for the administration of public works. He served as the Director of Pima County’s Department of Transportation and the Flood Control District from 1979 to 1987; as Deputy Director of the Wastewater Department from 1976 to 1979; and as the Wastewater Department’s Manager of Field Engineering from 1974 to 1976. He was self-employed as a civil engineering and land surveying consultant for one year. From 1972 to 1973, Mr. Huckelberry was employed as a Research and Development Engineer for the Shell Oil Company. He holds both a Bachelor of Science Degree in Mining Engineering and a Master of Science Degree in Civil Engineering from The University of Arizona and is a registered professional engineer and land surveyor as well as a member of numerous professional organizations.

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County’s Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor,

County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with the County, Mr. Burke was an attorney with a Tucson law firm from 1983 to 1989 and was a Certified Public Accountant with Ernst & Whinney from 1976 to 1980. Mr. Burke holds a Bachelor of Science in Business Administration with a major in Accounting and a Juris Doctor, both from The University of Arizona, and is licensed as an attorney in the State.

Transportation

Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is traversed by Interstates 10 and 19, as well as State Highways 77, 83, 85 and 86. Interstate 10 passes through Tucson and connects Tucson with the City of Phoenix, Arizona, to the north and Los Angeles, California, to the west and New Mexico and Texas to the east. Interstate 19 provides access to the City of Nogales, Arizona and Mexico to the south, while U.S. Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of the Union Pacific Railroad extends across Tucson to the eastern portion of the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national and international air service through several airlines. The airport has an 11,000-ft. lighted, paved primary runway, a 9,100-ft. paved secondary runway and a 7,000-ft paved runway, all of which can accommodate all major types of carriers. The County is also served by Greyhound bus lines and Amtrak.

Economy

The economy of the County is based largely on a variety of service industries, trade, and government employment. Figures from the Arizona Department of Administration, Office of Employment and Population Statistics indicate that 366,300 persons were employed, on average (not including the agricultural industry), in the County for 2014. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County. Beginning in 2011, employment levels have either stabilized or grown across most employment sectors, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2009-2014

Industry	2009	2010	2011	2012	2013	2014
Goods Producing						
Mining and Construction	18,300	16,800	16,400	16,500	17,600	17,500
Manufacturing	25,100	24,000	23,400	23,400	23,200	23,100
Service Providing						
Trade, Transportation and Utilities	58,200	56,900	57,700	57,800	58,800	59,200
Information	4,700	4,300	4,200	4,200	4,300	4,300
Financial Activities	17,000	17,200	16,800	16,800	17,000	17,300
Professional and Business Services	47,100	45,700	46,700	48,400	49,200	50,200
Education and Health Services	58,500	58,300	59,800	60,900	61,200	63,900
Leisure and Hospitality	38,700	38,100	39,100	40,300	39,800	41,300
Other Services	13,400	12,700	12,500	12,800	12,700	12,500
Government	79,100	78,200	76,800	77,700	77,300	77,000
Total Wage & Salary Employment	360,100	352,200	353,400	358,800	361,100	366,300

Source: U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

The average annual unemployment rate for the County for 2014 was 6.3%. The average annual unemployment rates for 2013 and 2012 were 7.0% and 7.4%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but has decreased each year since 2011.

TABLE 3
Pima County
Comparative Employment Statistics (a)

Calendar Year	Pima County		Average Unemployment Rate		
	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2014	425,841	28,444	6.3%	7.0%	6.2%
2013	418,342	31,616	7.0%	8.0%	7.4%
2012	425,499	33,850	7.4%	8.3%	8.1%
2011	426,436	39,204	8.4%	9.4%	8.9%
2010	434,840	45,039	9.4%	10.4%	9.6%
2009	442,500	43,540	9.0%	9.8%	9.3%

(a) Data shown in table includes all employment, including agriculture, and is not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Administration, Office of Employment and Population Statistics.

The following table indicates the major employers in southern Arizona, which includes the County, as reported in April 2014.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	11,047
Raytheon Missile Systems	Military and Defense	9,933
State of Arizona	Government	9,439
Davis-Monthan Air Force Base	Military and Defense	8,933
Pima County	Government	7,328
Tucson Unified School District	Education	6,525
The University of Arizona Health Network	Health Care	6,329
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	5,717
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	5,600
Wal-Mart Stores Inc.	Retailers	5,300
City of Tucson	Government	4,845
Tohono O'odham Nation	Government	4,350
U.S. Border Patrol	Government	4,135
Carondelet Health Network	Health Care	3,476
TMC HealthCare	Health Care	2,954
Southern Arizona VA Health Care System	Health Care	2,450
Asarco LLC	Mining and Agriculture	2,366
Pima Community College	Higher Education	2,177
Corrections Corp. of America (CCA)	Other	2,146
Fry's Food Stores	Restaurants and Food Distribution	2,024

Source: *The Star 200*, The Arizona Daily Star (April 2014).

Non-Governmental Employment

During the recent recession, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. From 2011 through 2014, employment figures for all non-government categories showed signs of either growth or stabilization, with overall employment up by approximately 12,500 jobs, or 4.5%.

The average annual employment in service-providing categories for 2014 was 248,700. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities industries have been the primary areas of employment in the service-providing industry.

Government

Government employment plays an important role in the County with federal, State and local government employees averaging 77,000 for 2014, representing 21.0% of the County's total wage and salary employment base. The State, Davis-Monthan Air Force Base and U.S. Border Patrol are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 4,400 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector in the County continues to be dominated by the high technology industries of aerospace and electronics. Raytheon Missile Systems, the largest manufacturing company and second largest employer in the County, is a major supplier of advanced munitions. Civilian aviation products and services are provided by Bombardier, which has an aircraft maintenance facility in Tucson; B/E Aerospace, which manufactures aircraft cabin and interior products; and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircraft. Texas Instruments manufactures electronic circuitry and data storage devices. Ventana Medical Systems provides computerized medical laboratory equipment.

Average annual employment in the manufacturing sector within the County for 2014 was 23,100, representing 6.3% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since the recession, but has shown signs of stabilization in recent years.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2014:

TABLE 5
Southern Arizona
Major Manufacturers

<u>Company</u>	<u>Type of Business</u>	<u>Approximate 2014 Employment</u>
Ventana Medical Systems Inc.	Manufacturing & Research	1,100
IBM Corp.*	Manufacturing & Research	915
Bombardier Aerospace	Aerospace & Aircraft	913
Honeywell Aerospace*	Aerospace & Aircraft	800
B/E Aerospace Inc.	Aerospace & Aircraft	720
Solar Industries	Manufacturing & Research	400
Texas Instruments Inc.	Manufacturing & Research	370
Sargent Aerospace & Defense	Aerospace & Aircraft	315
FLSmith Krebs	Manufacturing & Research	293
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	281
Universal Avionics Systems Corp.	Aerospace & Aircraft	268

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2014).

The County's proximity to Mexico makes twin plant "maquiladora" operations practical. Components are manufactured in Tucson and transported duty-free to Nogales, Sonora, Mexico, 65 miles south of Tucson, for assembly. These manufacturers contribute to the County's economy in many ways, including the support of numerous suppliers and peripheral industries. The proximity of the Mexican border is more significant to manufacturing concerns given the existence of the North American Free Trade Agreement between Canada, the United States and Mexico. However, the uncertainty of the U.S. and Mexican economies may negatively impact the employment of the previously described manufacturing concerns.

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioners and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 343 convention bookings with 194,726 convention delegates visited the Tucson area in fiscal year 2013-14, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 169 hotels and resorts with 16,851 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent \$1.44 billion in calendar year 2012, an increase from tourism-related expenditures in calendar year 2011. In calendar year 2013, tourists in the County spent approximately \$1.49 billion, an increase of 3.5% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2009 through September 2014, which is the most current data available as of the date of this Official Statement.

TABLE 6
Total Tourist Expenditures
(\$ in millions)

<u>Year</u>	<u>Pima County</u>	<u>State of Arizona</u>
2014 (a)	\$1,115	\$8,316
2013	1,487	10,624
2012	1,443	10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795

(a) Data through September 2014.

Source: Arizona Hospitality Research & Resources Center, The W.A. Franke College of Business, Northern Arizona University.

Education

The University of Arizona (the “University”) provides approximately 11,047 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2014 were estimated at 42,236 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2013-14 was 52,197 students.

Source: The University of Arizona and Pima County Community College.

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers. The largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart Stores, Fry’s Food Stores, Safeway Inc., Target Corp., Walgreen Co., Circle K Stores Inc. and Home Depot.

The retail sales figures set forth below are based on the sales tax collections within the County excluding penalties, late charges and nontaxable items. The sales tax rate levied by the State on retail sales within the County is 5.6%. In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 9.86% in calendar year 2009 and by an additional 2.20% in calendar year 2010. In calendar year 2011, retail sales in the County returned to positive growth, increasing by 7.80% from the prior year, and have continued to grow each year, as indicated by the following table.

TABLE 7
Pima County Retail Sales (a)

<u>Year</u>	<u>Amount</u>	<u>% Change</u>
2014	\$7,866,774,190	3.40%
2013	7,608,383,644	4.36%
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)

(a) Excludes food and gasoline sales.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2014, there were 19 institutions with 185 offices in the County, with a deposit balance of approximately \$13.055 billion.

TABLE 8
Pima County
Bank Deposits

<u>June 30</u>	<u>Amount</u>
2014	\$13,055,000,000
2013	12,762,000,000
2012	12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded \$1.0 billion, peaking in 1981 at approximately \$1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,300 in 2013 and 2,400 for 2014.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables.

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PIMA COUNTY, ARIZONA
Financial Information

Introduction

The fiscal year for the County is from July 1 through June 30. The County's budget process is an ongoing function. Each fiscal year's process starts with the issuance in December of guidelines to all departments within which budgets must be developed. Department budget requests are submitted in February. A review process then takes place culminating with the County Administrator's submission of a proposed budget to the Board in time for budget hearings in mid-June. State statutes require that a tentative budget be adopted by the Board no later than the third Monday in July. At the time the final budget is adopted, which can be no later than the first Monday in August of each year, the Board holds a public hearing and meeting to determine the tax levy needed to support the budget. Taxes are then assessed and levied no later than the third Monday in August.

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitutional provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation.

The County's expenditure limitation for the 2013-14 fiscal year was \$527,442,812. The County's expenditures for the 2013-14 fiscal year did not exceed the limit. The County's 2014-15 fiscal year expenditure limitation is \$525,447,388, and the County anticipates that its expenditures for such year will not exceed the limit.

Ad Valorem Taxes

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the County's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary tax purposes) to the lesser of the full cash value of the property or an amount five percent greater than the value of property used for taxation purposes determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft that is regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

The information which follows under the heading "PROPERTY TAXES" summarizes the assessment, levy and collection process as it currently exists.

PROPERTY TAXES

General

For tax purposes in Arizona, real property and improvements is either valued by the Assessor of the County or the Arizona Department of Revenue. Property valued by the Department of Revenue is referred to as "centrally

valued” property and is generally large mine and utility entities. Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property.

While locally assessed property in the State has two different values, “limited property value” and “full cash value,” only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. For tax year 2015 and subsequent tax years, the limited property value of real property and improvements, including mobile homes, used for all ad valorem property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

Prior to tax year 2015, the value of real property and improvements, including mobile homes, used for primary ad valorem property tax purposes was the limited property value; for secondary ad valorem tax purposes it was the full cash value. Limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use increased by the greater of either 10% of the prior year’s limited property value or 25% of the difference between the prior year’s limited property value and the current year’s full cash value. Increases in full cash value were not limited.

Determination of Full Cash Value

The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Full cash value is statutorily defined to mean “the value determined as prescribed by statute” or if no statutory method is prescribed it is “synonymous with market value which means that estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In general, the Assessor of the County uses a cost approach to value commercial/industrial property and a market approach to value residential property. State law allows taxpayers to appeal such full cash valuations by providing evidence of a lower value, which may be based upon another valuation approach.

The Assessor of the County, upon meeting certain conditions, may value residential, agricultural and vacant land property classifications at the same full cash value for up to three years. The Assessor of the County currently values existing properties on a two-year cycle.

Certain residential property owners 65 years of age and older may obtain a property valuation “freeze” against valuation increases (the “Property Valuation Protection Option”) if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the “Social Security Income Benefit Rate.” The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the property reverts to its current full cash value. Any freeze on increases in property value will, as a result, freeze the assessed value of the affected property for both primary and secondary tax purposes, as hereinafter described.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the taxable value of the property to obtain the assessed valuation. The assessment ratios for each property classification are set forth by tax year in the following table.

**Property Tax Assessment Ratios (a)
Fiscal Years 2011-12 through 2015-16**

Property Classification (b)	Assessment as Percentage of Full Cash Value				
	2011-12	2012-13	2013-14	2014-15	2015-16
Mining, Utility, Commercial and Industrial (c)	20.0%	20.0%	19.5%	19.0%	18.5%
Agriculture and Vacant Land (c)	16.0%	16.0%	16.0%	16.0%	16.0%
Owner Occupied Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Leased or Rented Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Railroad, Private car Company and Airline Flight Property	15.0%	15.0%	15.0%	16.0%	15.0%

- (a) Additional property classifications exist, but seldom amount to a significant portion of a municipal body's total valuation.
- (b) For tax year 2015, full cash values up to \$146,973 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2014, full cash values up to \$141,385 on commercial, industrial and agricultural personal property were exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.
- (c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year's levy plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the limited value of such property.

Secondary Taxes

Taxes levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio) as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and special district assessments.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that these tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

Delinquent Tax Procedures

The property taxes due the County are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the County. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of, or the secondary market for, the Bonds. None of the County, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the County's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

Property Valuations

The following table lists various property valuations for the County for the current fiscal year.

Valuations for 2014-15 Fiscal Year

Estimated Actual Valuation (a)	\$63,492,262,442
Net Secondary Assessed Valuation	7,579,898,868
Net Primary Assessed Valuation	7,518,481,988

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes – Tax Procedures."

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

<u>Fiscal Year</u>	<u>Net Secondary Assessed Valuation</u>	<u>Estimated Actual Valuation (a)</u>	<u>Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation</u>
2014-15	\$7,579,898,868	\$63,492,262,442	11.94%
2013-14	7,623,691,280	63,198,953,329	12.06%
2012-13	8,171,211,922	67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2014-15	\$3,131,952,246	(0.61%)	\$7,579,898,868	(0.57%)	\$55,352,051,074	5.24%
2013-14	3,151,042,287	(6.70%)	7,623,691,280	(6.70%)	52,594,377,492	(6.54%)
2012-13	3,377,401,416	(3.17%)	8,171,211,922	(3.28%)	56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%

Source: 2014 Property Tax Rates and Assessed Values, Arizona Tax Research Association.

Net Secondary Assessed Valuations of Major Taxpayers

Shown below are the major property taxpayers located within the County, an estimate of their current assessed value and their relative proportion of the County’s net secondary assessed value.

Taxpayer (a)	Use of Property	2014-15 Net Secondary Assessed Valuation	As Percent of County’s 2014-15 Net Secondary Assessed Valuation
Unisource Energy Corp	Utility	\$201,401,036	2.66%
Phelps Dodge Sierrita Inc-Sierrita Mine	Mining	95,185,613	1.26%
Southwest Gas Corporation	Utility	66,789,093	0.88%
Asarco LLC-Mission Mine	Mining	55,322,315	0.73%
Qwest Corporation	Telecommunications	38,035,353	0.50%
Trico Electric Coop Inc.	Utility	21,844,835	0.29%
Wal-Mart Stores Inc.	Retail	19,365,907	0.26%
Northwest Hospital LLC	Healthcare	16,982,799	0.22%
DND Neffson Company	Shopping Mall	16,036,589	0.21%
DDR Tucson Spectrum II LLC	Shopping Mall	13,403,978	0.18%
		\$544,367,518	7.18%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). Such reports, proxy statements and other information (collectively, the “Filings”) may be inspected, copied and obtained at prescribed rates at the Commission’s public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission’s EDGAR data base at <http://www.sec.gov>. No representative of the County, Bond Counsel, the Underwriter or Underwriter’s Counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified by the County Treasurer. The following table sets forth the County's real and secured personal property tax collected year-to-date for the current fiscal year and the past five full fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2014-15	\$359,297,850	(c)	(c)	\$196,714,516	54.75%
2013-14	323,026,354	\$311,703,395	96.49%	318,990,942	98.75%
2012-13	324,785,757	301,208,459	92.74%	323,856,491	99.71%
2011-12	335,466,625	323,013,333	96.29%	335,088,130	99.89%
2010-11	352,275,617	335,747,500	95.31%	349,948,370	99.34%
2009-10	353,593,620	338,592,132	95.76%	353,241,297	99.90%

- (a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment is due on March 1 and becomes delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (b) Reflects collections made through January 31, 2015 against the current and prior levies.
- (c) In the process of collection.

Source: Pima County Treasurer.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which is levied against the District's secondary assessed value, excluding the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2014-15	\$4.2779	\$1.4860	\$5.7639
2013-14	3.6665	1.4644	5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917

Source: 2014 Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

Debt Limitation

Pursuant to the Arizona Constitution, outstanding general obligation debt for county purposes may not exceed 15% of a county’s net secondary assessed valuation. The following indicates the County’s current bonding capacity.

Net Secondary Assessed Valuation (FY 2014-15)	\$7,579,898,868
15% Constitutional Limitation	1,136,984,830
Net Direct General Obligation Bonds Outstanding (a)	<u>407,275,000</u>
Unused 15% Limitation	<u><u>\$ 729,709,830</u></u>

- (a) Does not include approximately \$15,000,000 in principal amount of General Obligation Bonds the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

General Obligation Bonded Debt Outstanding (a)

The following chart lists the outstanding general obligation bonded debt of the County.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Original Purpose</u>	<u>Original Maturity Dates</u>	<u>Remaining Balance Outstanding</u>
01-01-07	\$95,000,000	Various Improvements	7-1-07/21	\$48,550,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	63,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	36,185,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	63,885,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	44,185,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	55,905,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	85,565,000
01-30-14	10,000,000	Various Improvements	7-1-15/28	10,000,000
Total General Obligation Bonded Debt Outstanding				<u><u>\$407,275,000</u></u>

- (a) Does not include approximately \$15,000,000 in principal amount of General Obligation Bonds the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

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Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding (a)

The following chart indicates the general obligation debt service requirements of the County.

Fiscal Year June 30	General Obligation Bonded Debt Outstanding		Total Debt Service Requirement
	Principal	Interest	
2015	\$36,815,000	\$14,714,800	\$51,529,800
2016	37,655,000	13,580,875	51,235,875
2017	41,445,000	12,398,325	53,843,325
2018	40,880,000	11,041,400	51,921,400
2019	39,375,000	9,555,125	48,930,125
2020	42,710,000	8,186,313	50,896,313
2021	39,165,000	6,687,738	45,852,738
2022	40,755,000	5,221,713	45,976,713
2023	28,675,000	3,596,713	32,271,713
2024	19,770,000	2,424,306	22,194,306
2025	12,770,000	1,634,056	14,404,056
2026	13,320,000	1,086,656	14,406,656
2027	8,990,000	514,244	9,504,244
2028	4,950,000	192,594	5,142,594

(a) Does not include debt service for approximately \$15,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

Net Direct and Overlapping General Obligation Bonded Debt

The chart below reflects the property valuation and outstanding general obligation debt for jurisdictions that overlap the County's boundaries. The overlapping bonded debt figures were compiled from information obtained from the County Treasurer's Office and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net secondary assessed valuation and combined tax rate per \$100 assessed valuation follows.

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per \$100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	\$55,352,051,074	None	100%	None	\$0.0000
Pima County	7,579,898,868	\$407,275,000 (h)	100%	\$407,275,000(h)	6.1093 (b)
Pima County Flood Control District (c)	6,767,457,872	None	100%	None	0.3035
Pima County Community College District	7,579,898,868	None	100%	None	1.3344
Joint Technical Education District	7,213,435,956	None	100%	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	100%	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	100%	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	100%	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	100%	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	100%	10,495,000	3.3000
Elementary School Districts	347,989,389	15,495,000	100%	15,495,000	2.9871 (d)
Unified School Districts	4,206,159,149	553,785,000	100%	553,785,000	6.0209 (d)
Cities and Towns	4,341,058,245	214,760,000	100%	214,760,000	1.0538 (d)
Total				\$1,246,323,000	

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per \$100 Assessed Valuation (e)
State of Arizona	\$55,352,051,074	None	None
Pima County	7,579,898,868	\$407,275,000 (h)	\$6.1093 (b)
Pima County Flood Control District (c)	6,767,457,872	None	0.3035
Pima County Community College District	7,579,898,868	None	1.3344
Joint Technical Education District	7,213,435,956	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	3.3000
Elementary School Districts:			
San Fernando ESD #35	1,293,428	None	5.8244
Empire ESD #37	7,713,138	None	2.1687
Continental ESD #39	307,026,750	15,495,000	2.6146
Redington ESD #44	1,453,488	None	4.7711
Altar Valley ESD #51	30,502,585	None	6.7381
Unified School Districts:			
Tucson USD #1	21,421,987	197,970,000	7.5094
Marana USD #6	716,727,241	53,125,000	6.2288
Flowing Wells USD #8	188,539,024	18,740,000	6.6135
Amphitheater USD #10	1,388,632,126	106,770,000	5.8044
Sunnyside USD #12	411,215,844	49,925,000	6.0364
Tanque Verde USD #13	169,220,355	12,335,000	5.0329
Ajo USD #15	19,423,050	None	4.8452
Catalina Foothills USD #16	558,433,356	31,925,000	4.7066
Vail USD #20	420,342,209	43,450,000	7.3000
Sahuarita USD #30	311,158,214	39,545,000	7.2885
Indian Oasis Baboquivari USD #40	1,045,743	None	0.0000
Cities and Towns:			
City of Tucson	3,131,952,246	214,760,000	1.4606
City of South Tucson	21,566,232	None	0.0000
Town of Marana	431,118,714	None	0.0000
Town of Oro Valley	560,863,509	None	0.0000
Town of Sahuarita	195,557,544	None	0.0000

- (a) Includes general obligation bonds outstanding. Does not include outstanding principal amount of various cities and towns improvement districts' bonded debt and outstanding principal amount of various County improvement districts' bonded debt, as the indebtedness of these districts is presently being paid from special assessments levied against property owners residing within the various improvement districts. Also does not include various fire districts.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory

storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% is interest bearing and the remaining 27% is non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per \$100 of secondary assessed valuation, of which fourteen cents is being currently levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of \$0.5089, the \$0.4353 tax rate of the Free Library District, the \$0.1400 tax rate of the CAP and the \$0.0472 tax rate of the Fire District Assistance Tax.
- (c) The boundaries of the Pima County Flood Control District are coterminous with those of the County; however, the Flood Control District only levies taxes on real property.
- (d) The tax rate shown is a weighted average based on each jurisdiction's proportionate amount of secondary assessed valuation.
- (e) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the municipality or school district.
- (f) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County.

<u>Jurisdiction</u>	<u>Authorized But Unissued General Obligation Bonds</u>
Pima County	\$40,681,000 (h)
City of Tucson	60,000,000
Marana Unified School District No. 6	125,000,000
Amphitheater Unified School District No. 10	40,000,000
Sunnyside Unified School District No. 12	34,650,000
Vail Unified School District No. 20	28,775,000
Sahuarita Unified School District No. 30	1,650,000
Avra Valley Fire District	1,200,000
Rincon Valley Fire District	10,285,000
Gladden Farms Community Facilities District	59,570,000
Quail Creek Community Facilities District	17,340,000

- (g) Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.
- (h) Does not reflect approximately \$15,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

Net Direct and Overlapping General Obligation Bonded Debt Ratios (a)

The County's direct and overlapping general obligation bonded debt is shown below on a per capita basis and as a percent of the County's net secondary assessed valuation and estimated actual valuation.

	Per Capita Net Debt (Pop. @ 1,007,162) (b)	As Percent of County's 2014-15	
		Secondary Assessed Valuation (\$7,579,898,868)	Est. Actual Valuation (\$63,492,262,442)
Net Direct General Obligation Bonded Debt (\$407,275,000)	\$ 404.38	5.37%	0.64%
Net Direct and Overlapping General Obligation Bonded Debt (\$1,246,323,000)	\$1,237.46	16.44%	1.96%

- (a) Does not include approximately \$15,000,000 in principal amount of General Obligation Bonds the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.
- (b) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Street and Highway Revenue Bonded Debt Outstanding (a)

The following chart indicates the outstanding street and highway revenue bonds of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-05	\$51,200,000	Street & Highway Improvements	7-1-09/20	\$19,240,000
01-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	14,870,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	20,425,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	21,035,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	28,450,000
01-30-14	24,805,000	Street & Highway Improvements/Refunding	7-1-15/28	24,805,000
Total Street and Highway Revenue Bonds Outstanding				<u>\$128,825,000</u>

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Sewer Revenue Debt Outstanding (a)

The following table lists the outstanding sewer revenue bonds, loans and obligations of the County that have a lien on the revenues of the County’s wastewater system.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-01-04	\$25,770,000	Refunding	7-1-05/15	\$4,000,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	12,492,809
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	34,715,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	70,130,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	14,540,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	5,652,210
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	163,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	14,265,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	164,450,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	118,180,000
02-12-14	48,500,000	Sewer Improvements	7-1-15/28	48,500,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				\$649,925,019

- (a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona (“WIFA”).
- (b) On May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling \$18,015,219. In September 2005, the County amended those Loan Agreements and added an additional \$1,952,112.

Lease, Lease-Purchase and Purchase Agreements

The County has one lease purchase agreement and one installment note payable outstanding. The County department benefited by the agreements and the scheduled payments on the agreements over the past five fiscal years appears below.

County Department	Fiscal Year (in Thousands)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Clerk of Superior Court	\$111	\$37	-	-	\$ 63
Environmental Quality	-	-	\$298	\$298	298
Sheriff	-	-	-	160	160
Fiscal Year Total	\$111	\$37	\$298	\$458	\$521

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

The following table indicates the outstanding certificates of participation of the County.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Original Maturity Dates</u>	<u>Balance Outstanding</u>
05-01-07	\$30,320,000	New Money	7-1-08/22	\$18,805,000
02-04-10	20,000,000	New Money	6-1-11/19	12,030,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	32,150,000
02-12-14	52,160,000	New Money	12-1-15/28	50,405,000
Total Certificates of Participation Outstanding				\$113,390,000
Plus: The 2015 Certificates offered herein				57,025,000
Total Certificates of Participation to be Outstanding				<u>\$170,415,000</u>

Retirement Plans

The County does not own or administer retirement plans but contributes to four separate State owned and managed defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to “Note 9 - Retirement Plans” of Appendix E hereto for a more detailed description of these plans and the County contributions to the various State plans.

1. The Arizona State Retirement System (“ASRS”), a cost-sharing, multiple employer defined benefit plan, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: <https://www.azasrs.gov/content/annual-reports>.

For the year ended June 30, 2014, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 11.54% (11.30% for retirement and for health insurance premiums, and 0.24% for long-term disability) of the member’s annual covered payroll. The annual contribution for the fiscal year ending June 30, 2015 is 11.60% (11.48% for retirement and for health insurance premiums, and 0.12% for long-term disability). The annual contribution rate for the fiscal year ending June 30, 2016 is 11.47% (11.35% for retirement and for health insurance premiums, and 0.12% for long-term disability). The County’s employer contributions to ASRS for the year ended June 30, 2014 was \$24.7 million, which was equal to the required contribution for such year, and the budgeted contribution for the fiscal year ending June 30, 2015 is \$29.0 million. The contributions by County employees to ASRS are collectively equal to the contributions made by the County.

Enacted State legislation has made changes to how ASRS operates, effective July 1, 2011, which includes requiring employers to pay an alternative contribution rate for retired employees of ASRS that return to work, changing the age at which an employee can retire without penalty based upon years of service, limiting permanent increases in retirement benefits and establishing a Defined Contribution and Retirement Study Committee (as defined in the legislation) that will review the feasibility and cost of changing the current defined benefit plan of ASRS to a defined contribution plan.

2. The Arizona Public Safety Personnel Retirement System (“PSPRS”), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members’ contribution rate, has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at http://psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2014, active PSPRS members were required by statute to contribute 10.35 percent of the members’ annual covered payroll, and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County also contributed 3.65 percent of the members’ required contribution, with the members net contribution as a result falling to 6.70 percent.

Under the PSPRS for the fiscal year ending June 30, 2015, the employee contribution rate for those employees hired prior to January 1, 2015 (net of the 3.65% paid by the County) is 7.40% of the member's annual covered payroll. The employee contribution rate for those members hired on or after January 1, 2015 (for which the County will no longer pay the additional 3.65% contribution for these employees) is 11.05% of the member's annual covered payroll. The County's PSPRS employer contribution rate for the fiscal year ending June 30, 2015 for employees hired before January 1, 2015 is 41.92% of the member's annual covered payroll and for those employees hired on or after January 1, 2015 the rate is 38.27% of the member's annual covered payroll.

Under the PSPRS for the fiscal year ending June 30, 2016, the employee contribution rate for those employees hired prior to January 1, 2015 (net of the 3.65% paid by the County) is 8.00% of the member's annual covered payroll. The employee contribution rate for those members hired on or after January 1, 2015 (for which the County will no longer pay the additional 3.65% contribution for these employees) is 11.65% of the member's annual covered payroll. The County's PSPRS employer contribution rate for the fiscal year ending June 30, 2016 for employees hired before January 1, 2015 is 53.69% of the member's annual covered payroll and for those employees hired on or after January 1, 2015 the rate is 50.04% of the member's annual covered payroll.

The employer contribution rates for the fiscal year ending June 30, 2016, noted above reflect the impact of an Arizona Supreme Court decision which determined that the reduction in a permanent benefit increase enacted by the State Legislature in 2011 is unconstitutional. As a result, the County's contribution to the PSPRS is required to increase to provide funding to provide for the benefit increase that was not funded for several years. The County Board of Supervisors voted to make up this funding by an increase in its employer contribution rates in fiscal year 2015-16, although the Board of Directors of the PSPRS adopted an alternative three-year phase in of higher contribution rates that employers may optionally choose for funding the benefit increase that was not previously funded. Other litigation related to the 2011 legislation remains outstanding. If the ultimate outcome overturns additional portions of the 2011 legislation, there may be further adverse impacts on the unfunded liability of the PSPRS and the actuarially determined contribution rates for the PSPRS.

New Reporting Requirements. Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

3. The Corrections Officers Retirement Plan ("CORP"), an agent multiple-employer defined benefit plan that covers certain County employees whose primary duties require direct inmate contact, for which the Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates, has reported increases in its unfunded liabilities. The most recent annual reports for the CORP may be accessed at: http://psprs.com/sys_corp/AnnualReports/cato_annual_rpts_corp.htm.

For the year ended June 30, 2014, active CORP members were required by statutes to contribute 8.41 percent of the member's annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll. For the years ending June 30, 2015 and June 30, 2016, active members are required by statute to contribute 8.41%, in each year, of the member's annual covered payroll. The County is required for each of these years to contribute at the actuarially determined rates of 17.76% and 22.97%, respectively.

4. The Elected Officials Retirement Plan (EORP) which covers County elected officials is relatively insignificant to the County's financial picture.

The effect of the increase in the unfunded liabilities for these four state plans is expected to result in increased contributions by the County and its employees, however the specific increases for the County's and its employees' future annual contributions cannot be determined at this time.

Other Post Employment Benefits

Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* (“GASB 45”) requires reporting the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. The County does not provide post-employment benefits and has no OPEB costs and liabilities.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF ALL
GOVERNMENTAL FUND TYPES (a)
(In \$000)

	Actual				
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues by Source:					
Property Taxes	\$423,443	\$421,623	\$407,711	\$391,630	\$385,829
Special Assessments	536	330	245	-	-
Licenses and Permits	7,791	8,494	8,155	8,371	8,275
Intergovernmental	296,004	308,219	327,939	301,223	292,082
Charges for Services	60,376	54,491	56,881	53,521	57,826
Fines and Forfeits	8,443	6,786	10,249	9,904	8,652
Interest Income	4,612	1,723	2,286	2,282	1,737
Miscellaneous	17,442	14,162	24,796	22,182	17,464
Total Revenues	<u>818,647</u>	<u>815,828</u>	<u>838,262</u>	<u>789,113</u>	<u>771,865</u>
Expenditures by Fund:					
General	426,361	429,182	445,798	451,858	469,984
Special Revenues	195,926	204,612	217,139	211,659	135,746
Debt Service	108,092	96,484	104,324	93,442	140,623
Capital Projects	162,306	153,203	149,612	174,976	195,400
Total Expenditures	<u>892,685</u>	<u>883,481</u>	<u>916,873</u>	<u>931,935</u>	<u>941,753</u>
Excess of Revenues Over (Under)					
Expenditures	(74,038)	(67,653)	(78,611)	(142,822)	(169,888)
Other Financing Sources (Uses):					
Premium on bonds	1,909	3,276	7,349	11,959	9,488
Proceeds of Long-Term Debt	156,955	75,000	109,170	130,175	78,160
Proceeds from Refunding Debt	-	-	-	51,280	8,805
Payment to Escrow Agent	(32,361)	-	(33,013)	(55,423)	(10,131)
Gain on Investment	-	-	-	-	-
Operating Transfers In (Out)	445	4,708	26,010	(9,017)	(27,457)
Capital Lease/Installment Note	-	-	894	764	239
Sale of General Fixed Assets	1,118	59	1,938	31	360
Total Other Financing Sources (Uses)	<u>128,066</u>	<u>83,043</u>	<u>112,348</u>	<u>129,769</u>	<u>59,464</u>
Net Change in Fund Balance	54,028	15,390	33,737	(13,053)	(110,424)
Beginning Fund Balance, as restated	292,247	346,270	361,730	395,385	382,556
Changes in Reserve for Inventory	4	43	(55)	224	(228)
Changes in Reserve for Prepaids	(9)	27	(27)	-	-
Ending Fund Balance	<u>\$346,270</u>	<u>\$361,730</u>	<u>\$395,385</u>	<u>\$382,556</u>	<u>\$271,904</u>

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
STATEMENT OF FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES (a)
(In \$000)

	Actual				
	2009-10	2010-11	2011-12	2012-13	2013-14
General					
Nonspendable	\$4,089	\$3,315	\$2,720	\$3,848	\$5,278
Restricted	522	336	333	-	-
Committed	-	-	-	-	-
Assigned	3,093	357	118	158	181
Unassigned	73,837	73,547	77,596	56,526	42,731
	81,541	77,555	80,767	60,532	48,190
Special Revenue					
Nonspendable	2,011	2,011	1,550	1,939	1,894
Restricted	82,957	94,567	105,468	76,570	60,984
Committed	15,305	37,978	10,264	7,746	6,308
Assigned	3,221	4,368	16,682	23,784	4,204
Unassigned	(5,793)	(9,180)	(9,013)	(8,385)	(6,536)
	97,701	129,744	124,951	101,654	66,854
Debt Service					
Assigned	40,868	35,903	28,298	25,640	7,848
	40,868	35,903	28,298	25,640	7,848
Capital Projects					
Nonspendable	18	12	-	-	-
Restricted	124,830	112,668	157,688	187,855	145,256
Committed	1,487	6,639	7,234	6,958	3,836
Assigned	52	-	-	-	-
Unassigned	(227)	(791)	(3,553)	(83)	(80)
	126,160	118,528	161,369	194,730	149,012
Total Fund Balance	\$346,270	\$361,730	\$395,385	\$382,556	\$271,904

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN GENERAL FUND BALANCE (a)
(In \$000)

	Actual				
	2009-10 (b)	2010-11	2011-12	2012-13	2013-14
Revenues by Source:					
Property Taxes	\$304,441	\$301,493	\$291,647	\$281,017	\$280,965
Licenses and Permits	2,738	2,681	2,696	2,816	2,928
Intergovernmental	128,927	122,952	127,029	131,984	135,953
Charges for Services	40,356	35,361	39,117	32,721	35,671
Fines and Forfeits	7,011	5,344	5,213	4,799	4,211
Interest Income	1,198	418	621	591	287
Miscellaneous	4,868	4,722	12,659	10,907	7,322
Total Revenues	<u>489,539</u>	<u>472,971</u>	<u>478,982</u>	<u>464,835</u>	<u>467,337</u>
Expenditures:					
Current					
General Government	184,606	186,193	197,190	193,097	206,356
Public Safety	117,378	116,573	123,235	131,087	136,825
Health	2,702	2,792	2,919	3,320	3,543
Welfare	87,089	90,572	94,292	95,076	92,858
Culture & Recreation	14,671	14,183	15,195	16,468	17,859
Education & Econ. Opport.	13,996	12,949	12,967	12,650	12,383
Debt Service:					
Principal	3,635	3,800	-	159	146
Interest	2,281	2,113	-	1	14
Miscellaneous	3	7	-	-	-
Total Expenditures	<u>426,361</u>	<u>429,182</u>	<u>445,798</u>	<u>451,858</u>	<u>469,984</u>
Excess of Revenues Over (Under)					
Expenditures	63,178	43,789	33,184	12,977	(2,647)
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	-	764	-
Sale of General Fixed Assets	204	11	1,608	-	-
Operating Transfers In (Out)	(22,007)	(47,786)	(31,580)	(33,976)	(9,695)
Total Other Financing Sources (Uses):	<u>(21,803)</u>	<u>(47,775)</u>	<u>(29,972)</u>	<u>(33,212)</u>	<u>(9,695)</u>
Net Change in Fund Balance	41,375	(3,986)	3,212	(20,235)	(12,342)
Beginning Fund Balance, as restated	<u>40,166</u>	<u>81,541</u>	<u>77,555</u>	<u>80,767</u>	<u>60,532</u>
Ending Fund Balance	<u>\$81,541</u>	<u>\$77,555</u>	<u>\$80,767</u>	<u>\$60,532</u>	<u>\$48,190</u>

Source: Pima County Finance and Risk Management Department.

- (a) This table has not been subject to any separate audit procedures.
(b) The \$28 million decrease in the welfare expense line was primarily due to a \$16 million refund that was received for fiscal year 2009-10 from the Arizona Long-Term Care System (ALTCS) and Arizona Health Care Cost Containment System (AHCCCS).

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**EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested the State of Arizona Auditor General to perform any review of the County's Comprehensive Annual Financial Report subsequent to June 30, 2014. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, expenses or expenditures of the opinion units affected.

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	1.40%	1.49%	0.92%	0.72%
School Reserve Fund	0.08%	0.02%	0.24%	0.27%
Self-Insurance Trust	2.80%	3.92%	2.03%	1.63%
Health Benefits Trust	0.99%	1.91%	8.34%	7.28%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.83%	99.84%	94.07%	94.36%
Development Services	0.27%	0.11%	3.67%	4.66%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Fund Statements</u>				
Major Fund:				
Regional Wastewater Reclamation Department				
Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.07%	1.05%	0.27%	0.29%
School Reserve Fund	0.36%	0.07%	0.07%	0.07%
Development Services	0.83%	0.50%	0.27%	0.25%
Self-Insurance Trust	13.79%	20.95%	0.58%	0.47%
Health Benefits Trust	4.89%	10.21%	2.40%	2.09%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 83 and 84, and the Schedule of Agent Retirement Plans' Funding Progress on page 85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 5, 2014



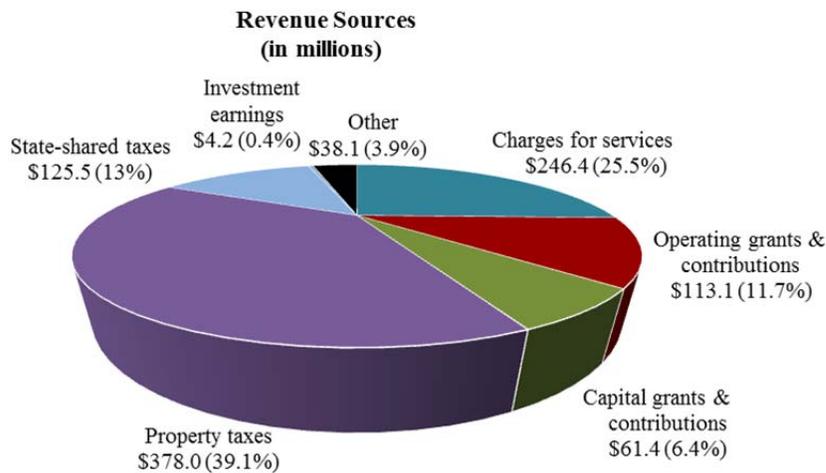
Management's Discussion and Analysis

Pima County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2014. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

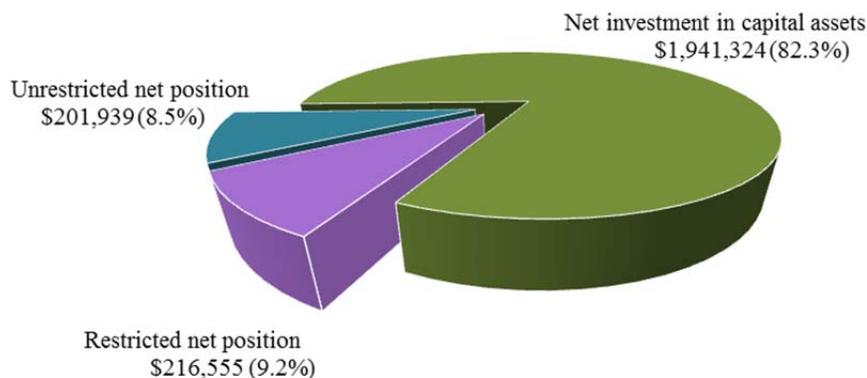
Financial Highlights

- The County's total net position increased \$44,241 in fiscal year 2013-14. This represents a 5.8% decrease when compared to the prior year's change in net position of \$46,972.
- The County's primary sources of revenue come from taxes, grants and contributions, and charges for services, and state shared taxes as displayed below:



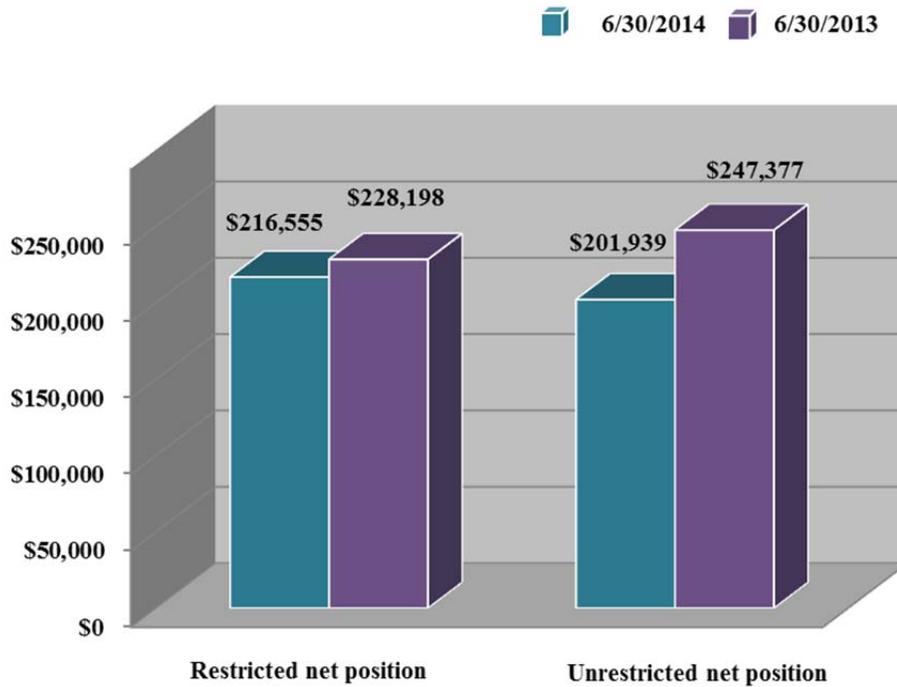
- The assets of the County exceeded its liabilities (net position) by \$2,359,818, an increase of 1.9% from the prior year. Of this amount, \$1,941,324 represents the net investment in capital assets, \$216,555 is restricted for specific purposes (*restricted net position*), and \$201,939 is available for general government expenditures (*unrestricted net position*).

Composition of Net Position



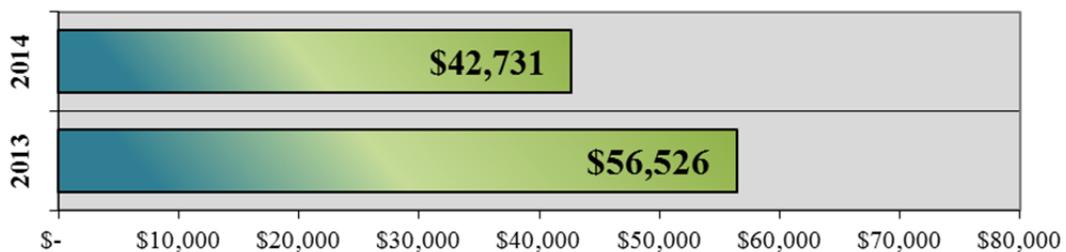
- Unrestricted net position for the County decreased \$45,438 (or 18.4%), from \$247,377 to \$201,939 this fiscal year, restricted net position decreased \$11,643 (or 5.1%) from \$228,198 to \$216,555. The chart below presents the composition of restricted and unrestricted net position for the current and prior years:

Comparative Composition of Pima County Net Position



- The General Fund unassigned fund balance decreased to \$42,731 from \$56,526 in the prior year. The unassigned fund balance comprises 88.7% of the total fund balance of \$48,190.

General Fund - Unassigned Fund Balance



- The County continues to use debt to finance the construction of roads, streets, and buildings. Total capital assets for the year increased \$103,630; long-term liabilities increased \$14,155.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) Government-wide statements, (2) Fund statements, and (3) Notes. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all County assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) in contrast to other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, and education and economic opportunity. The business-type activities of the County include: Regional Wastewater Reclamation (RWR), Development Services, and the County's downtown parking garages.

A discretely presented component unit is included in the basic financial statements. It consists of one legally separate entity for which the County is financially accountable. The County reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit.

The government-wide financial statements can be found on pages 35-37.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance with applicable state statutes and Federal Office of Management and Budget budgeting guidelines. All of the funds can be divided into three categories: (1) *governmental funds*, (2) *proprietary funds*, and (3) *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand

the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains fifteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, and Debt Service funds which are reported as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 88-91.

Proprietary funds are maintained in two ways. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The County uses enterprise funds to account for sewer systems maintenance and operation, real estate-related development services, and parking garage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for employee health and health related benefits, risk management, automotive fleet maintenance and operations, printing services, telecommunications, wireless, and information technology network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of these services have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The RWR Enterprise Fund is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of *combining statements*.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 107-114.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

The fiduciary fund financial statements can be found on pages 46-47.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 48-82.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 83-85.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88-118.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2014 and 2013			
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Charges for services	\$ 246,421	\$ 231,625	\$ 14,796
Operating grants and contributions	113,129	116,121	(2,992)
Capital grants and contributions	61,390	63,212	(1,822)
Total program revenues	<u>420,940</u>	<u>410,958</u>	<u>9,982</u>
Total general revenues and transfers	<u>545,804</u>	<u>546,973</u>	<u>(1,169)</u>
Total program and general revenues	<u>966,744</u>	<u>957,931</u>	<u>8,813</u>
Total expenses	<u>922,503</u>	<u>910,959</u>	<u>11,544</u>
Change in net position	<u>\$ 44,241</u>	<u>\$ 46,972</u>	<u>\$ (2,731)</u>

As indicated above, total program and general revenues increased \$8,813 primarily due to a \$14,796 increase in charges for services. However, expenses also increased \$11,544 resulting in a decrease in the change in net position of \$2,731.

An explanation of each of these changes is discussed further in the following governmental and business-type activities sections.

The graph and schedule presented below illustrate at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2014 and June 30, 2013.

Pima County
Summary of Assets, Deferred Outflows of Resources,
Liabilities and Components of Net Position



A general discussion of significant variances between fiscal years follows. For a more detailed discussion, please see the governmental activities and business-type activities sections immediately following this section.

Total assets for the County were \$3,976,297, an increase of \$29,633 (0.8%) from the prior year and total liabilities were \$1,619,999, a decrease of \$15,221 (0.9%) from the prior year.

The largest portion of the County's net position reflects its net investment in capital assets (i.e. land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2014, net investment in capital assets totaled \$1,941,324, comprising approximately 82.3% of total net position. This represents an increase of \$101,322 (5.5%) from the prior year. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2014, restricted net position totaled \$216,555 and comprised approximately 9.2% of total net position. This represents an \$11,643 (5.1%) decrease from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2014, unrestricted net position totaled \$201,939 and comprised approximately 8.5% of total net position. This represents a \$45,438 (18.4%) decrease from the prior year.

The following schedule presents, on a comparative basis, both governmental activities and business-type activities within the Statement of Net Position.

**Schedule of Assets, Deferred Outflows of Resources,
Liabilities and Net Position
At June 30, 2014 and 2013**

	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Current and other assets	\$ 499,542	\$ 579,558	\$(80,016)	\$ 254,677	\$ 248,658	\$ 6,019	\$ 754,219	\$ 828,216	\$(73,997)
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,965,669	1,908,895	56,774	1,256,409	1,209,553	46,856	3,222,078	3,118,448	103,630
Total assets	2,465,211	2,488,453	(23,242)	1,511,086	1,458,211	52,875	3,976,297	3,946,664	29,633
Deferred outflows of resources									
Deferred charges on refunding	3,520	4,133	(613)				3,520	4,133	(613)
Current and other liabilities	91,818	110,838	(19,020)	24,122	34,478	(10,356)	115,940	145,316	(29,376)
Long-term liabilities	794,543	789,601	4,942	709,516	700,303	9,213	1,504,059	1,489,904	14,155
Total liabilities	886,361	900,439	(14,078)	733,638	734,781	(1,143)	1,619,999	1,635,220	(15,221)
Net position:									
Net investment in capital assets	1,354,456	1,308,057	46,399	586,868	531,945	54,923	1,941,324	1,840,002	101,322
Restricted	143,400	138,472	4,928	73,155	89,726	(16,571)	216,555	228,198	(11,643)
Unrestricted	84,514	145,618	(61,104)	117,425	101,759	15,666	201,939	247,377	(45,438)
Total net position	\$ 1,582,370	\$ 1,592,147	\$ (9,777)	\$ 777,448	\$ 723,430	\$ 54,018	\$ 2,359,818	\$ 2,315,577	\$ 44,241

Analysis of Governmental activities

Assets

Current and other assets decreased by \$80,016 (13.8%) between fiscal years. Most of this variance is attributable to several significant transactions decreasing cash: a cash defeasance of general obligation bonds (series 2005 for \$14,815 and series 2007 for \$1,200) for \$16,015 and a cash transfer of \$51,400 from Capital Projects to RWR due to increases in building and other improvements from the 2013 Certificates of Participation (COPs) loan proceeds received in fiscal year 2012-13.

Capital assets increased \$56,774 (3.0%) primarily due to an increase of \$34,676 in equipment and machinery mainly due to the capitalization of the Regional Public Safety Communications Systems assets, and an increase of \$17,387 in buildings and other improvements including: Regional Flood Control assets increased \$2,106 for the Santa Cruz Pathway and drainage structures, Facilities Management assets increased \$1,464 for improvements to the Abrams building 4th floor, \$2,018 for the Administration building tenant improvements, and \$4,338 for the Sporting Chance Center assets. The Kino Sports Complex increased \$3,212 for facilities modifications and other improvements to the north fields, and an increase of \$1,498 in assets for the Library District included the renovation and expansion of Eckstrom Columbus Library.

Liabilities

Current and other liabilities decreased \$19,020 (17.2%) during the fiscal year. This is mostly due to both a \$10,356 increase in accounts payable and a \$28,604 decrease in employee compensation. Accounts payable increased \$4,419 as part of outstanding payables from an intergovernmental agreement with Regional Transportation Authority (for the regionalization of public transit and special needs service) and a contract with Motorola Solutions for the purchase of communication equipment for the Regional Public Safety Communications Systems for \$6,016. Employee compensation decreased primarily due to the change in reporting the non-current portion of long-term employee compensation under long-term liabilities of \$30,807.

Net position

In summary, total net position decreased by \$9,777 (0.6%) primarily due to a decrease in total revenues of \$11,604, increases in expenses of \$10,895, and a net increase in transfers out of \$9,385, as explained in previous paragraphs.

Analysis of Business-type activities

Assets

Capital assets increased \$46,856 (3.9%) primarily due to \$20,842 increase in RWR equipment assets and \$16,474 increase in the sewage conveyance system. Equipment increased \$22,691 primarily from the Regional Optimization Master Planning (ROMP) projects. Sewage conveyance system assets increased \$9,543 due to system-wide conveyance rehabilitation program, \$4,429 for the sewer modification project for Prince Road and I-10, and \$2,977 from developer contributed capital.

Liabilities

Long-term liabilities increased \$9,213 (1.3%) during the fiscal year. This is mostly due to an increase of sewer revenue obligations of \$48,500 offset by a decrease in sewer revenue bonds of \$16,765 and a decrease in sewer revenue obligations of \$18,725.

Net position

In summary, total net position for business-type activities increased \$54,018 (7.5%) primarily due to an increase in the net position of capital assets from the RWR Enterprise fund.

Governmental activities

The following table shows details of the changes in net position for governmental activities:

Governmental Activities					
Schedule of Revenues, Expenses, and Changes in Net Position					
For the Years Ended June 30, 2014 and 2013					
	<u>2014</u>	<u>2013</u>	<u>Variance</u>		
			<u>Amount</u>	<u>Percent</u>	
Program revenues:					
Charges for services	\$ 64,856	\$ 66,460	\$ (1,604)	-2.4%	
Operating grants and contributions	113,129	116,121	(2,992)	-2.6%	
Capital grants and contributions	54,583	59,298	(4,715)	-8.0%	
Total program revenues	<u>232,568</u>	<u>241,879</u>	<u>(9,311)</u>	<u>-3.8%</u>	
General revenues:					
Property taxes	378,032	383,508	(5,476)	-1.4%	
State-shared taxes	125,504	119,728	5,776	4.8%	
Investment earnings	2,955	2,627	328	12.5%	
Other general revenues	36,592	39,513	(2,921)	-7.4%	
Total general revenues	<u>543,083</u>	<u>545,376</u>	<u>(2,293)</u>	<u>-0.4%</u>	
Total revenues	775,651	787,255	(11,604)	-1.5%	
Expenses:					
General government	230,742	233,984	(3,242)	-1.4%	
Public safety	188,782	166,476	22,306	13.4%	
Highways and streets	93,675	80,087	13,588	17.0%	
Sanitation	4,252	6,409	(2,157)	-33.7%	
Health	36,085	36,540	(455)	-1.2%	
Welfare	93,224	95,428	(2,204)	-2.3%	
Culture and recreation	63,961	65,341	(1,380)	-2.1%	
Education and economic opportunity	35,756	49,924	(14,168)	-28.4%	
Amortization	(5,758)	(286)	(5,472)	1913.3%	
Interest on long-term debt	27,994	23,915	4,079	17.1%	
Total expenses	<u>768,713</u>	<u>757,818</u>	<u>10,895</u>	<u>1.4%</u>	
Excess before contributions and transfers	6,938	29,437	(22,499)	-76.4%	
Transfers in (out)	<u>(16,715)</u>	<u>(7,330)</u>	<u>(9,385)</u>	<u>128.0%</u>	
Change in net position	<u>(9,777)</u>	<u>22,107</u>	<u>(31,884)</u>	<u>-144.2%</u>	
Beginning net position	1,592,147	1,570,040	22,107	1.4%	
Ending net position	\$ 1,582,370	\$ 1,592,147	\$ (9,777)	-0.6%	

Revenues

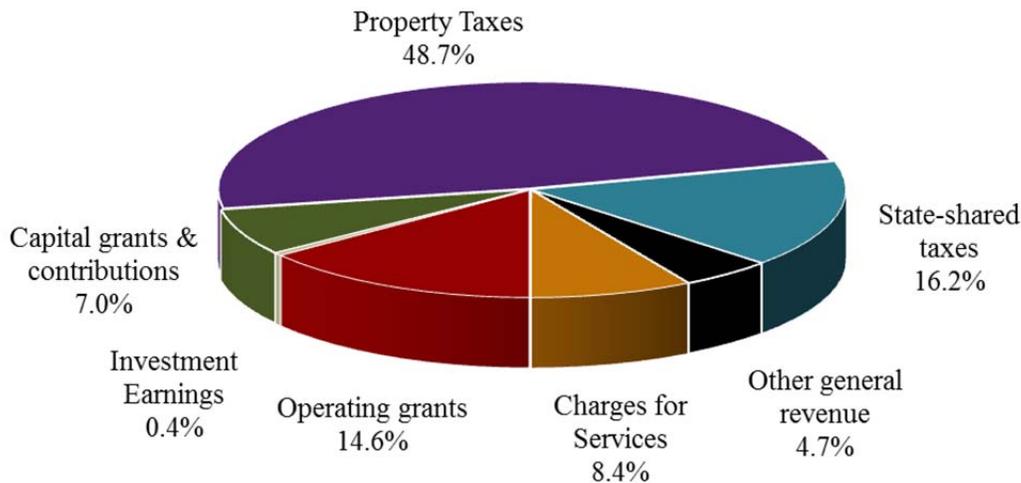
Overall, governmental activities total revenues decreased \$11,604 or 1.5% from fiscal year 2012-13 due to decreases in both program and general revenues.

Program revenues decreased \$9,311 (3.8%) primarily due to a \$2,992 decrease in operating grants and a decrease of \$4,715 in capital grants and contributions. The decrease in operating grants is primarily due to a \$6,707 decrease related to the ending of the American Recovery and Reinvestment Act (ARRA) Program. The \$4,715 decrease in capital grants and contributions is due to decreasing construction activity and related funding for projects nearing completion, primarily a decrease of \$6,930 for the Magee Road project.

General revenues decreased \$2,293 (0.4%) primarily due to a \$5,476 decrease in property tax revenues as a result of decreasing secondary net assessed values. Conversely, State shared sales tax increased \$5,776 due to increasing sales from an anticipated gradual recovery in the local economy.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 79.5% of the County's revenues.

General and Program Revenues - Governmental Activities



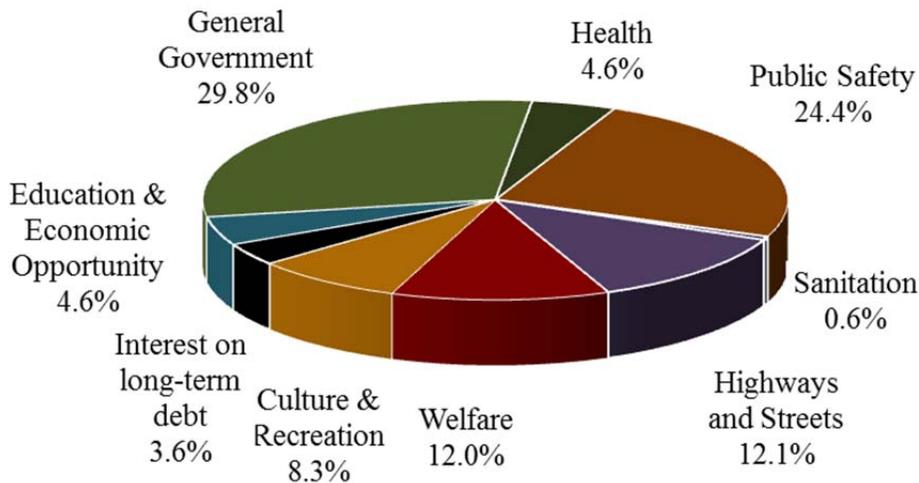
Expenses

Expenses for governmental activities increased \$10,895 (1.4%) primarily due to increases and decreases in the following functions:

- Public safety – a \$22,306 increase in expenses is primarily due from \$22,592 of expenses incurred in the Pima County Wireless Integrated Network (PCWIN) capital project.
- Highways and streets – a \$13,588 increase is primarily due to expenses incurred in the I-19 Frontage Road from Continental Road to Canoa project (\$19,737).
- Education and economic opportunity – a \$14,168 decrease in expenses was primarily due to a decrease in federal funding under the U.S Department of Housing and Urban Development for the Neighborhood Stabilization Program ARRA (\$6,200), Community Development Block Grants (\$660), Home investment Partnership Program (\$690), Housing Opportunities for persons with AIDS (\$185), and the decrease in funding from the U.S. Department of Labor for WIA adult, youth and dislocated worker formula grants (\$1,862).

The chart below presents expenses by function as a percentage to total expenses. The amount of each expense by function as a percentage to total expenses has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.

Expenses by Function - Governmental Activities



The resulting change in net position was a decrease of \$9,777 (0.6%) for fiscal year 2014 compared to an increase in net position of \$22,107 in fiscal year 2012-2013.

In summary, and as explained above, ending net position for governmental activities decreased \$9,777 (0.6%). This year's change in net position decreased \$31,884 from last year, primarily due to a decrease in revenues of \$11,604, an increase in expenses of \$10,895 and a net increase of \$9,385 in transfers out to business-type activities to fund capital projects.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. The following schedule shows changes in the net position for business-type activities.

Business-type Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 181,565	\$ 165,165	\$ 16,400	9.9%
Capital grants and contributions	6,807	3,914	2,893	73.9%
Total program revenues	188,372	169,079	19,293	11.4%
General revenues:				
Investment earnings	1,237	1,017	220	21.6%
Other general revenues	1,484	580	904	155.9%
Total general revenues	2,721	1,597	1,124	70.4%
Total revenues	191,093	170,676	20,417	12.0%
Expenses:				
Regional Wastewater Reclamation	145,117	144,085	1,032	0.7%
Development Services	6,796	7,231	(435)	-6.0%
Parking Garages	1,877	1,825	52	2.8%
Total expenses	153,790	153,141	649	0.4%
Excess before transfers	37,303	17,535	19,768	112.7%
Transfers in (out)	16,715	7,330	9,385	128.0%
Change in net position	54,018	24,865	29,153	117.2%
Beginning net position, as restated	723,430	698,565	24,865	3.6%
Ending net position	\$ 777,448	\$ 723,430	\$ 54,018	7.5%

Revenues

Total revenues for business-type activities increased \$20,417 (12.0%) mainly due to an increase in charges for services of \$16,400, and an increase in capital grants and contributions of \$2,893. The increase in charges for services is primarily due to a RWR rate increase (from \$3.203 to \$3.523 per CCF), resulting in a \$14,995 increase. The capital grants increase is due to approximately \$3,000 increase in capital contributions for RWR, which is consistent with the increase in construction activities.

Expenses

Total expenses for business-type activities increased \$649 (0.4%) mainly due to the increase of \$1,032 (0.7%) in RWR expenses. The RWR expense increase was primarily due to the increase in interest expense from debt service payments of \$12,062 offset by \$15,691 decrease in reporting a loss on disposals of equipment.

Transfers-in increased \$9,385 (128%) due to transfers from governmental activities, including an increase of \$7,072 from certificates of participation to fund ROMP projects, and an increase of \$2,663 to the Parking Garages Fund mainly for construction projects at the Public Service Center.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The County's general government functions are accounted for in the General, Capital Projects, Debt Service, and Special Revenue funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library and Stadium Districts) acting as the Board of Directors for each district. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County.

Intergovernmental revenues for the General Fund increased \$3,969 primarily due to increases in the state-shared sales tax associated with an anticipated gradual recovery in the local economy. Charges for services increased \$2,950 mostly from administrative overhead contributions. These increases were partially offset by decreases in miscellaneous revenue of \$3,585. Miscellaneous revenues received in the previous fiscal year included bankruptcy distributions from the National Century Financial Enterprises and Lehman Brothers of \$2,773 and a state refund from the Arizona Long Term Care System of \$824. Overall, revenues for the General Fund increased \$2,502.

General fund expenditures increased \$18,126 primarily due to a \$13,259 increase in general government for salary increases, higher medical insurance, and retirement benefits for the following departments: Administration \$2,260; County Attorney \$1,670; Juvenile, Justice and Law enforcement \$1,754. The expenditure increases also included \$3,325 for the intergovernmental agreement with the Arizona Health Care Cost Containment System (AHCCCS) for supplemental payments to disproportionate share hospitals (DSH payments). Public safety expenditures (Sheriff Department) increased \$5,738 due to \$3,853 salary increases, higher medical insurance and retirement benefit costs and \$2,100 increases in motor pool rates.

The \$2,502 increase in revenues and \$18,126 increase in expenditures is the primary basis for the \$12,342 decrease in the fund balance, which ended the year at \$48,190.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by \$84 and actual expenditures were less than budgeted expenditures by \$33,541.

Actual revenues for the General Fund were lower than budgeted primarily due to both, an under budget variance in property taxes of \$4,535 and an over budget variance for intergovernmental revenue of \$4,181. Actual intergovernmental revenues were higher than budgeted due to higher fiscal year 2014 Payments in Lieu of Taxes (PILT) from the department of interior of \$1,215 and higher State shared sales tax revenues of \$2,366. Actual property taxes were \$4,535 less than budgeted primarily due to lower collections of delinquent taxes and interest payments of property taxes.

Actual expenditures for the General Fund were less than budgeted primarily due to the County Administrator's maintenance of the unreserved contingency being \$21,684 less than budgeted. (The General Contingency is the Board of Supervisors' unreserved contingency that the board uses throughout the year to respond to changing needs or unforeseen circumstances.)

No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased \$8,880, mainly due to a decrease of \$8,322 in intergovernmental revenues. The intergovernmental revenue variance is primarily associated with a decrease of \$8,923 in State revenue, related to reductions in funding for road projects winding down, primarily the Magee Road project decrease of \$6,930 and the Camino de Oeste project decrease of \$1,764.

Expenditures (capital outlays) decreased \$39,230. This variance results from increases in capital expenditures in new or continuing programs, and greater decreases in expenditures of programs at or near completion. Significant decreases in capital expenditure projects include: Sunset Road-Santa Cruz River property acquisition \$3,963; the Public Service Center \$7,301; Tortolita Mountain Park Expansion \$3,913; Communications Center \$6,781; Magee Rd/Thornydale Rd \$11,363; 2013 Pavement Preservation program \$7,163; La Cholla Boulevard \$4,582; Magee Rd/La Canada Rd \$9,414. Some of the programs with larger increases in expenditures include: Flood Control-Paseo de las Iglesias project \$6,409; Orange Grove Road \$4,244; 2014 Pavement Preservation program \$5,208; Valencia Road-Alvernon Way-Wilmot Road project \$5,774.

The \$78,160 face amount of long-term debt issued represents a decrease of \$52,015 from fiscal year 2012-13. Proceeds received included \$52,160 from certificates of participation, \$10,000 from general obligation bonds, and \$16,000 from Highway-User Revenue Fund (HURF). In fiscal year 2012-13, proceeds received were \$130,175, including \$50,000 from general obligation bonds and \$80,175 from certificates of participation.

Transfers out increased by \$56,175 primarily due to a \$42,883 transfer from the 2013 COPs to RWR, a \$3,667 transfer of the 2014 COPs to Parking Garages for construction at the new Public Service Center, and a \$9,749 transfer to Fleet Services for the new services facility construction in progress.

The \$8,880 decrease in revenues, the \$39,230 decrease in expenses, and a total decrease of \$109,429 in other financing sources yield a decrease of \$79,079 in net change in fund balance, which ended the year at \$149,012.

Debt Service Fund

This major fund accounts for the accumulation of resources for the payment of principal and interest of long-term debt.

Revenues for the Debt Service Fund decreased \$4,630 primarily due to a decrease in property tax revenues as a result of decreasing secondary net assessed values. Expenditures for the Debt Service Fund increased \$47,181 mainly from an increase in principal payments of \$44,950. This expected increase is primarily associated with a \$34,645 first principal payment of COPs 2013A, which was paid on December 2013 and a \$16,000 GO series 2005, 2007 in cash defeasance. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Proceeds from refunding debt were \$8,805, a decrease of \$42,475, as the only refunding consisted of \$8,805 for 2014 HURF bonds.

Payments to escrow agents decreased to \$10,131, a decrease of \$45,292 from \$55,423 in the prior year. The increase of transfers-in of \$36,511 was primarily transfers from RWR to fund the first \$34,645 principal payment of the 2013A COPs.

Major Proprietary Fund

The County's Regional Wastewater Reclamation Enterprise (RWR) Fund is a major enterprise fund.

The significant changes contributing to the fund's change in net position was an increase in total assets of \$48,977, primarily from an increase of \$28,467 in sewage conveyance system assets from the Regional Optimization Master Plan (ROMP) projects, and a \$25,696 increase in equipment primarily from \$23,865 ROMP projects. Building and improvements assets increased \$456,540, resulting from the capitalization of completed projects.

Operating revenues of \$161,676 represents an increase of \$16,099 (11.1%) over the previous year, primarily due to an increase of \$15,039 charges for services, resulting from a 10% fee increase (from \$3.203 to \$3.523 per ccf) effective in fiscal year 2013-14.

Operating expenses total of \$125,160 represents an increase of \$8,554 (7.3%) over the prior year, mainly due to an increase of \$3,874 in depreciation expense following capitalization of approximately \$446,905 in ROMP projects, and an increase of \$3,093 in administrative expenses including, among other factors, an increase of \$916 in administrative overhead, and an increase of \$649 in motor pool expenses resulting from a rate increase.

The deficit in total nonoperating revenues decreased \$4,628 primarily due to the decrease in loss on disposal of capital assets of \$15,691 offset by an increase in debt interest cost of \$12,062.

Transfers-in increased by \$42,759, mainly due to a cash transfer from 2013 COPs. Transfers out increased by \$35,686, to fund a debt service payment of \$34,645 representing the first principal payment of the 2013A COPs.

The fiscal year 2013-14 activity yields a change in net position of \$50,378, an increase of \$22,489 (80.6%) over the previous year's change in net position, resulting in a total net position of \$761,031 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets consists of land, buildings and improvements, sewage conveyance systems, infrastructure, equipment, and construction in progress.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Governmental and Business-type Activities Capital Assets As of June 30, 2014 and 2013									
	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Land	\$ 499,163	\$ 487,902	\$ 11,261	\$ 12,630	\$ 12,554	\$ 76	\$ 511,793	\$ 500,456	\$ 11,337
Construction in progress	212,314	297,266	(84,952)	63,730	500,964	(437,234)	276,044	798,230	(522,186)
Buildings and improvements	478,182	460,795	17,387	651,642	204,944	446,698	1,129,824	665,739	464,085
Infrastructure	667,302	590,961	76,341				667,302	590,961	76,341
Sewage conveyance systems				439,754	423,280	16,474	439,754	423,280	16,474
Equipment	108,708	71,971	36,737	88,653	67,811	20,842	197,361	139,782	57,579
Total	\$1,965,669	\$1,908,895	\$ 56,774	\$1,256,409	\$1,209,553	\$ 46,856	\$3,222,078	\$3,118,448	\$103,630

The County's total capital assets increased \$103,630 (3.3%). Overall for the County, the most significant changes were: buildings and improvements increased \$464,085 (69.7%), equipment increased \$57,579 (41.2%), infrastructure increased \$76,341 (12.9%); conversely, construction in progress decreased \$522,186 (65.4%) .

Major capital asset events during the current fiscal year are described below.

Governmental activities

Capital assets of Governmental activities increased \$56,774 (3%) over the previous year. Infrastructure increased \$76,341 (12.9%), primarily from major road projects: La Cholla Blvd-Magee Road-Overton Road \$24,357, Magee Road-Cortaro Farms Rd.-Mona Lisa- Thornydale Road \$45,865. Equipment increased \$36,737 (51%), primarily due to the equipment from Regional Public Safety Communication System \$34,676.

Building and improvements increased \$17,387 (3.8%), with significant projects comprising the increase included the following:

Contributions, Sporting Chance Center	\$4,338
Kino Sports Complex stadium and field improvements	\$3,212
Regional Flood Control District, Santa Cruz project	\$2,106
Administration 4 th Floor Tenant Improvements	\$2,018
Eckstrom Columbus Branch Library Expansion	\$1,498

Construction in progress in Governmental activities decreased \$84,952 (28.6%), primarily due to the following completed projects: a decrease of \$41,710 in the Pima County Wireless Integrated Network (PCWIN) project, a \$23,500 decrease in the Interstate 19 Frontage Road- Continental Road-Canoa Road project, and a decrease of \$22,612 in the Magee Road-Cortaro Farms Road project.

Business-type activities

Total assets increased \$46,856 (3.9%). Equipment assets increased \$20,842 (30.7%) mainly due to the Regional Optimization Master Planning (ROMP) project for \$22,691. Sewage conveyance systems increased \$16,474 (3.9%) primarily due to System-wide Conveyance Rehabilitation Program for \$9,543, Prince Road and I-10 Sewer Modification project for \$4,429, and a \$2,977 increase from contributed capital from developers.

Building improvements increased \$446,698 (218%), while construction in progress decreased \$437,234 (87.3%). This is primarily due to the capitalization of RWRs completed ROMP projects of \$468,232.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 61-62.

Long-term Debt

Significant, comparative long-term debt entered into during the last two fiscal years is presented below:

Long-Term Debt		
For the Years Ended June 30, 2014 and 2013		
	2014	2013
Bonds issued (at face value):		
General Obligation	\$ 10,000	\$ 88,575
Street and Highway Revenue	24,805	
Sewer System Revenue Obligations	48,500	128,795
Certificates of Participation (COPs)	52,160	92,880
Total	\$ 135,465	\$ 310,250

During the year, \$10,000 of general obligation bonds were issued. The \$10,000 of new debt issued in Series 2014 was for the purpose of funding various capital projects in the County. The County also issued \$24,805 of transportation revenue bonds of which \$8,805 was used for a refunding transaction. This refunding resulted in an economic gain of \$515 and a reduction in debt service payments of \$569.

In addition, the County issued \$52,160 in Certificates of Participation Series 2014. The County intends to use the proceeds to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

Regarding business-type activities, \$48,500 of sewer system revenue obligations were issued to finance additions and improvements to the sewer conveyance systems.

The most recent ratings for Pima County’s bonds and COPs are:

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Dec-2013	AA-	Dec-2013
General Obligation*	AA-	Dec-2013	AA	Dec-2013
Street and Highway Revenue	AA	Dec-2013	AA	Dec-2013
Sewer Revenue Bonds**	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations***	AA-	Jan-2014	AA-	Dec-2013

* S&P upgraded the 2005 and 2008 GO Bonds to AA based on the rating of insurance coverage on 3/19/2014.

** S&P upgraded the 2004R, 2007, 2008 & 2009 Sewer Revenue Bonds to AA based on the rating of insurance coverage on 3/19/2014.

Excludes the 2011A Sewer Refunding Bonds which have ratings equal to the Sewer Revenue Obligations.

***S&P upgraded the 2010 Sewer Revenue Obligations to AA based on the rating of insurance coverage on 3/19/2014.

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is \$1,143,554, which is significantly in excess of Pima County’s outstanding general obligation debt.

Additional information regarding the County’s debt can be found in Note 7 of the financial statements on Pages 65-74.

Economic Factors and Next Year’s Budget

As presented at The University of Arizona’s Eller College of Management’s 2014 Mid-Year Economic Update, the current economic situation in the State of Arizona and Pima County is one of mixed characteristics. Growth is occurring throughout the State in the areas of employment, population, real income and housing permit activity. Pima County in particular has experienced positive gains in aggregate retail sales. However, these growth rates are slow relative to both pre-recession levels and when comparing Pima County to the rest of the State. Within the County, it is anticipated that the real estate market and construction industry will take several more years to fully recover. In addition, actions of both the State and Federal government that financially impact the County have become increasingly unpredictable, while trending toward shifting of responsibilities to local government. Given these factors, Pima County will continue to face numerous budgetary challenges that necessitate next year’s budget to be primarily a “maintenance of effort budget,” which will sustain the County’s existing service priorities. The following discussions identify significant activities expected to occur in fiscal year 2014-15.

Primary Property Taxes

The persistent weakness in the economy has put the County in an increasingly uncertain operating environment. The primary tax base began contracting in Fiscal Year 2010-11, while Net Assessed Value has declined 16.26% and is expected to shrink an additional 0.54% in the upcoming fiscal year. In order to compensate, the Fiscal Year 2014-15 Adopted Budget relies on a \$0.6114 increase in the primary property tax rate for the General Government over the prior year tax rate. The total property tax rate for Pima County will increase from \$5.0853 to \$5.7167 per \$100 of assessed valuation, a net increase of \$0.6314.

State Shared Revenues

State shared sales tax revenue is projected to increase by \$7.3 million in Fiscal Year 2014-15. This increase reflects a gradual recovery in the local economy.

University of Arizona Medical Center – South Campus

Beginning in 2010, Pima County entered into a two-year agreement with the Arizona Board of Regents on behalf of the University of Arizona, College of Medicine for funding of what is now designated as the University of Arizona Medical Center – South Campus. In May 2012, the Board of Supervisors approved a second two-year contract with the Arizona Board of Regents with an annual base funding of \$15 million. In May 2014, the Board of Supervisors approved a third two-year contract with the Board of Regents continuing with the annual funding base of \$15 million.

Road Repair

Pima County uses special revenues as a major funding source of its road repair. Since the economic recession, these revenues have continually trended downward. This decline is partly due to decreased collections in a weakened economy; but the decline is also exacerbated by the State's diversion of those collections that remain. As such, the Board of Supervisors will take the extraordinary action of appropriating General Fund dollars to the construction and maintenance of County roads for the third consecutive year. Continuation of this subsidy will be in the amount of \$5 million and the Board of Supervisors will review roads to be repaired in Fiscal Year 2015.

Medical Insurance

In order to insulate itself from rapidly rising medical insurance premiums, Pima County moved to a self-insured medical plan run by a third party administrator in fiscal year 2013-14. Under this new model, fiscal year 2013-14 insurance costs increased by less than 7% from the previous year. In the upcoming fiscal year, medical insurance costs are projected to increase by 5% from last year. These increases are well below the historic 15-20% yearly increases that the County experienced in the final five years under the previous insurance model.

Solid Waste

Effective June 1, 2013, Pima County went from a direct service model of providing solid waste services to the Public to a new model of having a private contractor providing these services. This change is anticipated to reduce the County's annual costs for this function by over \$4 million per year. Because of this action, funding within the General Fund to cover potential shortfalls is no longer needed.

Stadium District

Since the combined loss of Major League Baseball and stalling of the economy in 2008, the Stadium District has aggressively sought new strategies to broaden its users, decrease costs and increase revenues. Other than direct rental and concession revenue, funding for the District comes from three primary sources: a \$3.50 surcharge on rental cars; a \$0.50 per day tax on recreational vehicle spaces; and a 2% hotel/motel tax in the unincorporated area of the County. While fee and rental revenues paid to the District continue to trend in a positive direction, the slow

economic recovery continues to negatively affect tourist and recreational activities. The result has been a 23% decline in tax-based revenue over the past six years that was formerly used to fund the District. Fiscal Year 2013-14 projected revenues were insufficient to cover the Stadium's operating, maintenance, and debt service costs; thus necessitating a budgeted transfer of \$1.5 million from the General Fund to the District. A similar situation is expected in Fiscal Year 2014-15, which has prompted the Board of Supervisors to allocate \$2.2 million from the Budget Stabilization Fund to the District as an operating transfer, should the need arise.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

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PIMA COUNTY

Basic Financial Statements

Statement of Net Position

June 30, 2014

(in thousands)

	Primary Government			Component Unit SW Fair Commission
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 415,700	\$ 129,781	\$ 545,481	\$ 750
Property taxes receivable (net)	12,138		12,138	
Interest receivable	298	203	501	
Internal balances	6	(6)	-	
Due from other governments	46,016	9	46,025	
Accounts receivable (net)	12,938	18,194	31,132	4
Inventories	2,086	1,877	3,963	32
Prepays	5,017	74	5,091	69
Other assets	1,018		1,018	
Restricted assets:				
Cash and cash equivalents	2,431	104,545	106,976	2,300
Loans receivable	1,894		1,894	
Capital assets not being depreciated:				
Land	499,163	12,630	511,793	
Construction in progress	212,314	63,730	276,044	
Capital assets being depreciated (net):				
Buildings and improvements	478,182	651,642	1,129,824	2,822
Sewage conveyance system		439,754	439,754	
Equipment	108,708	88,653	197,361	445
Infrastructure	667,302		667,302	
Total assets	2,465,211	1,511,086	3,976,297	6,422
Deferred outflows of resources				
Deferred charge on refunding	3,520		3,520	
Total deferred outflows of resources	3,520		3,520	
Liabilities				
Accounts payable	60,239	19,459	79,698	239
Interest payable	3	300	303	
Contract retentions	3,106		3,106	
Employee compensation	19,766	1,854	21,620	
Due to other governments	80	3	83	
Deposits and rebates	2,014		2,014	35
Unearned revenue	6,610	2,506	9,116	66
Noncurrent liabilities:				
Due within one year	100,920	49,129	150,049	
Due in more than one year	693,623	660,387	1,354,010	
Total liabilities	886,361	733,638	1,619,999	340
Net Position				
Net investment in capital assets	1,354,456	586,868	1,941,324	3,267
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	61,936		61,936	
Highways and streets	10,988		10,988	
Debt service		31,615	31,615	
Capital projects	66,885	22,720	89,605	
Regional wastewater		18,820	18,820	
Healthcare	3,591		3,591	
Unrestricted	84,514	117,425	201,939	2,815
Total net position	\$ 1,582,370	\$ 777,448	\$ 2,359,818	\$ 6,082

See accompanying notes to financial statements

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PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 230,742	\$ 27,355	\$ 26,013	\$ 5,969
Public safety	188,782	14,846	7,714	294
Highways and streets	93,675	6,307	49,953	46,125
Sanitation	4,252	31	1,168	
Health	36,085	13,259	8,428	
Welfare	93,224	80	336	
Culture and recreation	63,961	2,548	547	378
Education and economic opportunity	35,756	430	18,970	1,817
Amortization - unallocated	(5,758)			
Interest on long-term debt	27,994			
Total governmental activities	768,713	64,856	113,129	54,583
Business-type activities:				
Regional Wastewater Reclamation	145,117	171,650		6,807
Development Services	6,796	7,553		
Parking Garages	1,877	2,362		
Total business-type activities	153,790	181,565		6,807
Total primary government	\$ 922,503	\$ 246,421	\$ 113,129	\$ 61,390
Component unit:				
Southwestern Fair Commission	5,579	5,635	121	
Total component unit	\$ 5,579	\$ 5,635	\$ 121	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

See accompanying notes to financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Unit SW Fair Commission
Governmental Activities	Business-type Activities	Total	
\$ (171,405)		\$ (171,405)	
(165,928)		(165,928)	
8,710		8,710	
(3,053)		(3,053)	
(14,398)		(14,398)	
(92,808)		(92,808)	
(60,488)		(60,488)	
(14,539)		(14,539)	
5,758		5,758	
(27,994)		(27,994)	
(536,145)		(536,145)	
	\$ 33,340	33,340	
	757	757	
	485	485	
	34,582	34,582	
(536,145)	34,582	(501,563)	

\$ 177
\$ 177

273,435		273,435	
17,697		17,697	
28,354		28,354	
58,546		58,546	
6,262		6,262	
1,509		1,509	
101,605		101,605	
23,899		23,899	
5,035		5,035	
6,976		6,976	
2,955	1,237	4,192	
16,810	1,484	18,294	82
(16,715)	16,715		
526,368	19,436	545,804	82
(9,777)	54,018	44,241	259
1,592,147	723,430	2,315,577	5,823
\$ 1,582,370	\$ 777,448	\$ 2,359,818	\$ 6,082

Functions/Programs

Primary government:

Governmental activities:

General government
Public safety
Highways and streets
Sanitation
Health
Welfare
Culture and recreation
Education and economic opportunity
Amortization - unallocated
Interest on long-term debt

Total governmental activities

Business-type activities:

Regional Wastewater Reclamation
Development Services
Parking Garages

Total business-type activities

Total primary government

Component unit:

Southwestern Fair Commission

Total component unit

General revenues:

Property taxes, levied for general purposes
Property taxes, levied for regional flood control district
Property taxes, levied for library district
Property taxes, levied for debt service
Hotel/motel taxes, levied for sports facility and tourism
Other taxes, levied for stadium district
Unrestricted share of state sales tax
Unrestricted share of state vehicle license tax
Grants and contributions not restricted to specific programs
Interest and penalties on delinquent taxes
Investment earnings
Miscellaneous

Transfers

Total general revenues and transfers
Change in net position

Net position at beginning of year

Net position at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2014
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 56,990	\$ 169,811	\$ 7,685	\$ 75,377	\$ 309,863
Property taxes receivable (net)	8,702		1,888	1,548	12,138
Interest receivable	73	38	74	77	262
Due from other funds	2,544	2,159		222	4,925
Due from other governments	20,625	7,097	6	18,147	45,875
Accounts receivable	1,494	1,952		6,348	9,794
Inventory				1,369	1,369
Prepaid expenditures	3,384			480	3,864
Loan receivable	1,894				1,894
Other assets				1,018	1,018
Restricted cash and cash equivalents		1,816		45	1,861
Total assets	\$ 95,706	\$ 182,873	\$ 9,653	\$ 104,631	\$ 392,863
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 13,462	\$ 25,242	\$ 3	\$ 16,971	\$ 55,678
Interest payable				3	3
Contract retentions		2,532		4	2,536
Employee compensation	14,533	31		4,831	19,395
Due to other funds	140	95		4,726	4,961
Due to other governments	10			70	80
Deposits and rebates	191	1,816		7	2,014
Unearned revenue	2,312	155		4,143	6,610
Total liabilities	30,648	29,871	3	30,755	91,277
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,476	3,213		5,277	16,966
Unavailable revenue - property taxes	8,008		1,802	1,446	11,256
Unavailable revenue - other	384	777		299	1,460
Total deferred inflows of resources	16,868	3,990	1,802	7,022	29,682
Total liabilities and deferred inflows of resources	47,516	33,861	1,805	37,777	120,959
Fund balances					
Nonspendable	5,278			1,894	7,172
Restricted		145,256		60,984	206,240
Committed		3,836		6,308	10,144
Assigned	181		7,848	4,204	12,233
Unassigned	42,731	(80)		(6,536)	36,115
Total fund balances	48,190	149,012	7,848	66,854	271,904
Total liabilities, deferred inflows of resources and fund balances	\$ 95,706	\$ 182,873	\$ 9,653	\$ 104,631	\$ 392,863

See accompanying notes to financial statements

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014
(in thousands)

Fund balances - total governmental funds		\$ 271,904
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 2,869,451	
Less accumulated depreciation	<u>(945,504)</u>	1,923,947
<p>Some liabilities and their associated costs are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Unamortized deferred outflow for bond refunding	3,520	
Bonds payable	(549,087)	
Certificates of participation payable	(149,703)	
Leases and notes payable	<u>(640)</u>	(695,910)
<p>Some compensated absences are not due and payable shortly after June 30, 2014, and therefore are not reported in the governmental funds.</p>		
Employee compensation		(30,294)
<p>Some liabilities are not due and payable shortly after June 30, 2014, and are therefore not reported in the governmental funds.</p>		
Landfill liability	(22,771)	
Pollution remediation liability	<u>(639)</u>	(23,410)
<p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.</p>		
		29,682
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.</p>		
		106,451
Net position of governmental activities		<u><u>\$ 1,582,370</u></u>

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2014
 (in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 280,965		\$ 58,737	\$ 46,127	\$ 385,829
Licenses and permits	2,928			5,347	8,275
Intergovernmental	135,953	\$ 25,037	14	131,078	292,082
Charges for services	35,671	5,054		17,101	57,826
Fines and forfeits	4,211			4,441	8,652
Investment earnings	287	762	295	393	1,737
Miscellaneous	7,322	1,740	14	8,388	17,464
Total revenues	467,337	32,593	59,060	212,875	771,865
Expenditures:					
Current:					
General government	206,356			41,151	247,507
Public safety	136,825			20,747	157,572
Highways and streets				37,772	37,772
Sanitation				2,521	2,521
Health	3,543			31,814	35,357
Welfare	92,858			335	93,193
Culture and recreation	17,859			38,886	56,745
Education and economic opportunity	12,383			21,813	34,196
Capital outlay		135,746			135,746
Debt service - principal	146		112,835	356	113,337
- interest	14		26,758	5	26,777
- miscellaneous			1,030		1,030
Total expenditures	469,984	135,746	140,623	195,400	941,753
Excess (deficiency) of revenues over (under) expenditures	(2,647)	(103,153)	(81,563)	17,475	(169,888)
Other financing sources (uses):					
Installment note				239	239
Premium on bonds			9,488		9,488
Proceeds from refunding debt			8,805		8,805
Payments to escrow agent			(10,131)		(10,131)
Face amount of long-term debt issued		78,160			78,160
Proceeds from sale of capital assets				360	360
Transfers in	24,192	46,610	61,489	30,392	162,683
Transfers (out)	(33,887)	(67,335)	(5,880)	(83,038)	(190,140)
Total other financing sources (uses)	(9,695)	57,435	63,771	(52,047)	59,464
Net change in fund balances	(12,342)	(45,718)	(17,792)	(34,572)	(110,424)
Fund balances at beginning of year	60,532	194,730	25,640	101,654	382,556
Changes in nonspendable fund balance:					
Change in inventory				(228)	(228)
Fund balances at end of year	\$ 48,190	\$ 149,012	\$ 7,848	\$ 66,854	\$ 271,904

See accompanying notes to financial statements

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

Net change in fund balances - total governmental funds \$ (110,424)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 89,408	
Less current year depreciation	(62,322)	27,086

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net Position. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of deferred outflows of resources, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Face amount of long-term debt issued	(78,160)	
Premium on bonds	(9,488)	
Proceeds from refunding bonds	(8,805)	
Debt service - principal payments	113,337	
Payments to escrow agent	10,131	
Installment note	(239)	
Amortization expense	5,758	
Deferred outflows - interest	(1,208)	31,326

Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Donations of capital assets	17,544	
Intergovernmental	(2,836)	
Property tax revenues	(822)	
Other	848	14,734

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences	(86)	
Change in landfill liability	(1,041)	
Net book value of capital asset disposals	(1,810)	
Other	(133)	(3,070)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.

30,571

Change in net position of governmental activities \$ (9,777)

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2014
(in thousands)

Exhibit A - 7

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 121,427	\$ 8,354	\$ 129,781	\$ 105,837
Restricted cash and cash equivalents	55,457		55,457	570
Interest receivable	194	9	203	36
Due from other funds	6		6	71
Due from other governments	3	6	9	141
Accounts receivable (net)	18,039	155	18,194	3,144
Inventory	1,877		1,877	717
Prepaid expense	54	20	74	1,153
Total current assets	<u>197,057</u>	<u>8,544</u>	<u>205,601</u>	<u>111,669</u>
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	10,862	1,768	12,630	592
Buildings and improvements	838,860	12,927	851,787	967
Sewage conveyance system	721,515		721,515	
Equipment	131,586	883	132,469	46,403
Less accumulated depreciation	(515,502)	(10,220)	(525,722)	(20,771)
Construction in progress	60,000	3,730	63,730	14,531
Total capital assets (net of accumulated depreciation)	<u>1,247,321</u>	<u>9,088</u>	<u>1,256,409</u>	<u>41,722</u>
Total noncurrent assets	<u>1,296,409</u>	<u>9,088</u>	<u>1,305,497</u>	<u>51,722</u>
Total assets	<u>1,493,466</u>	<u>17,632</u>	<u>1,511,098</u>	<u>163,391</u>
Liabilities				
Current liabilities:				
Accounts payable	18,960	499	19,459	4,561
Contract retentions				570
Employee compensation	1,611	243	1,854	371
Interest payable	300		300	
Due to other funds	12		12	29
Due to other governments	3		3	
Unearned revenue	2,506		2,506	
Current sewer revenue bonds and obligations payable	47,594		47,594	
Current portion of wastewater loans payable	1,535		1,535	
Current portion reported but unpaid losses				5,883
Current portion incurred but not reported losses				8,815
Total current liabilities	<u>72,521</u>	<u>742</u>	<u>73,263</u>	<u>20,229</u>
Noncurrent liabilities:				
Compensated absences payable	2,702	473	3,175	548
Loan payable				10,000
Contracts and notes	7,942		7,942	
Sewer revenue bonds and obligations payable	631,125		631,125	
Wastewater loans payable	18,145		18,145	
Reported but unpaid losses				15,838
Incurred but not reported losses				10,325
Total noncurrent liabilities	<u>659,914</u>	<u>473</u>	<u>660,387</u>	<u>36,711</u>
Total liabilities	<u>732,435</u>	<u>1,215</u>	<u>733,650</u>	<u>56,940</u>
Net position				
Net investment in capital assets	577,780	9,088	586,868	41,722
Restricted for:				
Debt service	31,615		31,615	
Capital projects	22,720		22,720	
Healthcare				7,538
Regional wastewater reclamation	18,820		18,820	
Unrestricted	110,096	7,329	117,425	57,191
Total net position	<u>\$ 761,031</u>	<u>\$ 16,417</u>	<u>\$ 777,448</u>	<u>\$ 106,451</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 8

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 160,229	\$ 9,915	\$ 170,144	\$ 110,474
Other	1,447	55	1,502	1,649
Total net operating revenues	<u>161,676</u>	<u>9,970</u>	<u>171,646</u>	<u>112,123</u>
Operating expenses:				
Employee compensation	34,878	5,338	40,216	8,992
Operating supplies and services	8,070	94	8,164	8,292
Utilities	7,664		7,664	
Sludge and refuse disposal	1,512		1,512	
Repair and maintenance	6,267	95	6,362	1,470
Incurred losses				52,012
Insurance premiums				10,275
General and administrative	10,810	2,495	13,305	4,411
Consultants and professional services	7,367	434	7,801	4,105
Depreciation	48,592	217	48,809	4,022
Total operating expenses	<u>125,160</u>	<u>8,673</u>	<u>133,833</u>	<u>93,579</u>
Operating income	<u>36,516</u>	<u>1,297</u>	<u>37,813</u>	<u>18,544</u>
Nonoperating revenues (expenses):				
Investment earnings	1,197	40	1,237	1,206
Sewer connection fees	11,397		11,397	
Interest expense	(15,529)		(15,529)	
Debt issuance cost	(523)		(523)	
Gain/(loss) on disposal of capital assets	(3,905)	6	(3,899)	(137)
Total nonoperating revenues (expenses)	<u>(7,363)</u>	<u>46</u>	<u>(7,317)</u>	<u>1,069</u>
Income before contributions and transfers	29,153	1,343	30,496	19,613
Capital contributions	6,807		6,807	216
Transfers in	51,404	3,667	55,071	16,008
Transfers (out)	(36,986)	(1,370)	(38,356)	(5,266)
Change in net position	50,378	3,640	54,018	30,571
Net position at beginning of year	<u>710,653</u>	<u>12,777</u>	<u>723,430</u>	<u>75,880</u>
Net position at end of year	<u>\$ 761,031</u>	<u>\$ 16,417</u>	<u>\$ 777,448</u>	<u>\$ 106,451</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 9

	Business-Type Activities —			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				\$ 107,639
Cash received from customers for goods and services provided	\$ 160,202	\$ 9,966	\$ 170,168	
Cash received from miscellaneous operations	1,447		1,447	1,678
Cash payments to suppliers for goods and services	(26,697)	(1,560)	(28,257)	(23,582)
Cash payments to other funds for goods and services	(11,810)	(1,800)	(13,610)	(5,230)
Cash payments for incurred losses				(46,919)
Cash payments to employees for services	(34,738)	(4,910)	(39,648)	(7,924)
Net cash provided by operating activities	<u>88,404</u>	<u>1,696</u>	<u>90,100</u>	<u>25,662</u>
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	51,404	3,667	55,071	15,981
Cash transfers out to other funds	(36,959)	(1,370)	(38,329)	(5,266)
Loans with other funds	8,531		8,531	9,865
Net cash provided by noncapital financing activities	<u>22,976</u>	<u>2,297</u>	<u>25,273</u>	<u>20,580</u>
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds and loans	48,500		48,500	
Principal paid on bonds and loans	(36,978)		(36,978)	
Interest paid on bonds and loans	(23,364)		(23,364)	
Issuance cost of new debt	(523)		(523)	
Proceeds from premium	7,032		7,032	
Sewer connection fees	10,990		10,990	
Proceeds from sale of capital assets		6	6	722
Purchase of capital assets	(102,853)	(3,730)	(106,583)	(18,021)
Net cash (used for) capital and related financing activities	<u>(97,196)</u>	<u>(3,724)</u>	<u>(100,920)</u>	<u>(17,299)</u>
Cash flows from investing activities:				
Loan receivable				(10,000)
Interest received on cash and investments	1,068	34	1,102	1,176
Net cash provided by (used for) investing activities	<u>1,068</u>	<u>34</u>	<u>1,102</u>	<u>(8,824)</u>
Net increase in cash and cash equivalents	15,252	303	15,555	20,119
Cash and cash equivalents at beginning of year	<u>210,720</u>	<u>8,051</u>	<u>218,771</u>	<u>86,288</u>
Cash and cash equivalents at end of year	<u>\$ 225,972</u>	<u>\$ 8,354</u>	<u>\$ 234,326</u>	<u>\$ 106,407</u>

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 9.1

(continued)

	Business-Type Activities —			Governmental Activities- Internal Service Funds
	Enterprise Funds			
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating income	\$ 36,516	\$ 1,297	\$ 37,813	\$ 18,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	48,592	217	48,809	4,022
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(26)	(4)	(30)	(2,768)
Due from other governments	(1)		(1)	(38)
Inventory and other assets	1,220		1,220	(32)
Prepaid expense	(37)	(11)	(48)	437
Increase (decrease) in liabilities:				
Accounts payable	2,005	148	2,153	358
Due to other governments	(5)		(5)	
Reported but unpaid losses				115
Incurred but not reported losses				4,978
Other liabilities	140	49	189	46
Net cash provided by operating activities	<u>\$ 88,404</u>	<u>\$ 1,696</u>	<u>\$ 90,100</u>	<u>\$ 25,662</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2014:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of \$6,541 and received other capital assets totaling \$76. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of \$3,905.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a value of \$27 to the County's Internal Service Fund.

Regional Wastewater Reclamation Enterprise Fund received assets from the County's general government in the amount of \$278. This transaction was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Pima County Board of Supervisors' approved Connection Flow-Through Sewer Credit Agreement in the amount of \$95. This transaction was recorded as an increase to unearned revenue and a decrease in capital contributions.

The Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling \$7. This transaction was recorded as a decrease to unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of \$263.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation with a net book value of \$27.

Internal Service Funds received capital contributions with a value of \$216 from General Government and sold capital assets with a net book value of \$859.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 144,516	\$ 68,890
Interest receivable	136	
Due from other governments		1,174
Total assets	\$ 144,652	\$ 70,064
Liabilities		
Employee compensation		\$ 115
Due to other governments		37,894
Deposits and rebates		32,055
Total liabilities	\$	\$ 70,064
Net position		
Held in trust for pool participants	\$ 144,652	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014
(in thousands)

Exhibit A - 11

	Investment Trust Funds
Additions	
Contributions from participants	\$ 2,452,239
Total contributions	2,452,239
Investment earnings	957
Total investment earnings	957
Total additions	2,453,196
Deductions	
Distributions to participants	2,515,033
Total deductions	2,515,033
Change in net position	(61,837)
Net position held in trust July 1, 2013	206,489
Net position held in trust June 30, 2014	\$ 144,652

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies

Pima County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was originally created to provide regional leadership and fiscal resources to ensure the presence of major league baseball in Pima County. However, in 2008 and 2010, the Chicago White Sox and the Arizona Diamondbacks Major League Baseball teams terminated their agreements with the District and moved to newer, larger facilities in Maricopa County. Since their departure, the District has taken steps to repurpose and diversify the use of the Stadium and to decrease costs and increase revenue. The Kino Sports Complex is dedicated primarily to soccer activities with a lighted 2,000-seat North Grandstand field, four more soccer fields, and a 2,000-seat stadium under construction. Additional amenities include two lighted softball fields and the Kino Environmental Restoration Project. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as the Board of Directors of the District. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreation vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the Board of Directors of the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson, and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors for the Flood Control District. The Regional Flood Control District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs are not available.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation which manages and maintains the fairgrounds owned by the County and conducts annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization:

The Industrial Authority of Pima County (Authority) is a legally separate entity that was created to promote economic development and the development of affordable housing. The Authority fulfills its function through the issuance of tax-exempt bonds. The County Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements - Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities except for fiduciary activities. The statements also distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements - Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues such as connection fees, intergovernmental revenues, along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund revenues are primarily from property taxes and intergovernmental revenues.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. Capital Projects Fund revenues are from intergovernmental, face amount of long-term debt and transfers in.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues are from property taxes, proceeds from refunding debt, and transfers in.

The County reports the following major enterprise fund:

Regional Wastewater Reclamation (RWR) accounts for the management and operation of wastewater treatment and water pollution control programs. Revenues are from charges for services and connection fees.

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, printing services, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis. The County transitioned to a medical self-insurance model on July 1, 2013 that is funded by employee and employer premium rates.

Investment Trust Funds account for pooled assets and individual investment accounts the County Treasurer holds and invests on behalf of other governmental entities.

Agency Funds account for assets the County holds as an agent for the State, cities, towns, and other parties.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net position resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County recognizes property taxes to be available if collected within 30 days. In addition, other taxes that are reported as intergovernmental revenues, i.e. state shared sales tax, highway user revenues and vehicle license tax, recreational vehicle taxes, car rental surcharges, and hotel excise taxes are also recognized if collected within 30 days. Grant funded intergovernmental revenues are considered available if collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Inventories

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

The County accounts for its inventories in the Health Fund using the purchase method. Inventories of the Health Department consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method or average cost method.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Inventories of the Transportation Department are recorded as assets when purchased and expensed when used. Inventories in Transportation are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

F. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

Capital assets are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Land improvements (Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	\$100	Straight Line	10 - 50 Years
Equipment	\$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	\$100	Straight Line	10 - 50 Years
Intangible (Reported in land, equipment, and infrastructure)	\$100	Straight Line	Varies

Discretely presented component unit:

The Southwestern Fair Commission, Inc. capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets' estimated useful life, which range from 3 to 40 years.

H. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County Administrator to make assignments of resources for a specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

J. Investment Earnings

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

K. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Employees may accumulate up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, employees who have accumulated greater than 240 hours of sick leave and are eligible to retire will receive some benefits. An estimate of those retirement payouts is accrued as a liability in government-wide and proprietary funds' financial statements in Employee Compensation for the current portion and under Noncurrent Liabilities for the noncurrent portion. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year-end and is reported in Employee Compensation. Employees who are eligible to retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan may request sick leave be converted to annual leave on a predetermined conversion basis.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 2: Fund Balance Classifications of the Governmental Funds

The table below details the fund balance categories and classifications.

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>CAFR Total</u>
Fund Balance:					
Nonspendable:					
Inventory				\$ 1,369	\$ 1,369
Prepaid expenditures	\$ 3,384			480	3,864
Loan receivable	1,894				1,894
Permanent fund principal				45	45
Total nonspendable	<u>5,278</u>			<u>1,894</u>	<u>7,172</u>
Restricted for:					
Capital Projects					
Streets and highways		\$ 57,155			57,155
Other		34,792			34,792
Justice Court /Public Service Center		42,813			42,813
Judicial activities				21,829	21,829
Flood Control District		10,496		11,690	22,186
Health				5,128	5,128
Law enforcement				2,153	2,153
Library District				5,991	5,991
School reserve				536	536
Social services				1,368	1,368
Streets and highways				9,704	9,704
Tire fund				1,307	1,307
Other purposes				1,278	1,278
Total restricted		<u>145,256</u>		<u>60,984</u>	<u>206,240</u>
Committed to:					
Judicial activities				124	124
Parks and recreation		220		981	1,201
School reserve				238	238
Sports promotion (Stadium)				1,225	1,225
Other purposes		3,616		3,740	7,356
Total committed		<u>3,836</u>		<u>6,308</u>	<u>10,144</u>
Assigned to:					
Debt service reserve			\$ 7,848		7,848
Health				1,358	1,358
Landfill				379	379
Law enforcement	176			322	498
School reserve				920	920
Other purposes	5			1,225	1,230
Total assigned	<u>181</u>		<u>7,848</u>	<u>4,204</u>	<u>12,233</u>
Unassigned:					
Total Fund Balance	<u>\$ 42,731</u>	<u>(80)</u>	<u>\$ 7,848</u>	<u>(6,536)</u>	<u>\$ 36,115</u>
	<u>\$ 48,190</u>	<u>\$ 149,012</u>	<u>\$ 7,848</u>	<u>\$ 66,854</u>	<u>\$ 271,904</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments

Primary Government

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—The State statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures and notes that are denominated in United States dollars must be rated "A" or better by at least two nationally recognized rating agencies at the time of purchase.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require collateral for demand deposits and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

Concentration of credit risk—Statutes do not include any requirements for concentration of credit risk.

Interest rate risk—Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2014, the carrying amount of the County's deposits was \$57,664, and the bank balance was \$61,206.

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2014, \$4,599 of County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

Investments—At June 30, 2014, the County’s investments consisted of \$361,411 invested in marketable securities and \$446,740 invested in the State Treasurer’s Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer’s Pool. The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk.

At June 30, 2014, credit risk for the County’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Commercial paper	A1/P1	S&P / Moody's	\$ 9,989
Corporate bonds	B+/B1	S&P / Moody's	249,873
Municipal bonds	Unrated		10,773
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,898
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	34,013
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	349,634
State Treasurer Investment Pool 5	AAAf/S1+	S&P	283,182
State Treasurer Investment Pool 500	Unrated		101,357
State Treasurer Investment Pool 7	Unrated		62,201
		State Treasurer's Investment Pool	446,740
			<hr/>
Total			<u>\$ 796,374</u>

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County’s \$808,151 of investments, \$332,323, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County’s name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County’s exposure as of June 30, 2014 is less than 5% per issuer.

Interest rate risk—Interest rate risk is the risk that changes in interest rates will adversely affect an investment’s fair value. The County does not have a formal investment policy with respect to interest rate risk.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2014, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 283,182	0.16
State Treasurer Investment Pool 500	101,357	5.59
State Treasurer Investment Pool 7	62,201	0.05
Commercial paper	9,989	0.47
Corporate bonds	249,873	1.59
Municipal bonds	10,773	1.64
Federal Farm Credit Bank	15,898	2.36
Federal Home Loan Bank	34,013	3.15
U.S. Treasury Notes	11,777	1.34
Money market mutual fund	29,088	0.13
Total	<u>\$ 808,151</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

	<u>Cash on Hand</u>	<u>Amount of Deposits</u>	<u>Amount of Investments</u>	<u>Total</u>
Cash, deposits, and investments:	\$ 48	\$ 57,664	\$ 808,151	\$ 865,863

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Position:					
Cash and cash equivalents	\$ 415,700	\$ 129,781	\$ 144,516	\$ 68,890	\$ 758,887
Restricted cash and cash equivalents	2,431	104,545			106,976
Total	<u>\$ 418,131</u>	<u>\$ 234,326</u>	<u>\$ 144,516</u>	<u>\$ 68,890</u>	<u>\$ 865,863</u>

County Treasurer's Investment Pool—Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under her stewardship. The County Treasurer invests, on a pool basis, all monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the Pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The County Treasurer allocates interest earnings to each of the Pool's participants. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Commercial paper	\$ 10,000	0.00%	12/14	\$ 9,989
Corporate bonds	240,401	0.40-7.13%	07/14-06/18	249,873
Municipal bonds	10,710	0.25-1.5%	07/14-07/17	10,773
Federal Farm Credit Bank	15,828	0.35-2.08%	11/15-9/18	15,898
Federal Home Loan Bank	34,000	0.5-1.25%	11/16-11/18	34,013
U.S. Treasury Notes	11,700	0.75-2.63%	07/14-06/17	11,777
State Treasurer Investment Pool 5	147,502	N/A	N/A	147,502
Deposits	21,316	N/A	N/A	21,316
Interest receivable	136	N/A	N/A	136
Total assets				<u>\$ 501,277</u>

A condensed statement of the investment pool's net position and changes in net position follows:

Statement of Net Position

Assets held in trust for:	
Internal participants	\$ 425,578
External participants	<u>75,699</u>
Total assets	501,277
Total liabilities	
Total net position held in trust	<u>\$ 501,277</u>

Statement of Changes in Net Position

Total additions	\$5,929,669
Total deductions	<u>(5,997,783)</u>
Net decrease	(68,114)
Net position held in trust:	
July 1, 2013	<u>569,391</u>
June 30, 2014	<u>\$ 501,277</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 4: Due from Other Governments

Governmental activities:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Federal government:						
Grants and contributions	\$ 69		\$ 6	\$ 2,608		\$ 2,683
State of Arizona:						
Taxes and shared revenues	19,016	\$ 1,150		4,792		24,958
Grants and contributions				8,224	\$ 3	8,227
Cities:						
Reimbursement for services	1,446	525		2,456	121	4,548
Other governments:						
Reimbursement for services	<u>94</u>	<u>5,422</u>		<u>67</u>	<u>17</u>	<u>5,600</u>
Total due from other governments fund based statements	<u>\$ 20,625</u>	<u>\$ 7,097</u>	<u>\$ 6</u>	<u>\$ 18,147</u>	<u>\$ 141</u>	<u>\$ 46,016</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 487,902	\$ 11,357	\$ (96)	\$ 499,163
Construction in progress	297,266	88,680	(173,632)	212,314
Total capital assets not being depreciated	<u>785,168</u>	<u>100,037</u>	<u>(173,728)</u>	<u>711,477</u>
Capital assets being depreciated:				
Buildings and improvements	657,161	36,312	(82)	693,391
Infrastructure	1,221,637	112,686	(1,642)	1,332,681
Equipment	155,586	50,383	(11,574)	194,395
Total capital assets being depreciated	<u>2,034,384</u>	<u>199,381</u>	<u>(13,298)</u>	<u>2,220,467</u>
Less accumulated depreciation for:				
Buildings and improvements	(196,366)	(18,902)	59	(215,209)
Infrastructure	(630,676)	(35,090)	387	(665,379)
Equipment	(83,615)	(12,352)	10,280	(85,687)
Total accumulated depreciation	<u>(910,657)</u>	<u>(66,344)</u>	<u>10,726</u>	<u>(966,275)</u>
Total capital assets being depreciated, net	<u>1,123,727</u>	<u>133,037</u>	<u>(2,572)</u>	<u>1,254,192</u>
Governmental activities capital assets, net	<u>\$ 1,908,895</u>	<u>\$ 233,074</u>	<u>\$ (176,300)</u>	<u>\$ 1,965,669</u>
	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,554	\$ 76		\$ 12,630
Construction in progress	500,964	92,401	\$ (529,635)	63,730
Total capital assets not being depreciated	<u>513,518</u>	<u>92,477</u>	<u>(529,635)</u>	<u>76,360</u>
Capital assets being depreciated:				
Buildings and improvements	395,247	473,802	(17,262)	851,787
Sewage conveyance systems	693,048	30,902	(2,435)	721,515
Equipment	107,036	32,024	(6,591)	132,469
Total capital assets being depreciated	<u>1,195,331</u>	<u>536,728</u>	<u>(26,288)</u>	<u>1,705,771</u>
Less accumulated depreciation for:				
Buildings and improvements	(190,303)	(25,930)	16,088	(200,145)
Sewage conveyance systems	(269,768)	(13,538)	1,545	(281,761)
Equipment	(39,225)	(9,341)	4,750	(43,816)
Total accumulated depreciation	<u>(499,296)</u>	<u>(48,809)</u>	<u>22,383</u>	<u>(525,722)</u>
Total capital assets being depreciated, net	<u>696,035</u>	<u>487,919</u>	<u>(3,905)</u>	<u>1,180,049</u>
Business-type activities capital assets, net	<u>\$ 1,209,553</u>	<u>\$ 580,396</u>	<u>\$ (533,540)</u>	<u>\$ 1,256,409</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 12,425
Public safety	9,824
Highways and streets	31,673
Sanitation	401
Health	488
Welfare	74
Culture and recreation	6,597
Education and economic opportunity	840
Internal service funds	4,022
Total governmental activities depreciation expense	<u>\$ 66,344</u>

Business-type activities:

Parking Garages	\$ 217
Regional Wastewater Reclamation Department	48,592
Total business-type activities depreciation expense	<u>\$ 48,809</u>

Discretely presented component unit:

Southwestern Fair Commission (SFC):

Capital assets being depreciated:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Buildings and improvements	\$ 5,974	\$ 491		\$ 6,465
Equipment	2,521	134	\$ (24)	2,631
Total capital assets being depreciated	<u>8,495</u>	<u>625</u>	<u>(24)</u>	<u>9,096</u>

Less accumulated depreciation for:

Buildings and improvements	(3,339)	(304)		(3,643)
Equipment	(2,021)	(189)	24	(2,186)
Total accumulated depreciation	<u>(5,360)</u>	<u>(493)</u>	<u>24</u>	<u>(5,829)</u>

Total capital assets being depreciated, net

	<u>3,135</u>	<u>132</u>		<u>3,267</u>
SFC capital assets, net	<u>\$ 3,135</u>	<u>\$ 132</u>		<u>\$ 3,267</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

The SIT Fund, an internal service fund, accounts for the financing of the insured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. The SIT Fund is liable for any single general or automobile liability claim up to \$2,500 per occurrence, any workers' compensation claim up to \$1,000 per occurrence, and any single medical malpractice claim up to \$1,000 per occurrence or any medical malpractice claims in aggregate up to \$5,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the SIT Fund. Settled claims have not exceeded insurance coverage in any of the last 3 fiscal years.

Payment of unemployment claims is fully self-funded. Payment of environmental claims is generally self-funded, although some claims filed could result in past insurers being liable for such losses.

All of the County's departments participate in the SIT Fund. With the exception of environmental and unemployment losses, charges are based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Charges for environmental losses are based on historical experience. Charges for unemployment losses are based on actual claims paid.

Claims liabilities at June 30, 2014, for each insurable area are as follows:

Auto liability	\$	335
General liability		10,487
Workers' compensation		21,605
Medical malpractice		234
Environmental liability		1,500
		\$ 34,161

The above amounts, excluding environmental and unemployment, are reported at their present value using an expected future investment yield assumption of 2 percent.

Changes in the unpaid claims liability reported in the SIT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2012-13	\$ 35,397	7,676	(7,305)	\$ 35,768
2013-14	\$ 35,768	4,851	(6,458)	\$ 34,161

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-2014, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 6: Claims, Judgments and Risk Management (continued)

reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past fiscal year.

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2014 for each plan option are as follows:

High-Deductible Health Plan:		
Medical	\$	2,843
Pharmacy		973
Preferred Provider Organization Plan:		
Medical		2,149
Pharmacy		735
	\$	6,700

Changes in the unpaid claims liabilities reported in the HBT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	\$ -	47,161	(40,461)	\$ 6,700

Litigation

Pima County is a defendant in a number of court actions. In the opinion of County management, the final disposition of these actions, if unfavorable, will not have a material effect upon the County's financial statements.

Pollution Remediation

The County has estimated and reported an environmental liability of \$639 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

Remediation efforts continue at the El Camino del Cerro site which is approximately bordered by the Santa Cruz River on the west, Interstate 10 on the east and El Camino del Cerro Road on the south. The groundwater contamination is suggested to resonate from the municipal and solid waste landfill operated on the site from 1973 to 1977.

The estimated liability was calculated based upon the expected future outlays associated with the estimate of one pump-and-treat system for one year. There is potential for changes due to increased costs associated with sewage disposal costs, construction costs for extraction and injection wells, and/or changes in the estimated extent of contamination.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2014.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Governmental activities:					
General obligation bonds	\$ 456,690	\$ 10,000	\$ 59,415	\$ 407,275	\$ 36,815
Unamortized premium/discount	10,678	409	2,356	8,731	2,059
Total general obligation bonds	<u>467,368</u>	<u>10,409</u>	<u>61,771</u>	<u>416,006</u>	<u>38,874</u>
Transportation revenue bonds	126,015	24,805	21,995	128,825	13,685
Unamortized premium/discount	2,589	2,696	1,029	4,256	1,292
Total transportation revenue bonds	<u>128,604</u>	<u>27,501</u>	<u>23,024</u>	<u>133,081</u>	<u>14,977</u>
Certificates of participation	127,735	52,160	40,995	138,900	29,680
Unamortized premium/discount	6,759	6,383	2,339	10,803	2,463
Total certificates of participation	<u>134,494</u>	<u>58,543</u>	<u>43,334</u>	<u>149,703</u>	<u>32,143</u>
Capital leases payable:					
Other capital leases	298		298		
Total capital leases	<u>298</u>		<u>298</u>		
Installment note payable	605	239	204	640	228
Total installment note payable	<u>605</u>	<u>239</u>	<u>204</u>	<u>640</u>	<u>228</u>
Reported but unpaid losses (Note 6)	21,606	44,936	44,821	21,721	5,883
Incurred but not reported losses (Note 6)	14,162	7,075	2,097	19,140	8,815
Landfill closure and post-closure care costs (Note 8)	21,730	1,041		22,771	
Pollution remediation (Note 6)	734		95	639	
Compensated absences payable *	30,739	103		30,842	
Total governmental activities long-term liabilities	<u>\$ 820,340</u>	<u>\$ 149,847</u>	<u>\$ 175,644</u>	<u>\$ 794,543</u>	<u>\$100,920</u>

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of \$2,636 is reported as Employee compensation.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>1 year</u>
Business-type activities:					
Sewer revenue bonds	\$ 154,415		\$ 16,765	\$ 137,650	\$ 17,555
Unamortized premium/discount	1,099		318	781	515
Total revenue bonds payable	<u>155,514</u>		<u>17,083</u>	<u>138,431</u>	<u>18,070</u>
Sewer revenue obligations	464,355	\$ 48,500	18,725	494,130	21,890
Unamortized premium/discount	46,620	7,032	7,494	46,158	7,634
Total revenue obligations payable	<u>510,975</u>	<u>55,532</u>	<u>26,219</u>	<u>540,288</u>	<u>29,524</u>
Regional Wastewater Reclamation Loans payable	21,169		1,489	19,680	1,535
Total loans payable	<u>21,169</u>		<u>1,489</u>	<u>19,680</u>	<u>1,535</u>
Contracts and notes	12,645	1,610	6,313	7,942	
Compensated absences payable *	3,087	88		3,175	
Total business-type activities long-term liabilities	<u>\$ 703,390</u>	<u>\$ 57,230</u>	<u>\$ 51,104</u>	<u>\$ 709,516</u>	<u>\$ 49,129</u>

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of \$271 is reported as Employee compensation.

The County's debt consists of various issues of general obligation, HURF revenue, certificates of participation, sewer revenue bonds, loans, and obligations bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. HURF revenue bonds are repaid from charges for services in the Transportation fund. Certificates of participation are repaid from General fund and other various funds' revenues. Sewer revenue bonds, loans, and obligations are repaid from the charges for services in the Regional Wastewater Reclamation fund.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

(Payments made from property tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2014, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$4,662 from the May 20, 1997, \$13,278 from the May 18, 2004, and \$741 from the May 16, 2006 bond elections remain unissued.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2007	\$ 95,000	3.00 - 4.50%	2015-21	July 1, 2017	\$ 48,550
Series of 2008	100,000	4.00%	2015-22	July 1, 2018	63,000
Series of 2009	75,000	3.00 - 4.13%	2015-23	July 1, 2019	36,185
Series of 2009A	90,000	3.00 - 4.00%	2015-24	July 1, 2019	63,225
Series of 2009A Refunding	23,535	3.00 - 3.25%	2015-16		660
Series of 2011	75,000	2.25 - 5.00%	2015-26	July 1, 2021	44,185
Series of 2012A	60,000	2.00 - 4.00%	2015-27	July 1, 2022	43,750
Series of 2012B Refunding	16,225	2.00 - 3.00%	2015-17		12,155
Series of 2013A	50,000	1.50 - 4.00%	2015-28	July 1, 2023	47,000
Series of 2013B Refunding	38,575	3.00 - 4.00%	2015-20		38,565
Series of 2014	10,000	1.00 - 5.00%	2015-28	July 1, 2023	10,000
G.O. bonds outstanding					407,275
Plus unamortized premium/discount:					8,731
			Total G.O. bonds outstanding		<u>\$ 416,006</u>

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 36,815	\$ 14,715
2016	37,655	13,581
2017	41,445	12,398
2018	40,880	11,041
2019	39,375	9,555
2020 - 2024	171,075	26,117
2025 - 2028	40,030	3,428
Total	<u>\$ 407,275</u>	<u>\$ 90,835</u>

REFUNDED GENERAL OBLIGATION BONDS

During fiscal year 2013-14, the County defeased \$14,815 of General Obligation Bonds, Series 2005 and \$1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements.

In prior years, the County defeased \$14,435 of General Obligation Refunded Bonds, Series 2005 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2014, \$30,450 of outstanding bonds are considered defeased, which includes debt defeased during this current year.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, \$73,375 from the November 4, 1997 bond election remains unissued.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2005	\$ 51,200	3.50 - 5.00%	2015-20	July 1, 2015	\$ 19,240
Series of 2007	21,000	3.25 - 4.75%	2015-22	July 1, 2017	14,870
Series of 2008	25,000	3.50 - 4.50%	2015-22	July 1, 2018	20,425
Series of 2009	15,000	3.00 - 4.00%	2015-24	July 1, 2019	13,650
Series of 2009 Refunding	8,420	3.00 - 4.00%	2015-24	July 1, 2019	7,385
Series of 2012	18,425	3.00 - 5.00%	2015-27	July 1, 2022	16,570
Series of 2012 Refunding	14,520	4.00 - 5.00%	2015-18		11,880
Series of 2014	16,000	3.00 - 5.00%	2015-28	July 1, 2023	16,000
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Transportation bonds outstanding					<u>128,825</u>
Plus unamortized premium/discount:					4,256
Total transportation bonds outstanding					<u><u>\$ 133,081</u></u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 13,685	\$ 5,197
2016	14,250	4,652
2017	14,585	4,000
2018	15,245	3,351
2019	14,310	2,679
2020 - 2024	46,655	6,151
2025 - 2028	10,095	752
Total	<u>\$ 128,825</u>	<u>\$ 26,782</u>

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay \$128,825 in transportation revenue bonds issued between 2005 and 2014. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require approximately 122 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$155,607. Principal and interest paid for bonds in the current year and total net highway user revenues were \$17,661 and \$13,702, respectively.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

REFUNDED TRANSPORTATION BONDS

During fiscal year 2013-14, the County defeased \$9,570 of Transportation Bonds, Series 2005, by issuing \$8,805 of Transportation Bonds that have an average life of 3.93 years and an average interest rate of 5.00%. This refunding transaction resulted in an economic gain of \$515 and a reduction in debt service payments of \$569. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2014, \$9,570 of outstanding bonds are considered defeased.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007A for \$28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On February 4, 2010, the County issued Certificates of Participation Series 2010 for \$20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

On May 22, 2013, the County issued Certificates of Participation Series 2013A for \$80,175. The County intends to use \$60,000 of the proceeds from that issue for projects related to its sewer system. Although no sewer revenues are pledged for the repayment of the Certificates, the County intends to transfer available cash from the Regional Wastewater Reclamation Fund to repay that portion of the proceeds actually used for sewer projects. The County also issued \$12,705 of Refunding Certificates of Participation, Series 2013B. The Certificates were issued with a premium of \$1,260 and the proceeds were used to refund and redeem \$1,220 of Certificates of Participation, Series 1999, and \$12,335 of Certificates of Participation, Series 2003, previously reported by the County as a jail capital lease.

On February 12, 2014, the County issued Certificates of Participation Series 2014 for \$52,160 to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2014.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2007A	\$ 28,765	5.00%	2015-22	July 1, 2017	\$ 18,805
Series of 2010	20,000	3.50 - 5.25%	2015-19		12,030
Series of 2013A	80,175	2.00 - 5.00%	2015-23		45,530
Series of 2013B Refunding	12,705	3.00 - 5.00%	2015-18		10,375
Series of 2014	52,160	2.00 - 5.00%	2015-29	December 1, 2023	52,160
Certificates of participation outstanding					138,900
Plus unamortized premium/discount:					10,803
Total certificates of participation outstanding					<u>\$ 149,703</u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 29,680	\$ 6,572
2016	16,240	5,087
2017	11,955	4,409
2018	12,615	3,808
2019	10,670	3,256
2020 - 2024	35,615	9,622
2025 - 2029	22,125	2,875
Total	<u>\$ 138,900</u>	<u>\$ 35,629</u>

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired Tasers under contract agreements at a total purchase price of \$764. During fiscal year 2013-14, the County also acquired computer equipment under contract agreements at a total purchase price of \$239. The outstanding balance as of June 30, 2014, for the payable totaled \$640. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 229	\$ 16
2016	234	10
2017	177	4
	<u>\$ 640</u>	<u>\$ 30</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2014, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2004 Refunding	\$ 25,770	4.60%	2015	July 1, 2014	\$ 4,000
Series of 2007	50,000	4.00 - 5.00%	2015-26	July 1, 2017	34,715
Series of 2008	75,000	4.00 - 5.00%	2015-23	July 1, 2018	70,130
Series of 2009	18,940	3.25 - 4.25%	2015-24	July 1, 2019	14,540
Series of 2011 Refunding	43,625	3.00 - 5.00%	2015-16		14,265
Sewer revenue bonds outstanding					<u>137,650</u>
Plus unamortized premium/discount:					781
Total sewer revenue bonds outstanding					<u>\$ 138,431</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 17,555	\$ 5,883
2016	15,950	5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020 - 2024	61,400	8,606
2025 - 2026	7,280	440
Total	<u>\$ 137,650</u>	<u>\$ 31,640</u>

On June 17, 2010, Pima County entered into an agreement, whereby future revenues were pledged, that provided monies to be used primarily to pay a portion of the capital project costs associated with the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the county-wide sewer system, including the Agua Nueva (previously known as Roger Road) and Tres Rios (previously known as Ina Road) Wastewater Reclamation Facilities. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for \$189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

In December 2012, the County issued Sewer Revenue Obligations Series 2012A for \$128,795. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System, including the Agua Nueva and Tres Rios Wastewater Reclamation Facilities.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

In February 2014, the County issued Sewer Revenue Obligations Series 2014 for \$48,500. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2014</u>
Series of 2010	\$165,000	2.50 - 5.00%	2015-25	July 1, 2020	\$ 163,000
Series of 2011B	189,160	5.00%	2015-26	July 1, 2021	164,450
Series of 2012A	128,795	1.75 - 5.00%	2015-27	July 1, 2022	118,180
Series of 2014	48,500	2.00 - 5.00%	2015-28	July 1, 2023	48,500
Sewer revenue obligations outstanding					494,130
Plus unamortized premium/discount:					46,158
Total sewer revenue obligations outstanding					<u>\$ 540,288</u>

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 21,890	\$ 23,871
2016	22,740	22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020 - 2024	229,110	61,691
2025 - 2028	106,810	9,317
Total	<u>\$ 494,130</u>	<u>\$ 178,749</u>

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into various loan agreements (used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Outstanding June 30, 2014</u>
2004 Loans payable	\$ 19,967	1.81%	2015-24	\$ 13,534
2009 Loans payable	8,002	0.96%	2015-24	6,146
Total loans payable				<u>\$ 19,680</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2014.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,535	\$ 576
2016	1,581	529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020 - 2024	11,526	1,083
Total	<u>\$ 19,680</u>	<u>\$ 3,476</u>

Pima County has pledged future user charges, net of specified operating expenses, to repay \$137,650 in sewer revenue bonds issued between 2004 and 2011, \$19,680 in sewer revenue loans issued between 2004 and 2009, and \$494,130 in sewer revenue obligations issued between 2010 and 2014. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2028. Annual principal and interest payments on the bonds and obligations are expected to require approximately 67 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 3 percent of net revenues. Total principal and interest remaining to be paid on the bonds is \$169,290. Total principal and interest remaining to be paid on the loans is \$23,156. Total principal and interest remaining to be paid on the obligations is \$672,879. Principal and interest paid for bonds, obligations and loans in the current year and total customer net revenues were \$65,277, \$2,111, and \$96,134, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2014, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

Contracts and notes consist of contract retentions for several construction projects. Generally, interest is not accrued and the timing of payments is based on completion of the related construction projects.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 7: Long-Term Liabilities (continued)

**LEGAL DEBT MARGIN
County General Obligation Bonds**

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2014, is as follows:

Net assessed valuation		\$7,623,691
<u>Debt limit (15% of net assessed valuation):</u>		1,143,554
<u>Less amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 407,275	
Less fund balance in debt service fund available for payment of general obligation bond principal	(5,326)	401,949
Legal debt margin available		\$ 741,605

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$22,771 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$4,584 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended June 30, 2014; actual costs may change due to inflation, changes in technology, or changes in regulations.

<u>Landfill Site</u>	<u>Capacity Used June 30, 2014</u>	<u>Estimated Remaining Service Life</u>
Ajo	73%	37 Years
Sahuarita	56%	28 Years
*Tangerine	99%	36 Years

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used. As the amount of County disposal is very small the estimated remaining service life was extended to 36 years.

The County plans to fund the estimated closure and post-closure care costs with proceeds of general obligation bonds.

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately \$10,946 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

On June 1, 2013 Tucson Recycling and Waste Services was contracted to operate the Landfill and Transfer Station operations on behalf of Pima County in an agency capacity. The closure and post closure costs remain the liability of Pima County.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits

Pension Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Corrections Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (**EORP**), all component units of the State of Arizona. The **EORP** and the **PSPRS**, Pima County – County Attorney Investigators are not described due to their relative insignificance to the County’s financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees’ average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree’s healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The **ASRS** administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions, including general employees of the County and school districts. The **ASRS** is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The **PSPRS** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a seven-member board, known as the Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium plan that covers certain state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The **CORP** is governed by the Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Beginning in fiscal year 2013-14, PSPRS and CORP established separate Funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2013-14, the plans transferred prior year health insurance premium benefit contributions that exceeded benefit payments from each plan’s Pension Fund to the new Health Insurance Fund.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web sites or may be obtained by writing or calling the applicable plan.

ASRS

3300 N. Central Ave
Phoenix, AZ 85012
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or
(800) 621-3778
www.azasrs.gov

PSPRS and CORP

3010 East Camelback Road
Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575
www.psprs.com

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for **ASRS**, **PSPRS** and **CORP**.

Cost-sharing plans

For the year ended June 30, 2014, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2014, the County contributed 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2013, the County contributed 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2012, the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2014	\$ 24,733	\$ 1,387	\$ 555
2013	\$ 22,902	\$ 1,452	\$ 536
2012	\$ 21,290	\$ 1,359	\$ 518

Agent plans

For the year ended June 30, 2014, active **PSPRS** members were required by statute to contribute 10.35 percent of the members' annual covered payroll and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 6.70 percent. The health insurance premium portion of the contribution was set at 1.60 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 actuarial valuations and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions were used to establish the fiscal year 2014 contribution requirements, are as follows:

	<u>PSPRS</u>	<u>CORP</u>
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	24 Years for underfunded, 20 Years for overfunded	24 Years for underfunded, 20 Years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2014, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Annual pension/OPEB cost	\$ 11,856	\$ 563	\$ 3,550	\$ 252
Contributions made	\$ 11,856	\$ 563	\$ 3,550	\$ 252

Trend Information

Annual pension and OPEB cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/ OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/ OPEB Obligation</u>
PSPRS				
Pension	2014	\$ 11,856	100%	
Health insurance premium benefit	2014	\$ 563	100%	
Pension	2013	\$ 9,903	102%	
Health insurance premium benefit	2013	\$ 591	64%	\$ 215
Pension	2012	\$ 8,445	103%	
Health insurance premium benefit	2012	\$ 638	60%	\$ 254
CORP				
Pension	2014	\$ 3,550	100%	
Health insurance premium benefit	2014	\$ 252	100%	
Pension	2013	\$ 2,722	104%	
Health insurance premium benefit	2013	\$ 264	54%	\$ 121
Pension	2012	\$ 2,076	107%	
Health insurance premium benefit	2012	\$ 288	51%	\$ 142

Funded Status

The plan's funded status as of the most recent valuation date of June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 9: Pension and Other Post Employment Benefits (continued)

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial accrued liability	\$ 324,825	\$ 7,337	\$ 100,333	\$ 3,122
Actuarial value of assets	\$ 141,813	7,549	\$ 48,811	3,248
Unfunded actuarial accrued liability (funding excess)	\$ 183,012	\$ (212)	\$ 51,522	\$ (126)
Funded ratio	43.7 %	102.9 %	48.6 %	104.0 %
Covered payroll	\$ 31,544	\$ 31,544	\$ 19,765	\$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	580.2 %	0 %	260.7 %	0 %

	PSPRS	CORP
	Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.85%	7.85%
Projected salary increases includes inflation at	4.0% - 8.0% 4.00%	4.0% -7.25% 4.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	22 Years for underfunded , 20 years for overfunded	22 Years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market
Permanent Benefit Increases	Members retired on or before: July 1, 2011: 2% compounded on average Members retired on or after: August 1, 2011: 0.5% compounded on average All current retirees receive the same dollar increase amount so approximation techniques were used to develop the assumed PBI for each member	Members retired on or befo July 1, 2011: 2.25% of benefit Members retired on or afte August 1, 2011: 0.5% of bene

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

Due from / Due to Other Funds are used to record loans or unpaid operating transfers between funds.

Amounts recorded as due to:

Amounts recorded as due from:	General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Internal Services	Total
General	\$ 53		\$ 2,491			\$ 2,544
Capital Projects			2,153	\$ 6		2,159
Other Governmental	\$ 140		76	6		222
Regional Wastewater Reclamation			6			6
Internal Services		42			\$ 29	71
Total	\$ 140	\$ 95	\$ 4,726	\$ 12	\$ 29	\$ 5,002

B. Transfers

Transfers are used to record transactions between individual funds to subsidize their operations and fund debt service payments and capital construction projects.

Amounts recorded as transfers out:

Amounts recorded as transfers in:	General	Capital Projects	Debt service	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General	\$ 99		\$ 22,990	\$ 103	\$ 1,000			\$ 24,192
Capital Projects	\$ 3,138		\$ 5,880	36,841	337	350	\$ 64	46,610
Debt Service	7,025	146		17,200	36,104	20	994	61,489
Other Governmental	23,724	310		2,115	415		3,828	30,392
Regional Wastewater Reclamation		51,404						51,404
Other Enterprise		3,667						3,667
Internal Service		11,709		3,892	27		380	16,008
Total	\$ 33,887	\$ 67,335	\$ 5,880	\$ 83,038	\$ 36,986	\$ 1,370	\$ 5,266	\$ 233,762

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2014
(in thousands)

Note 11: Construction and Other Significant Commitments

At June 30, 2014, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks and Recreation, Regional Flood Control, Regional Wastewater Reclamation and Transportation.

Facilities Management

At June 30, 2014, the Pima County Facilities Management Department had construction contractual commitments of \$37,309 and other contractual commitments related to service contracts of \$6,728. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government

At June 30, 2014, Pima County had contractual commitments related to service contracts for the Office of Medical Services of \$21,875. Procurement had construction contractual commitments of \$10,028 and other contractual commitments related to service contracts of \$2,406. Information Technology had commitments related to service contracts of \$8,220. Funding for these expenditures will be provided from general fund revenues, the PCWIN special revenue fund and general obligation bonds.

Natural Resources, Parks and Recreation

At June 30, 2014, Pima County had contractual commitments related to service contracts for the Natural Resources, Parks and Recreation Department of \$8,912. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control

At June 30, 2014, the Regional Flood Control fund had construction contractual commitments of \$4,852 and other contractual commitments related to service contracts of \$6,466. Funding for these expenditures will be provided primarily from Flood Control secondary tax levy revenues.

Regional Wastewater Reclamation

At June 30, 2014, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of \$14,718 and other contractual commitments related to service contracts of \$26,040. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation

At June 30, 2014, the Pima County Transportation Department had construction contractual commitments of \$43,327 and other contractual commitments related to service contracts of \$10,956. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 12: Deficit Fund Balances

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2014 of \$1,378 and \$1,032 respectively. The deficits can be eliminated in the future through normal operations.

SUMMARY OF LEGAL DOCUMENTS

The following are brief summaries of the provisions of the Financing Documents together with certain definitions in the Financing Documents not defined elsewhere in the Official Statement. These summaries are not intended to be definitive. Reference is made to the complete documents for the complete terms thereof. Copies of the documents are available as set forth in the Official Statement under the heading “INTRODUCTORY STATEMENT.”

CERTAIN DEFINITIONS

“2010 Certificates” shall mean the Outstanding principal amount of Certificates of Participation, Series 2010, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Second Supplement.

“2013 Certificates” shall mean the Outstanding principal amount of Certificates of Participation, Series 2013, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Third Supplement.

“2014 Certificates” shall mean the Outstanding principal amount of Certificates of Participation, Series 2014, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Fourth Supplement.

“2015 Certificates” shall mean the \$57,025,000 principal amount of Certificates of Participation, Series 2015, evidencing proportionate ownership interests in the Lease Payments to be made by the County, executed and delivered pursuant to the Original Trust Agreement, as supplemented by the Fifth Supplement.

“Acquisition Fund” shall mean the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Additional Certificates” shall mean additional certificates issued subsequent to the 2015 Certificates pursuant to the Trust Agreement.

“Additional Rent” shall mean any payments required to be made by the County pursuant to the Lease, in addition to the Lease Payments.

“Adult Detention Center” shall mean certain maximum and medium security detention facilities of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Aggregate Value” shall mean, with respect to the Certificates, the Outstanding principal amount thereof.

“Business Day” shall mean a day of the year other than (a) a Saturday or Sunday or (b) a day on which banking institutions located in the city designated by the Trustee for the presentation and payment of Certificates are required or authorized to remain closed.

“Certificates” shall mean the 2010 Certificates, the 2013 Certificates, the 2014 Certificates, the 2015 Certificates and any Additional Certificates.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

“Deed” shall mean the Special Warranty Deed from the County, as grantor, to the Trustee, as grantee, conveying the Public Works Building, the Legal Services Building and the Adult Detention Center to the Trustee.

“Defeasance Obligations” means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause) and (ii) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including (A) United States Treasury obligations, including State and Local Government Series, and (B) all direct or fully guaranteed obligations of the Farmers Home Administration, General Services Administration, Guaranteed title XI financing, and Government National Mortgage Association (GNMA). Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

“Event of Default” shall mean (a) an event of default under the Lease, as defined in Section 9.1 thereof, (b) if the Lease has been terminated because the County fails to obtain proper budgeting and appropriation of the full amount of funds necessary to make all Lease Payments for any fiscal period, as described in the Lease, and the Lease has not been reinstated as provided therein, or (c) the failure of the Trustee to receive from the County an amount sufficient to pay principal of or interest on the Certificates on any date payment thereof is due.

“Fifth Amendment” means the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment.

“Fifth Supplement” means the Fifth Supplement to Trust Agreement, dated as of April 1, 2015, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement.

“First Amendment” means the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, between the Trustee and the County, amending the Original Lease-Purchase Agreement.

“First Supplement” means the First Supplement to Trust Agreement, dated as of June 1, 2009, between the Trustee and the County, supplementing and amending the Original Trust Agreement.

“Fiscal Period” shall mean a period of 12 consecutive months commencing on the first day of July and ending on the last day of June, or any other consecutive 12-month period which may be established hereafter as the fiscal year of the Lessee for budgeting and appropriation purposes.

“Fourth Amendment” means the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment and the Third Amendment.

“Fourth Supplement” means the Fourth Supplement to Trust Agreement, dated as of January 1, 2014, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement, the Second Supplement and the Third Supplement.

“Ground Lease” shall mean, collectively, the Ground Lease, dated as of June 1, 2008, between the County, as lessor, and the Trustee, as lessee, together with any amendments thereof or supplements thereto, leasing the Public Works Parking Garage to the Trustee and the Ground Lease, dated as of January 1, 2014, between the County, as lessor, and the Trustee, as lessee, together with any amendments therefor or supplements thereto, leasing the Public Service Center Office Tower and Parking Garage to the Trustee.

“Interest Payment Date” shall mean each of the dates on which interest is due and payable with respect to the Certificates as provided in the Trust Agreement.

“Lease” shall mean the Original Lease-Purchase Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and as subsequently amended from time to time.

“Lease Payment” shall mean all payments required to be paid by the County pursuant to the Lease which are applied to the payment of the principal and interest represented by the Certificates.

“Leased Property” shall mean that certain real property located in Pima County, Arizona, and generally described as the Public Works Building, the Legal Services Building, the Public Works Parking Garage, the Adult Detention Center and the Public Service Center Office Tower and Parking Garage.

“Legal Services Building” shall mean the legal services building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Moody’s” shall mean Moody’s Investors Service, Inc. or any successor nationally recognized securities rating agency.

“Net Proceeds” shall mean any insurance proceeds (other than proceeds of any insurance policy resulting from liability to a third person for damages for bodily and personal injury, death or property damage connected with the construction or operation of the Leased Property) or condemnation award in excess of \$100,000, paid with respect to the Leased Property, or any proceeds resulting from the sale of the Leased Property following an Event of Default, remaining after payment therefrom of all expenses incurred in the collection thereof.

“Original Lease-Purchase Agreement” shall mean the Lease-Purchase Agreement, dated as of June 1, 2008, between the Trustee and the County.

“Original Trust Agreement” shall mean the Trust Agreement, dated as of June 1, 2008, between the Trustee and the County.

“Original Purchaser” shall mean RBC Capital Markets, LLC, as the original purchaser of the 2015 Certificates.

“Outstanding,” when used with reference to the Certificates, shall mean, as of any date of determination, all Certificates theretofore executed and delivered except:

- (a) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Certificates which are deemed paid and no longer Outstanding as provided in the Trust Agreement;
- (c) Certificates in lieu of which other Certificates of the same series shall have been executed and delivered pursuant to the provisions of the Trust Agreement relating to Certificates destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Certificate is held by a bona fide purchaser; and
- (d) Certificates owned or held by or for the account of the Lessee or by any person directly or indirectly controlled by, or under direct or indirect common control with the Lessee (except any Certificates held in any pension or retirement fund), for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in the Trust Agreement.

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

“Permitted Encumbrances” shall mean, as of any particular time (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to the Lease, permit to remain unpaid, (ii) the Lease, (iii) the Ground Lease, (iv) the Trust Agreement, (v) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist as of the date of issuance of the Certificates and which the County certifies in writing shall not materially impair the use

of the Leased Property for purposes of the Lease or the security granted to the Trustee in the Trust Agreement, and (vi) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Lessor and the County consent in writing.

“Permitted Investments” shall mean and include the following investments only relating to the 2015 Certificates (to the extent permitted by law):

- (a) Defeasance Obligations.
- (b) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: (A) the Export Import Bank of the United States, (B) the Rural Economic Community Development Administration (formerly the Farmers Home Administration), (C) the U.S. Maritime Administration, (D) the Small Business Administration, (E) the U.S. Department of Housing and Urban Development (PHA’s), (F) the Federal Housing Administration, and (G) the Federal Financing Bank.
- (c) Direct obligations of any of the following federal agencies which are not fully guaranteed by the full faith and credit of the United States of America: (A) senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by Fannie Mae or Freddie Mac, (B) obligations of the Resolution Funding Corporation (REFCORP), and (C) senior debt obligations of the Federal Home Loan Bank System.
- (d) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)
- (e) Commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s, and which matures not more than 270 days after the date of purchase.
- (f) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P.
- (g) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P or Moody’s or any successors thereto, or
 - (B) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of obligations described in clause (B) of the definition of Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally-recognized independent certified public accountant or firm of such accountants, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vii) on the maturity or redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.
- (h) General obligations of any state of the United States of America rated at least “A2/A” or higher by both S&P and Moody’s.

Investment agreements and other forms of investments, including repurchase agreements (in the case of investment agreements, with appropriate opinions of counsel) with notice to S&P.

“Prepayment” shall mean any payment applied towards the prepayment of the Lease Payments, in whole or in part, pursuant to the Lease.

“Public Works Building” shall mean the County-utilized portion of the public works building of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Public Service Center Office Tower and Parking Garage” shall mean the public service center office tower and adjacent parking garage of the County, located in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Public Works Parking Garage” shall mean that certain parking garage located next to the Public Works Building in the City of Tucson, Pima County, Arizona, as more fully described in the Lease.

“Qualified Self-Insurance” shall mean any program of self-insurance regarding which the Trustee has received a written evaluation of an independent insurance consultant or actuarial consultant having a favorable reputation for skill and experience and an opinion of such consultant that adequate reserves for such program are either maintained with an independent corporate trustee or otherwise held with appropriate safeguards to insure their availability. Notwithstanding the foregoing, any self-insurance program maintained by the County in accordance with Arizona Revised Statutes Sections 11-981, 11-952.01 and 11-952.02 or their successors, shall be deemed to be Qualified Self-Insurance under the Lease.

“S&P” shall mean Standard & Poor’s Financial Services LLC or any successor nationally recognized securities rating agency.

“Second Amendment” means the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment.

“Second Supplement” means the Second Supplement to Trust Agreement, dated as of February 1, 2010, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement.

“Special Counsel” shall mean any law firm, acceptable to the County, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations.

“State” shall mean the State of Arizona.

“Tax Compliance Certificate” shall mean any agreement or certificate of the County which the County may execute in order to establish and maintain the exclusion from gross income for federal income tax purposes of the interest component to the Lease Payments payable with respect to the Certificates.

“Term of the Lease” shall mean the time during which the Lease is in effect, as provided therein.

“Third Amendment” means the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, between the Trustee and the County, amending the Original Lease-Purchase Agreement, as amended by the First Amendment and the Second Amendment.

“Third Supplement” means the Third Supplement to Trust Agreement, dated as of May 1, 2013, between the Trustee and the County, supplementing and amending the Original Trust Agreement, as supplemented and amended by the First Supplement and the Second Supplement.

“Trust Agreement” shall mean the Original Trust Agreement, as supplemented by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and as subsequently amended from time to time.

“Trustee” shall mean U.S. Bank National Association, in its capacity as trustee, or any successor thereto acting as Trustee pursuant to the Trust Agreement.

LEASE

Lease of Leased Property

The Lessor has agreed to lease the Leased Property to the County pursuant to the Lease. The term of the Lease continues until December 1, 2028, unless terminated prior thereto as provided therein.

Upon the County’s failure to obtain, on or prior to the last date on which the County is required or permitted to adopt its budget for a fiscal year of the full amount of funds necessary to make all Lease Payments coming due during the fiscal period for which such budgeting and appropriation are made all of the County’s right, title and interest in and future obligations under the Lease and to all of the Leased Property shall terminate (subject to reinstatement within 45 days of such terminate date), effective as of the last day of the last fiscal period for which such budgeting and appropriation were properly obtained.

Lease Payments; Additional Rent; Reduction of Rental

The County has agreed to pay the Lease Payments as rental for the use and occupancy of the Leased Property, which shall be paid in arrears on May 15 and November 15 of each year.

The amount of Lease Payments shall be reduced upon the redemption of Certificates resulting from Prepayment of Lease Payments, including those resulting from damage or destruction (other than by eminent domain which is hereinafter discussed), of the Leased Property causing substantial interference with the use and occupancy thereof by the County. The Lease Payments shall be reduced proportionately as to the principal and interest components thereof such that the resulting Lease Payments shall correspond to the remaining payments of principal of and interest on the Outstanding Certificates (after any redemption of Certificates resulting from such Prepayments made with the Net Proceeds of insurance coverage for such damage or destruction), which resulting Lease Payments are deemed to represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed. In the event of any such reduction, the Lease shall continue in full force and effect and the County shall waive any right to terminate the Lease by virtue of any damage and destruction of the Leased Property causing such reduction in Lease Payments.

In addition to Lease Payments, the County has agreed to pay when due as Additional Rent (a) all costs and expenses of the Lessor or the Trustee to comply with the provisions of the Trust Agreement, (b) payments required to be deposited into the Rebate Fund pursuant to the Trust Agreement to make certain arbitrage rebate payments to the federal government, (c) compensation and expenses of the Trustee, (d) certain indemnification amounts (e) all costs and expenses of auditors, engineers and legal counsel, and (f) all rent for any holdover period during which the County stays in possession of the Leased Property after termination of the Lease.

Maintenance, Utilities, Taxes and Modifications

The County, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Lessor has no responsibility for such repair. The County has the power to make additions, modifications and improvements to the Leased Property which do not damage or reduce their value to a value substantially less than that which existed prior to such modification or improvement. Any such additions, modifications or improvements shall automatically become subject to the Lease. The County must pay or cause to be paid all taxes, other governmental charges and utility charges with respect to the Leased Property, as well as any taxes and assessments, if any, which it is legally obligated to pay.

Insurance

The Lease requires the County to maintain or cause to be maintained the following insurance against risk or physical damage to the Leased Property and other risks for the protection of the Certificate Owners and the Trustee:

(i) General Liability. The County shall maintain or cause to be maintained, throughout the term of the Lease through Qualified Self-Insurance or a standard commercial general insurance policy or policies with a responsible insurance company or companies authorized under the laws of the State to assume such risks, of such types and in such amounts as are then customary for similar institutions carrying on similar activities to those carried on the Leased Property.

(ii) Fire and Extended Coverage, Vandalism and Malicious Mischief. The County shall maintain or cause to be maintained, throughout the term of the Lease, insurance or Qualified Self-Insurance against loss or damage to any structure or equipment constituting any part of the Leased Property by fire and lightning, with extended coverage and malicious mischief insurance. Coverage shall be in an amount equal to 100% of the replacement cost of the Leased Property. Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss.

The insurance described in paragraphs (i) and (ii) may be maintained as part of or in conjunction with any other liability or fire and extended coverage for insurance, respectively, carried or required to be carried by the County and may be maintained in the form of Qualified Self-Insurance by the County.

(iii) Title Insurance. The County provided a title insurance policy in the amount of the aggregate principal amount of the Certificates, insuring the Trustee's estate in the Leased Property, subject only to Permitted Encumbrances.

All policies of insurance (except the policy of general liability insurance) must provide that the Net Proceeds thereof shall be payable to the Trustee. The Net Proceeds of fire and extended coverage insurance shall be deposited in the Insurance and Condemnation Fund and applied to restore, replace, repair, modify or improve the Leased Property or to the prepayment of Lease Payments and the corresponding redemption of Certificates. See "TRUST AGREEMENT – Funds – Insurance and Condemnation Fund". The Net Proceeds of general liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid. The proceeds of title insurance shall be deposited in the Lease Payment Fund and applied to the prepayment of Lease Payments and the corresponding redemption of Outstanding Certificates. The County has agreed to pay or cause to be paid when due the premiums on all insurance policies and furnish evidence of such payments promptly to the Trustee.

In the event the County maintains self-insurance for general liability insurance and fire and extended coverage insurance required under the Lease, the County shall cause to be delivered to the Trustee annually the documentation required for the determination that such self-insurance constitutes Qualified Self-Insurance. Additionally, to the extent the Trustee may not be named as an insured or loss payee under any insurance or Qualified Self-Insurance, the County assigns to the Trustee its rights to receive any or all proceeds received from such insurance or Qualified Self-Insurance as their respective rights under the Lease appear on the date of payment. The County shall furnish an annual certificate to the Trustee stating that the insurance in effect meets the requirements of the Lease.

Eminent Domain

If all of the Leased Property shall be taken permanently under the power of eminent domain, the term of the Lease shall cease as of the day possession shall be so taken. If less than all of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily, under the power of eminent domain, (i) the Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties thereto waive the benefit of any law to the contrary, and (ii) there shall be a partial reduction of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the Prepayment of the Lease Payments, which shall be reduced proportionately as to the principal and interest components thereof such that the resulting Lease Payments shall correspond to the remaining payments of principal of and interest on the Outstanding Certificates, which represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Property. See "Lease – Lease Payments; Additional Rent; Reduction of Rental."

Option to Purchase Leased Property

The County has the option to purchase all of the Leased Property by prepaying the Lease Payments in whole at any time at the prices set forth in the Lease. In the event that the County elects to exercise its option prior to the optional redemption dates of the Certificates, the County is required to make such Prepayment by depositing certain Permitted Investments and cash, if required, sufficient, together with earnings on the investment thereof to pay and redeem the appropriate amount of Certificates. The optional prepayment prices have been determined such that all of the Outstanding Certificates shall be retired in the event the County elects to purchase all of the Leased Property.

The County may on any date secure the payment of Lease Payments with respect to any element of the Leased Property by deposit with the Trustee of certain Permitted Investments and cash, if required, in such amount as shall, in the opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Permitted Investments then on deposit in the Lease Payment Fund, the Insurance and Condemnation Fund related to the Lease Payments with respect to such Leased Property, be fully sufficient to pay all unpaid Lease Payments and Additional Rent with respect to such Leased Property on the respective Lease Payment Dates or on the applicable date for Prepayment of Lease Payments, as the County instructs at the time of said deposit.

Assignment; Subleases

The County may not assign any of its rights in the Lease, and may not sublease all or a portion of the Leased Property without the written consent of the Trustee and only under the conditions contained in the Lease, including the condition that such sublease not adversely affect the exclusion of the interest components of the Lease Payments from federal gross income when paid to the Owners of the Certificates.

Events of Default

Each of the following constitutes an “event of default” under the Lease:

- (i) Failure by the County to make any Lease Payment or other payment required under the Lease when due and continuation of such failure for two (2) days; or
- (ii) Failure by the County to comply with any covenant, agreement or condition contained in the Lease or the Trust Agreement, other than the event of default described in (i) above, and the continuance of such failure or default for a period of 30 days after written notice thereof has been given to the County by the Trustee, the Lessor, or the Owners of not less than 5% in aggregate principal amount of Certificates then Outstanding; provided, if the failure stated in the notice can be corrected, but not within such 30 day period, the Trustee, the Lessor and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the County within such 30 day period and diligently pursued until the default is corrected; or
- (iii) Any representation or warranty made by the County under the Lease shall be untrue in any material respect; or
- (iv) Certain events relating to bankruptcy of the County or the inability of the County to pay its debts.

Notwithstanding the foregoing, if, by reason of Force Majeure, the County is unable to perform or observe any agreement, term or condition of the Lease, other than any obligation to make Lease Payments or Additional Rent, the County shall not be deemed in default during the continuance of such inability. However, the County shall promptly give notice to the Trustee of the existence of any event of Force Majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strike or labor disturbances shall be entirely within the County’s discretion.

The term "Force Majeure" shall mean, without limitation: Acts of God; strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or any of its departments, agencies, political subdivisions, courts or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lighting; earthquakes; fire; hurricanes; tornados; storms; droughts; floods; arrests; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation.

Upon the occurrence and continuance of any event of default, the Lessor may at its option elect to terminate the Lease or, with or without such termination, to re-enter, take possession of the Leased Property, to the exclusion of the County, and sell, convey, re-rent or re-let the Leased Property. Any amounts collected by the Lessor from the sale or reletting of the Leased Property shall be credited towards the County's unpaid Lease Payments. Any net proceeds of sale, re-lease or other disposition of the Leased Property are required to be deposited in the Lease Payment Fund and applied to Lease Payments in order of payment date. Pursuant to the Trust Agreement, the Lessor assigns all of its rights with respect to remedies in an event of default to the Trustee, so that all such remedies shall be exercised by the Trustee and the Certificate Owners as provided in the Trust Agreement.

TRUST AGREEMENT

Pledge and Security

Pursuant to the Trust Agreement, the Trustee is authorized and directed to acquire, to receive and to hold as security for the Owners of the Certificates, the following:

A. All right, title and interest of the Lessor in and to the Leased Property; subject, however, to the rights of the County under the Lease.

B. All right, title and interest of the Lessor in and to the Lease, the Deed and the Ground Lease and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, (ii) bring actions and proceedings thereunder or for the enforcement thereof, and (iii) do any and all things which the Lessor is or may become entitled to do thereunder.

C. All right, title and interest of the Lessor in and to amounts on deposit from time to time in the funds and accounts created pursuant to the Trust Agreement (other than the Rebate Fund).

The Trust Agreement also represents a declaration by the Trustee that it holds the above rights and interests in trust for the benefit of the Owners of the Certificates.

Trustee

The Trustee is appointed pursuant to the Trust Agreement and is authorized to execute and deliver the Certificates and to act as a depository of amounts held thereunder. The Trustee is required to make deposits into and withdrawals from funds, and invest amounts held under the Trust Agreement in accordance with the County's instructions.

Funds

The Trust Agreement creates the Acquisition Fund, the Delivery Costs Fund, the Lease Payment Fund and the Insurance and Condemnation Fund to be held in trust by the Trustee.

Acquisition Fund. There shall be deposited into the Acquisition Fund (after certain deposits are made to the Delivery Costs Fund) amounts necessary to acquire the Leased Property.

Delivery Costs Fund. There shall be deposited in the Delivery Costs Fund amounts necessary to pay costs relating to the execution, sale and delivery of Certificates, which amounts shall be disbursed by the Trustee, upon the written order of the County.

Lease Payment Fund. There shall be deposited into the Lease Payment Fund, when received by the Trustee, all Lease Payments and Prepayments. Moneys on deposit in the Lease Payment Fund shall be used to pay principal of, redemption premiums, if any, and interest on the Certificates.

Insurance and Condemnation Fund. Any Net Proceeds of insurance or condemnation awards in excess of \$100,000 shall be deposited in the Insurance and Condemnation Fund. Moneys on deposit, in the event of an insurance award, shall be used, as directed by the County, either to replace, repair or improve the Leased Property or be transferred to the Lease Payment Fund and applied to the Prepayment of the Certificates. However, if the Leased Property is destroyed in full, such Net Proceeds may only be used to prepay Lease Payments if they are sufficient, together with other available moneys, to fully prepay the Certificates. If such moneys are not so sufficient, they shall be used to replace, repair or improve the Leased Property.

Net Proceeds of a condemnation award shall be used as follows: (i) if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such eminent domain proceedings have not materially affected the operation of any of the Leased Property or the County's ability to meet its obligations under the Lease, and if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such proceeds are not needed for repair or rehabilitation of the Leased Property, the Trustee shall transfer such proceeds to the Lease Payment Fund as a credit against Lease Payments, (ii) if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such proceedings have not materially affected the operations of any of the Leased Property or the County's ability to meet its obligations under the Lease and such proceeds are needed for repair, rehabilitation or replacement of the Leased Property, the Trustee shall pay to the order of the County such portion of the proceeds required for such repair, rehabilitation or replacement, (iii) to prepay Lease Payments and redeem Certificates if less than all of the Leased Property is taken and the Trustee determines that such proceedings have materially affected the operation of the Leased Property or the County's ability to meet its obligations under the Lease, or (iv) if all of the Leased Property is taken, to prepay Lease Payments and thereby redeem Certificates.

Any moneys in the Insurance and Condemnation Fund (including investment earnings) remaining after the repair, replacement or improvement of the Leased Property is completed shall be paid to the County.

The Trustee is required to invest and reinvest all moneys held under the Trust Agreement upon order of a representative of the County in Permitted Investments for the Certificates. Any surplus remaining in the Lease Payment Fund after the payment of all Certificates, or provision for their payment has been made, shall be repaid to the County,

Event of Default; Acceleration

Upon the occurrence of an Event of Default, the Trustee, shall take action to exclude the County from the Leased Property and, upon the request of the Owners of at least 5% in Outstanding principal amount of the Certificates, shall exercise any and all remedies available at law or pursuant to the Lease including declaring the Certificates then Outstanding to be immediately due and payable; provided however that no such acceleration shall change or otherwise affect the County's obligation to make Lease Payments and Additional Rent only during the term of the Lease and at the amounts and times provided therein. The Owner of any Certificate may institute any suit, action, or other proceedings in equity or at law for the protection or enforcement of any right under the Lease or Trust Agreement if and only if (i) such Owner has given written notice to the Trustee of such Event of Default, (ii) a majority of Certificate Owners have first notified the Trustee in writing of the event of default and made written request of the Trustee to exercise such powers, (iii) the Trustee shall have been offered reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (iv) the Trustee shall have refused or omitted to comply with such request 60 days following receipt of such written request and such tender of indemnity.

Amendment

The Trust Agreement or the Lease may be amended by agreement among the parties thereto, and without the consent of the Owners of the Certificates, but only (i) to add to the covenants and agreements of any party, other

covenants to be observed, or to surrender any right or power reserved in the Trust Agreement to the Lessor or the County, (ii) to cure, correct or supplement any ambiguous or defective provision, (iii) in regard to questions arising thereunder, which shall not, in the judgment of the Trustee, materially adversely affect the interest of the Owners, or (iv) to provide additional terms and conditions in connection with the issuance of Additional Certificates, which shall not, in the judgment of the Trustee, materially adversely affect the interests of the Owners. Any other amendment shall require the approval of a majority in principal amount of the Certificates then Outstanding; provided that no such amendment shall (i) extend the maturity or time of interest payment, or reduce the interest rate, amount of principal or premium payable on, any Certificate without such owner's consent, (ii) reduce the percentage of Owners of Certificates required to consent to any amendment or modification, or (iii) modify any of the Trustee's rights or obligations without its consent.

Defeasance

Upon payment of all Outstanding Certificates, either at or before maturity, or upon the irrevocable deposit of Permitted Investments of the type described in paragraph (a) of the definition of the term "Permitted Investments" (but not including any repurchase agreements), with the Trustee sufficient together with other available funds, without reinvestment, to retire the Certificates at or before maturity, the Trust Agreement shall be terminated, except for the obligations of the Trustee to make payments on the Certificates.

Any Certificate or portion thereof in authorized denominations may be paid as provided in the preceding paragraph; provided, however, that if any such Certificate or portion thereof is to be redeemed, notice of such redemption shall have been given in accordance with the provisions of the Trust Agreement or the County shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Certificate or portion thereof is to be redeemed and as to the giving of notice of such redemption; and provided further, that if any such Certificate or portion thereof shall not mature or be redeemed within 60 days of the deposit of the moneys or the respective Permitted Investments referred to in the preceding paragraph, the Trustee shall give notice of such deposit by first class mail to the Owners.

Additional Certificates

So long as the Lease remains in effect and no Event of Default under the Trust Agreement has occurred, the Trustee may execute and deliver, at the direction of the County, Additional Certificates from time to time to provide funds to pay any one or more of (i) the costs of refunding Outstanding Certificates or restructuring the County's Lease Payments under the Lease, or (ii) the costs of making any modifications or improvements to the Leased Property as the County may deem necessary or desirable.

Before the Trustee shall deliver any Additional Certificates executed, the following items shall have been received by the Trustee:

- (a) Original executed counterparts of any amendments or supplements to the Lease and of the Trust Agreement entered into in connection with the execution and delivery of the Additional Certificates, which are necessary or advisable, in the opinion of Special Counsel, to provide that the Additional Certificates will be executed and delivered in compliance with the provisions of the Trust Agreement.
- (b) A written opinion of Special Counsel to the effect that (i) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of the Trust Agreement, (ii) any filings required to be made under the Trust Agreement have been made, and (iii) all conditions precedent to the delivery of the Additional Certificates have been fulfilled.
- (c) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above), to the effect that (i) when executed and delivered by the Trustee, those Additional Certificates will be valid and binding in accordance with their terms and will be secured hereunder equally and on a parity with all other Certificates at the time Outstanding under the Trust Agreement as to the assignment to the Trustee of the amounts pledged thereunder, and (ii) the execution and delivery of the Additional Certificates will not result in the portion of the

Lease Payments designated as interest evidenced by the Certificates Outstanding immediately prior to that execution and delivery of such Additional Certificates becoming includable in gross income for purposes of federal income taxation.

- (d) A written opinion of Special Counsel (who also may be the counsel to which reference is made in subsection (b) above) to the effect that any amendments or supplements to the Lease entered into in connection with the execution and delivery of the Additional Certificates have been duly authorized, executed and delivered by the County, and that the Lease, as amended or supplemented, constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to exceptions reasonably satisfactory to the Trustee for bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.
- (e) Written confirmation from Moody's, if the Certificates are then rated by Moody's, from Fitch, if the Certificates are then rated by Fitch, and from S&P, if the Certificates are then rated by S&P, that the issuance of the Additional Certificates will not cause the then-assigned rating assigned to the Certificates to be reduced or withdrawn.

THE GROUND LEASE

The County leases the site for the Public Works Parking Garage and the Public Service Center Office Tower and Parking Garage and all improvements and structures thereon, to the Trustee for the period commencing as of the date of the Ground Leases and terminating on June 1, 2029, provided that in no event shall the Ground Lease terminate before the termination of the Lease.

Title to the Public Works Parking Garage and the Public Service Center Office Tower and Parking Garage shall at all times remain with the County.

The Trustee prepaid its rental payments under the Ground Lease upon execution and delivery of the Ground Lease in connection with the execution and delivery of the 2008 Certificates.

The County shall have the right to terminate the Ground Lease upon written notice to the Trustee of (a) defeasance of the Lease and the Trust Agreement with respect to all Certificates as permitted thereunder, or (b) the exercise of the County of its option to purchase the Leased Property pursuant to the Lease and defeasance of the Trust Agreement as permitted thereunder.

FORM OF SPECIAL COUNSEL OPINION

_____, 2015

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as special counsel to our client Pima County, Arizona (the “County”) and not as counsel to any other person in connection with the execution and delivery by U.S. Bank National Association, as trustee (the “Trustee”), of \$57,025,000 aggregate principal amount of Certificates of Participation, Series 2015 (the “2015 Certificates”) pursuant to a Trust Agreement, dated as of June 1, 2008, as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009, a Second Supplement to Trust Agreement, dated as of February 1, 2010, a Third Supplement to Trust Agreement, dated as of May 1, 2013, a Fourth Supplement to Trust Agreement dated as of January 1, 2014 and a Fifth Supplement to Trust Agreement, dated as of April 1, 2015 (collectively, the “Trust Agreement”), between the County and the Trustee, and relating to a Lease-Purchase Agreement, dated as of June 1, 2008, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 and a Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (collectively, the “Lease Agreement”), between the Trustee, as lessor, and the County, as lessee. The Lease Agreement and the Trust Agreement are referred to collectively as the “County Documents.” Capitalized terms not defined in this letter are used as defined in the County Documents.

In our capacity as special counsel, we have examined the transcript of proceedings relating to the execution and delivery of the 2015 Certificates, the County Documents, a copy of the executed 2015 Certificate of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

The 2015 Certificates, together with other Certificates heretofore or hereafter executed and delivered pursuant to the Trust Agreement, represent undivided and proportionate interests in the obligations of the County under the Lease Agreement. The County has agreed to lease certain real and personal property from the Trustee, as lessor, under the Lease Agreement.

Based upon our examination, we are of the opinion that, under existing law:

1. The County is a political subdivision existing under the laws of the State of Arizona, and has all requisite power to enter into and perform its obligations under the County Documents.
2. The County Documents each have been duly authorized, executed and delivered by the County and constitute legal, valid and binding obligations of the County enforceable in accordance with their terms.
3. The 2015 Certificates have been duly authorized, executed and delivered by the Trustee at the request and for the benefit of the County and are valid and binding limited and

special obligations payable solely from the Lease Payments and certain funds held under the Trust Agreement as provided therein. The 2015 Certificates are not secured by an obligation or pledge of any taxing power or moneys raised thereby and are not a debt of and do not constitute a pledge of the faith and credit of the County, the State of Arizona or any political subdivision thereof.

4. The portion of each Lease Payment made by the County pursuant to the Lease Agreement and denominated as and comprising interest pursuant to the Lease Agreement and received by the owners of the 2015 Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the Interest Portion earned by certain corporations may be subject to a corporate alternative minimum tax. The Interest Portion is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the 2015 Certificates. We also express no opinion as to the treatment for federal income tax purposes or Arizona state income tax purposes of amounts paid to the owners of the 2015 Certificates in the event of termination of the Lease Agreement due to nonappropriation.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the County delivered in connection with this matter.

In rendering those opinions with respect to treatment of the Interest Portion under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to the execution and delivery of the 2015 Certificates may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2015 Certificates.

The rights of the owners of the 2015 Certificates and the enforceability of the 2015 Certificates and the County Documents are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as special counsel with respect to the 2015 Certificates has concluded on this date.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

**\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015**

CONTINUING DISCLOSURE UNDERTAKING

**FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12**

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by Pima County, Arizona (the “County”), in connection with the execution and delivery of \$57,025,000 aggregate principal amount of Certificates of Participation, Series 2015 (the “Certificates”), pursuant to a Trust Agreement, dated as of June 1, 2008, as amended (the “Trust Agreement”), between the County and U.S. Bank National Association, as trustee.

In connection with the Certificates, the County covenants and agrees as follows:

Purpose of this Undertaking. This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Certificates and in order to assist the Underwriter in complying with the requirements of the Rule (as defined below).

Definitions. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“Annual Information” means the financial information and operating data set forth in Exhibit I.

“Annual Information Disclosure” means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“Audited Financial Statements” means the general purpose audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Listed Event” means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Arizona.

“Underwriter” includes each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Certificates.

CUSIP Number/Final Official Statement. The base CUSIP Number of the Certificates is 721664.

Official Statement. The Final Official Statement relating to the Certificates is dated March 16, 2015.

Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA, in a format prescribed by the MSRB. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Listed Events Disclosure. Subject to Section 8 of this Undertaking, the County hereby covenants that it will disseminate notice of occurrence of a Listed Event to the MSRB through EMMA not later than ten business days after the occurrence of the Listed Event, in a format prescribed by the MSRB, except that for the events 2, 7, 10, 13 and 14, listed in Exhibit II, the County will provide such notice if it determines that such event would be material under applicable federal securities laws.

Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Certificate may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an event of default on the Certificates. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

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

This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

The amendment does not materially impair the interests of the beneficial owners of the Certificates, as determined by an independent counsel or other entity unaffiliated with the County.

Non-Appropriation. The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to the MSRB through EMMA.

Termination of Undertaking. The Undertaking of the County shall be terminated hereunder when the County no longer has liability for any obligation relating to repayment of the Certificates or the Rule no longer applies to the Certificates. The County shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA.

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

Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Certificates, and shall create no rights in any other person or entity.

Recordkeeping. The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Listed Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

Assignment. The County shall not transfer its obligations under the Trust Agreement unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

Governing Law. This Undertaking shall be governed by the laws of the State.

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Manager

Date: _____, 2015

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement in Appendix B in the tables entitled “PIMA COUNTY, ARIZONA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES,” “PIMA COUNTY, ARIZONA STATEMENT OF FUND BALANCES – ALL GOVERNMENTAL FUND TYPES” and “PIMA COUNTY, ARIZONA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE.”

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; and the Final Official Statement need not be available from the Commission. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to generally accepted accounting principles (“GAAP”), as applied to governmental units as modified by State law (“GAAP”), Audited Financial Statements will be provided to the MSRB through EMMA, at the same time as Annual Financial Information is filed, or if not available when such Annual Financial Information is filed, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the County will disseminate a notice of such change as required by Section 4, including changes in Fiscal Year or GAAP.

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the County;

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

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, SPECIAL COUNSEL, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the 2015 Certificates. The 2015 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2015 Certificate certificate will be issued for each maturity of the 2015 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2015 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Certificates on DTC's records. The ownership interest of each actual purchaser of each 2015 Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2015 Certificates, except in the event that use of the book-entry system for the 2015 Certificates is discontinued.

To facilitate subsequent transfers, all 2015 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2015 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2015 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of 2015 Certificates may wish to ascertain that the nominee holding the 2015 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2015 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2015 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2015 Certificates will be made by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Certificates at any time by giving reasonable notice to the Trustee or the County. Under such circumstances, in the event that a successor depository is not obtained, 2015 Certificate certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2015 Certificate certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE TRUSTEE WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2015 CERTIFICATES UNDER THE TRUST AGREEMENT; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2015 CERTIFICATES; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2015 CERTIFICATES; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2015 CERTIFICATES; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the 2015 Certificates, as nominee of DTC, references herein to "Owner" or registered owners of the 2015 Certificates (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2015 Certificates.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the County or the Trustee to DTC only.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by Pima County, Arizona (the “County”), in connection with the execution and delivery of \$57,025,000 aggregate principal amount of Certificates of Participation, Series 2015 (the “Certificates”), pursuant to a Trust Agreement, dated as of June 1, 2008, as amended (the “Trust Agreement”), between the County and U.S. Bank National Association, as trustee.

In connection with the Certificates, the County covenants and agrees as follows:

1. Purpose of this Undertaking. This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Certificates and in order to assist the Underwriter in complying with the requirements of the Rule (as defined below).

2. Definitions. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“Annual Information” means the financial information and operating data set forth in Exhibit I.

“Annual Information Disclosure” means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 5.

“Audited Financial Statements” means the general purpose audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Listed Event” means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Arizona.

“Underwriter” includes each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Certificates.

3. CUSIP Number. The base CUSIP Number of the Certificates is 721664.

4. Official Statement. The Final Official Statement relating to the Certificates is dated March 16, 2015.

5. Annual Information Disclosure. Subject to Section 9 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA, in a format prescribed by the MSRB. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

6. Listed Events Disclosure. Subject to Section 9 of this Undertaking, the County hereby covenants that it will disseminate notice of occurrence of a Listed Event to the MSRB through EMMA not later than ten business days after the occurrence of the Listed Event, in a format prescribed by the MSRB, except that for the events 2, 7, 10, 13 and 14, listed in Exhibit II, the County will provide such notice if it determines that such event would be material under applicable federal securities laws.

7. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Certificate may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default

under this Undertaking shall not be an event of default on the Certificates. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

8. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

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

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Certificates, as determined by an independent counsel or other entity unaffiliated with the County.

9. Non-Appropriation. The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to the MSRB through EMMA.

10. Termination of Undertaking. The Undertaking of the County shall be terminated hereunder when the County no longer has liability for any obligation relating to repayment of the Certificates or the Rule no longer applies to the Certificates. The County shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA.

11. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

12. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

13. Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the

benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Certificates, and shall create no rights in any other person or entity.

14. Recordkeeping. The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Listed Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

15. Assignment. The County shall not transfer its obligations under the Trust Agreement unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

16. Governing Law. This Undertaking shall be governed by the laws of the State.

[Signature page to follow]

PIMA COUNTY, ARIZONA

By: 
Thomas Burke
Finance and Risk Manager

Date: April 15, 2015

[Signature page of Continuing Disclosure Undertaking]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement in Appendix B in the tables entitled “PIMA COUNTY, ARIZONA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES,” “PIMA COUNTY, ARIZONA STATEMENT OF FUND BALANCES – ALL GOVERNMENTAL FUND TYPES” and “PIMA COUNTY, ARIZONA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE.”

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; and the Final Official Statement need not be available from the Commission. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to generally accepted accounting principles (“GAAP”), as applied to governmental units as modified by State law. Audited Financial Statements will be provided to the MSRB through EMMA, at the same time as Annual Financial Information is filed, or if not available when such Annual Financial Information is filed, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 5 of this Undertaking, the County will disseminate a notice of such change as required by Section 5, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the County;

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

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Certificate of Clerk

Board of Supervisors of Pima County, Arizona

State of Arizona

County of Pima ^{SS}

I, Robin Brigode, do hereby certify that I am the duly appointed and qualified, Clerk of the Board of Supervisors of Pima County, Arizona.

I further certify that the attached resolution entitled

RESOLUTION NO. 2014 - 125

(See attached copy)

is a true and correct copy of a resolution passed and adopted by the Board of Supervisors of Pima County, Arizona, at a meeting held on the 16th day of December, 2014, at which a quorum was present, and that the original resolution is officially of record in my possession.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Board of Supervisors of Pima County, Arizona, this 3rd day of April, 2015.

Robin Brigode

Clerk

RESOLUTION NO. 2014-125

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 CAPITAL 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 TO PROVIDE THE NECESSARY FINANCING 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"), which was amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, by a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, by a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 and by a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (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 by a First Supplement to Trust Agreement, dated as of June 1, 2009, by a Second Supplement to Trust Agreement, dated as of February 1, 2010, by a Third Supplement to Trust Agreement, dated as of May 1, 2013 and by a Fourth Supplement to Trust Agreement, dated as of January 1, 2014 (collectively, and as further supplemented by the Trust Supplements hereinafter described, the "Trust Agreement"), pursuant to which the Trustee executed and delivered \$50,000,000 principal amount of Certificates of Participation, Series 2008 (the "2008 Certificates"), \$34,400,000 principal amount of Certificates of Participation, Series 2009 (the "2009 Certificates"), \$20,000,000 principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates"), \$80,175,000 principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates"), \$12,705,000 principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates") and \$52,160,000 principal amount of Certificates of Participation, Series 2014 (the "2014 Certificates), for the purpose of financing and refinancing the costs of certain capital projects of the County and amending and restructuring the County's lease payments (the "Lease Payments") under the Original Lease-Purchase Agreement; and

WHEREAS, there are no 2008 Certificates or 2009 Certificates currently outstanding and there are currently outstanding only 2010 Certificates, 2013A Certificates, 2013B Certificates and 2014 Certificates; 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 Additional Certificates, in an aggregate principal amount not exceeding \$60,000,000, plus any amount necessary to pay the costs associated with the execution and delivery of such Additional Certificates, in one or more series, under the Trust Agreement, for any or all of the following purposes: (a) financing the costs of additional capital projects for the County, and (b) paying the costs associated with the execution and delivery of such Additional Certificates, and to restructure the Lease Payments under the Lease-Purchase Agreement; and

WHEREAS, in connection with the execution and delivery of the 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 Certificates, 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 Certificates of each series will be offered for sale pursuant to a Preliminary Official Statement (the "Preliminary Official Statement"), which, with conforming changes, will become the Official Statement (the "Official Statement") and sold pursuant to one or more Certificate Purchase Agreements (collectively, the "Purchase Agreement") between the County and RBC Capital Markets, LLC, the purchaser of such series of the Certificates (the "Original Purchaser"); and

WHEREAS, in connection with the execution and delivery of the Certificates, 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 the Certificates, as evidenced in one or more Continuing Disclosure Undertakings from the County (the "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 Agreement, the Continuing Disclosure Undertaking 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 the 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. The execution and delivery of Certificates in one or more series under the Trust Agreement, for any or all of the following purposes, is hereby approved: (a) financing the costs of additional capital projects of the County, and (b) funding any amount required for paying costs associated with the execution and delivery of such Certificates and to restructure Lease Payments under the Lease-Purchase Agreement.

Section 2. The Chair, Vice Chair or Acting Chair of this Board, the County Administrator of the County or 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 or attest, as required, 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 Certificates intended by the County to be executed and delivered bearing tax-exempt interest or otherwise required by the related Purchase Agreement.

Section 4. The execution, sale and delivery of Certificates, which in the aggregate will not exceed the principal amount of \$60,000,000, plus any amount approved by an Authorized Officer as being necessary to pay the costs associated with the execution and delivery of such Additional Certificates, 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 having the 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, are in all respects approved. Each series of Certificates shall be sold and awarded to the Original Purchaser at a price of not less than 98% of par (excluding any original issue discount). Each series of Certificates shall mature over a period ending not later than December 1, 2029, 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).

Section 5. The distribution of the Preliminary Official Statement by the Original Purchaser with respect to each series of Certificates 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 Original Purchaser, 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 his designee determines that the purchase of an insurance policy securing payment of any series of 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 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 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 Regional Wastewater Reclamation Enterprise Fund, the Capital Projects Fund or any other funds, as appropriate, and in the amounts proportional to the use of the Certificate proceeds for transportation projects, wastewater 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 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.

[Remainder of page intentionally left blank.]

PASSED, ADOPTED AND APPROVED, by the Board of Supervisors of Pima County, Arizona, on December 16, 2014.

PIMA COUNTY, ARIZONA

By: Sharon Benson
Chair, Board of Supervisors

DEC 16 2014

ATTEST:

By: Robin Brugode
Clerk, Board of Supervisors

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

By: Timothy E. Pickrell
Timothy E. Pickrell

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

GENERAL CERTIFICATE OF THE COUNTY

The undersigned, the Chair and the Clerk, respectively, of the Board of Supervisors of Pima County, Arizona (the "County"), acting for and on behalf of the County, do hereby certify as follows with respect to the County's \$57,025,000 aggregate principal amount of Certificates of Participation, Series 2015 (the "2015 Certificates"):

1. They are the duly appointed, qualified and acting Chair and Clerk of the Board of Supervisors of the County and, as such, are familiar with the books, records and proceedings of the County and are charged with the responsibility on behalf of the County for the execution and delivery of the 2015 Certificates.

2. Each of the following documents has been executed and delivered by the Chair and attested by the Clerk of the Board of Supervisors of the County or by the Finance and Risk Management Director of the County:

<u>Document</u>	<u>Dated Date</u>	<u>Other Party(ies)</u>
Fifth Amendment to Lease-Purchase Agreement (the "Fifth Amendment")	April 1, 2015	U.S. Bank National Association, as Trustee (the "Trustee")
Fifth Supplement to Trust Agreement (the "Fifth Supplement")	April 1, 2015	Trustee
Certificate Purchase Contract	March 16, 2015	RBC Capital Markets, LLC, as Underwriter
Continuing Disclosure Undertaking	April 15, 2015	None
Tax Compliance Certificate	April 15, 2015	None

The Lease-Purchase Agreement, dated as of June 1, 2008, between the County and the Trustee, as amended by the First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, by the Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, by the Third Amendment to Lease-Purchase Agreement, dated as of

May 1, 2013, by the Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014, and by the Fifth Amendment, is herein collectively referred to as the "Lease-Purchase Agreement." The Trust Agreement, dated as of June 1, 2008, between the County and the Trustee, as amended by the First Supplement to Trust Agreement, dated as of June 1, 2009, by the Second Supplement to Trust Agreement, dated as of February 1, 2010, by the Third Supplement to Trust Agreement, dated as of May 1, 2013, by the Fourth Supplement to Trust Agreement, dated as of January 1, 2014, and by the Fifth Supplement, is herein collectively referred to as the "Trust Agreement." The Lease-Purchase Agreement, the Trust Agreement, the Certificate Purchase Contract, the Continuing Disclosure Undertaking, and the Tax Compliance Certificate are herein sometimes collectively referred to as the "County Documents."

3. The duly elected, qualified and acting members and incumbents of the Board of Supervisors of the County on December 16, 2014 to and including the date hereof, are as follows:

<u>Title</u>	<u>Name</u>
Chair and Supervisor	Sharon Bronson
Supervisor	Ramón Valadez
Supervisor	Ray Carroll
Supervisor	Richard Elías
Supervisor	Ally Miller

4. No authority or proceedings for the execution and delivery of the 2015 Certificates or the execution and delivery of the County Documents has been rescinded or superseded and no referendum or other petition to revoke or alter the authorization of the 2015 Certificates or the County Documents has been filed with or received by the County.

5. The adoption of Resolution No. 2014-125 on December 16, 2014 by the Board of Supervisors, authorizing the 2015 Certificates and the execution and delivery of the County Documents not theretofore executed and delivered, and the execution and delivery of the County Documents and compliance with the provisions thereof does not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing ordinance or resolution of the County, including without limitation any requirement of competitive bidding, any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage, lease, sublease or other instrument to which the County is a party or by which it or any of its properties is bound.

6. The self-insurance program of the County is maintained in accordance with the requirements of Arizona Revised Statutes Section 11-981 and 11-952.01 or their successors.

7. The County's insurance or self-insurance in effect on the date hereof meets the requirements of Sections 5.3, 5.4 and 5.6 of the Lease-Purchase Agreement.

8. By execution and delivery hereof, the County requests that the 2015 Certificates be executed and delivered by the appropriate officials of the Trustee and delivered against payment therefor as provided in the Trust Agreement and the Certificate Purchase Contract.

9. Responsive to the Certificate Purchase Contract, to the best knowledge, information and belief of the undersigned (for purposes of this paragraph, capitalized terms used and not defined shall have the meaning assigned to such term in the Certificate Purchase Contract):

(i) the representations and warranties of the County contained in the Certificate Purchase Contract are true and correct in all material respects on and as of the date hereof as if made on the date hereof;

(ii) except as otherwise set forth in the Official Statement, no litigation or proceeding against it is pending or threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the County to hold and exercise their respective positions, (b) contest the due organization and valid existence of the County, (c) contest the validity, due authorization and execution of the 2015 Certificates, the County Documents or the Trustee Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the County from functioning and appropriating lease payments or other amounts, including payments on the Certificates, pursuant to the County Documents, or (e) which if resolved adversely to the County, would have a material adverse effect on (I) the functioning of the County, the operations of the County, its revenues or its properties, or payment by the County of the amounts due under the Lease in the manner and time required thereby or (II) the validity or enforceability of the Lease or the financial condition of the County or its operations;

(iii) the Resolution has been duly adopted by the Board of Supervisors of the County, is in full force and effect and has not been modified, amended or repealed;

(iv) the audited financial statements included in the Official Statement were true and correct as of June 30, 2014, and the other financial statements and other financial and statistical data included in the Official Statement are true and correct as of the date hereof, and

(v) no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date hereof, and the information contained in the Official Statement (excluding the information under the headings "TAX MATTERS," "RATINGS," and "UNDERWRITING" and in Appendix G thereof) is correct in all material respects and, as of the date of the Official Statement did not, and as of the date hereof does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

10. The exceptions to title shown on Schedule B of the title insurance policy issued by First American Title Insurance Company with respect to the Leased Property will not materially impair the use of such Leased Property for the purposes of the Lease-Purchase Agreement or the security granted to the Trustee in the Trust Agreement.

11. The undersigned Chair and the persons named on the attached Schedule A are the persons initially designated to act on behalf of the County as Lessee Representatives.

[Signature page to follow]

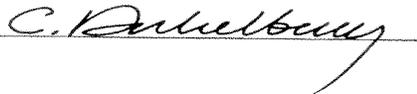
Dated: April 15, 2015.

PIMA COUNTY, ARIZONA

By: Sharon Bronson
Sharon Bronson
Chair, Board of Supervisors

By: Robin Brigode
Robin Brigode
Clerk, Board of Supervisors

SCHEDULE A

Name	Title	Signature
C.H. Huckelberry	County Administrator	
Tom Burke	Director of Finance	

**TAX COMPLIANCE CERTIFICATE
OF ISSUER**

Pertaining to

\$57,025,000

**PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015**

Dated as of April 15, 2015

PIMA COUNTY, ARIZONA (“Issuer”), by its officer signing this Certificate, certifies, represents, and covenants as follows with respect to the captioned obligations (“Issue”) being issued pursuant to the Trust Agreement, dated as of June 1, 2008, as supplemented (the “Trust Agreement”), between the Issuer and U.S. Bank National Association, as trustee thereunder (the “Trustee”). All statements in this Certificate are of facts or, as to events to occur in the future, reasonable expectations. Terms used herein, to the extent not defined in Attachment A or below, have the same meanings as defined in the Trust Agreement.

I. DEFINITIONS

1.10 Attachment A. The definitions and cross references set forth in Attachment A apply to this Certificate and its Attachments. All capitalized terms relating to a particular issue, such as Sale Proceeds, relate to the Issue, unless indicated otherwise. (For example, “Sale Proceeds” refers to Sale Proceeds of the Issue, unless indicated otherwise.)

1.20 Special Definitions. In addition, the following definitions apply to this Certificate and its Attachments:

“Acquisition Fund” means the 2015 Project Fund in the Acquisition Fund created pursuant to the Trust Agreement and used to pay the costs of the Project.

“Certificate Fund” means the portion of the Lease Payment Fund established pursuant to the Trust Agreement that is allocable to the Issue.

“Instructions” means the Rebate Instructions attached hereto as Attachment C-2.

“Lease-Purchase Agreement” means the Lease-Purchase Agreement, dated as of June 1, 2008, as amended, between the Issuer and the Trustee.

“Leased Property” shall mean, collectively, the Public Works Building, the Legal Services Building, the Public Works Parking Garage, the Adult Detention Center and the Public Service Center Office Tower and Parking Garage, as more fully described in Exhibit A to the Lease-Purchase Agreement.

“Project” means the costs of certain improvements, which consist of the completion of the Leased Property and for other capital projects, and Issuance Costs and interest up to three years from the Issuance Date of the Issue, or, if later, one year after the Project was placed in service, all of which are governmental purposes of the Code.

“Underwriter” means RBC Capital Markets, LLC.

1.30 References. Reference to a Section means a section of the Code. Reference by number only (for example, “2.10”) means that numbered paragraph of this Certificate. Reference to an Attachment means an attachment to this Certificate.

II. ISSUE DATA

2.10 Issuer. The Issuer is a Governmental Unit.

2.20 Purpose of Issue. The Issue is being issued to provide funds to (i) pay costs of the Project, and (ii) pay certain Issuance Costs.

2.30 Dates. The Sale Date is March 16, 2015, and the Issuance Date is April 15, 2015. The final maturity date of the Issue is December 1, 2018.

2.40 Issue Price. The Issue Price is set forth in Attachment B and is computed as follows:

Par Amount	\$57,025,000.00
Original Issue Premium	3,468,132.75
Pre-Issuance Accrued Interest	<u>0.00</u>
Issue Price	<u>\$60,493,132.75</u>

2.50 Sale Proceeds, Net Proceeds and Net Sale Proceeds. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

Issue Price	\$60,493,132.75
Pre-Issuance Accrued Interest	<u>(0.00)</u>
Sale Proceeds	\$60,493,132.75
Deposit to reserve fund	<u>(0.00)</u>
Net Proceeds	\$60,493,132.75
Minor Portion	<u>(100,000.00)</u>
Net Sale Proceeds	<u>\$60,393,132.75</u>

2.60 Disposition of Sale Proceeds and Pre Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest. The Sale Proceeds will be applied as follows:

To the Acquisition Fund	\$60,000,000.00
To pay Underwriter's discount	313,637.50
To pay other Issuance Costs	179,495.25
Total Sale Proceeds	\$60,493,132.75

2.70 Higher Yielding Investments. Gross Proceeds will not be invested in Higher Yielding Investments except for (A) those Gross Proceeds identified in 3.10, 3.20, and 3.30, but only during the applicable Temporary Periods there described for those Gross Proceeds, and (B) the Minor Portion to the extent provided in 3.70.

2.80 Single Issue. All of the obligations of the Issue were sold on the Sale Date pursuant to the same plan of financing and are expected to be paid from substantially the same source of funds. Whether obligations are expected to be paid from substantially the same source of funds is determined without regard to guarantees from a person who is not a Related Party to the Issuer. Accordingly, all of the obligations of the Issue constitute a single "issue" for federal income tax purposes. No obligations, other than those comprising the Issue, have been or will be sold less than 15 days before or after the Sale Date that are expected to be paid from substantially the same source of funds as the Issue. Accordingly, no obligations other than those comprising the Issue are a part of a single issue with the Issue. On March 17, 2015, the Issuer signed a bond purchase agreement for the issuance of \$13,685,000 aggregate principal amount of Pima County, Arizona Street and Highway Revenue Refunding Bonds, Series 2015 ("the 2015 HURF Bonds") and on March 24, 2015 the Issuer signed a bond purchase agreement for the issuance of \$15,000,000 aggregate principal amount of Pima County, Arizona General Obligation Bonds, Series 2015 (the "2015 GO Bonds"). The Issue will not be paid from the same source of funds as the 2015 HURF Bonds or the 2015 GO Bonds and so neither the 2015 HURF Bonds nor the 2015 GO Bonds are treated as a single issue with the Issue.

III. ARBITRAGE (NONREBATE) MATTERS

3.10 Use of Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods; Transferred Proceeds.

(A) Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest.

(B) Underwriter's Discount and Issuance Costs. Sale Proceeds of the Issue in the amount of \$313,637.50 will be retained by the Underwriter from the Issue Price otherwise paid to the Issuer to purchase the Issue as compensation for their services in marketing the Issue to the public. Sale Proceeds in the amount of \$179,495.25 will be used to pay other Issuance Costs within 13 months from the Issuance Date, such period being the Temporary Period for that amount.

(C) Payment of Project Costs.

(1) Sale Proceeds of the Issue in the amount of \$60,000,000.00 will be used to pay a portion of the costs of the Project. Such Sale Proceeds may be used to

acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

(i) At least 85% of the Net Sale Proceeds of the Issue will be allocated to expenditures on the Project by the end of the Temporary Period for such Net Sale Proceeds.

(ii) Within six months of the Issuance Date, the Issuer will incur substantial binding obligations to one or more third parties to expend at least 5% of the Net Sale Proceeds of the Issue on the Project; and

(iii) Completion of the Project and allocation of the Net Sale Proceeds of the Issue to expenditures within respect to the Project will proceed with due diligence.

Any Sale Proceeds of the Issue that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account “yield reduction payments” (with the meaning of Regulations §1.148-5(c)) timely paid to the United States.

(2) A Reimbursement Allocation will be made on or about this date in the financial records of the Issuer kept with respect to the Issue showing that \$4,870,768 of the Sale Proceeds of the Issue have been returned to the fund or account of the Issuer from which such amount was originally and temporarily advanced to finance Capital Expenditures comprising a portion of the Project paid before this date. Except for Capital Expenditures that constitute Preliminary Expenditures, (A) none of the Capital Expenditures were paid more than 60 days prior to December 15, 2014, the date on which the Issuer adopted a declaration of official intent that satisfies Regulations § 1.150-2(e) (copy attached as Attachment D), and (B) the Reimbursement Allocation will be made not more than (i) 18 months after the later of the date such Capital Expenditures were paid or the date on which the property resulting from such Capital Expenditures and comprising part of the Project was Placed in Service and (ii) three years from the date the Capital Expenditures were paid.

3.20 Investment Proceeds. Any Investment Proceeds of the Issue will be used to pay costs of the Project, and such Investment Proceeds may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(C)(1) or, if longer, during the one-year period from the date of receipt, such period being the Temporary Period for such Proceeds.

3.30 Certificate Fund. The Certificate Fund is a Bona Fide Debt Service Fund. Amounts deposited from time to time in the Certificate Fund will be used to pay Debt Service within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40 No Other Replacement Fund or Assured Available Funds. The Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service other than the Certificate Fund. Except for money referred to in 3.30 and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered, or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service.

3.50 No Overissuance. The Proceeds are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in 2.20.

3.60 Other Uses of Proceeds Negated. Except as stated otherwise in this Certificate, none of the Proceeds will be used:

(A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit,

(B) to replace any Proceeds of another issue that were not expended on the project for which such other issue was issued,

(C) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(D) to make a loan to any person or other Governmental Unit,

(E) to pay any Working Capital Expenditures other than expenditures identified in Regulations §1.148-6(d)(3)(ii)(A) and (B) (i.e., Issuance Costs, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the Project financed or refinanced by the Issue is Placed in Service, payments of the Rebate Amount, and costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed by the Issue, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund) and expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage, or

(F) to reimburse any expenditures made prior to the Issuance Date that do not satisfy the requirements for a Reimbursement Allocation.

No portion of the Issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

3.70 Minor Portion. The Minor Portion of \$100,000.00 may be invested in Higher Yielding Investments.

3.80 No Other Replacement Proceeds. That portion of the Issue that is to be used to finance or refinance Capital Expenditures has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

3.90 Written Procedures to Monitor the Requirements of Section 148. The procedures set forth in Attachments C-1 (Arbitrage Compliance Checklist) and C-2 (Rebate Instructions) constitute the Issuer's written procedures to monitor compliance with the arbitrage Yield restriction and rebate requirements of Section 148.

IV. REBATE MATTERS

4.10 Issuer Obligation Regarding Rebate. Consistent with its covenants contained in the Lease-Purchase Agreement, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) and the Instructions with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20 No Avoidance of Rebate Amount. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30 Exceptions.

(A) Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV. need not be made to the extent that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue, based on an Opinion of Bond Counsel.

(B) The Issue is a Construction Issue. The Issuer hereby elects to apply the 2-year spending exception to the rebate requirement on the basis of actual facts instead of the Issuer's reasonable expectations.

V. OTHER TAX MATTERS

5.10 Not Private Activity Bonds or Pool Bonds. No obligation of the Issue will be a Private Activity Bond or a pooled financing bond (within the meaning of Section 149(f)), based on the following:

(A) Not more than 5% of the Proceeds, if any, directly or indirectly, will be used for a Private Business Use and not more than 5%, if any, of the Debt Service, directly or indirectly, will be derived from or secured by Private Security or Payments. In measuring the

use of Proceeds for a Private Business Use and the amount of Private Security or Payments, the use of Proceeds of all Prior Issues and the amount of Private Security or Payments with respect to all Prior Issues are taken into account in accordance with Regulations § 1.141-13.

(B) Less than 5% or \$5,000,000, whichever is less, of the Proceeds, if any, will be used to make or finance loans to any Private Person or Governmental Unit other than the Issuer.

(C) The lesser of the Proceeds that are being or will be used for any Private Business Use or the Proceeds with respect to which there are or will be Private Security or Payments does not exceed \$15,000,000 and none of the Proceeds will be used with respect to an “output facility” (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4).

5.20 Disposition of Property. The Issuer does not intend to sell or otherwise dispose of the Project or any portion thereof during the term of the Issue except for dispositions of property in the normal course at the end of such property’s useful life to the Issuer. With respect to tangible personal property, if any, that is part of the Project financed or refinanced by the Issue, the Issuer reasonably expects that:

(A) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(B) The weighted average maturity of the bonds of the Issue financing or refinancing such property (treating the bonds of the Issue properly allocable to such personal property, as a separate issue for this purpose) will not be greater than 120% of the reasonably expected actual use of such property for governmental purposes;

(C) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(D) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(E) The amounts received from any disposition of such property are required to, and will be, deposited in the Issuer’s General Fund and commingled with substantial tax or other governmental revenues and will be spent on governmental programs within 6 months from the date of such deposit and commingling.

5.30 Issue Not Federally Guaranteed. The Issue is not Federally Guaranteed.

5.40 Not Hedge Bonds. At least 85% of the Spendable Proceeds of the Issue will be used to carry out the governmental purposes of the Issue within three years from the Issuance Date. Not more than 50%, if any, of the Proceeds of the Issue will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more, including but not limited to any investment contract or fixed Yield investment having a maturity of four years or more. The reasonable expectations stated above were not and are not based on and do not take into account (A) any expectations or assumptions as to the occurrence of changes in market

interest rates or changes of federal tax law or regulations or rulings thereunder or (B) any prepayments of items other than items that are customarily prepaid.

5.50 Hedge Contracts. The Issuer has not entered into, and does not reasonably expect to enter into, any Hedge with respect to the Issue, or any portion thereof. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield and that Bond Counsel should be contacted prior to entering into any Hedge with respect to the Issue in order to determine whether payments/receipts pursuant to the Hedge are to be taken into account in computing the Yield on the Issue.

5.55 Written Procedures to Remediate Nonqualified Bonds. The Issuer acknowledges and establishes the Post Issuance Compliance for Debt Issues set forth in Attachment C-1 as its written procedures to ensure that all “nonqualified bonds” (as defined therein) are remediated in accordance with Regulations § 1.141-12. The Issuer will monitor the expenditure of Gross Proceeds and the use of facilities financed by the Issue, and will undertake, if necessary, any available measures under Regulations § 1.141-12 to ensure compliance after the Issuance Date with the applicable covenants contained in V.

5.60 Internal Revenue Service Information Return. Within the time and on the form prescribed by the Internal Revenue Service under Section 149(e), the Issuer will file with the Internal Revenue Service an Information Return setting forth the required information relating to the Issue. The information reported on that Information Return will be true, correct and complete to the best of the knowledge and belief of the undersigned.

5.70 Recordkeeping. The Issuer will maintain records to support the representations, certifications and expectations set forth in this Certificate until the date three (3) years after the last obligation of the Issue has been retired, and if any portion of the Issue is refunded by a Refunding Issue, the Issuer will maintain all records listed hereunder until the later of the date three (3) years after the last obligation of the Issue has been retired or the date three (3) years after the last obligation of the Refunding Issue has been retired. The records to be retained include, but are not limited to:

(A) Basic records and documents relating to the Issue (including this Certificate and all Opinions of Bond Counsel relating to the Issue).

(B) Documentation evidencing the timing and allocation of expenditures of Proceeds of the Issue and of all issues refunded directly or indirectly by the Issue.

(C) Documentation evidencing the use of the Project by all persons, including Private Persons (e.g., copies of any management contracts, leases, etc.).

(D) Documentation evidencing all sources of payment or security for the Issue.

(E) Documentation pertaining to all investments of Proceeds (including the purchase and sale of securities, SLGs subscriptions, actual investment income received from the investment of Proceeds, Guaranteed Investment Contracts, and rebate calculations).

(F) Records of all amounts paid to the United States pursuant to 4.10.

(G) Any elections or revocations of elections under the Code relating to the Issue.

5.80 Tax Covenant. The Issuer hereby agrees and covenants to do all things necessary to ensure that interest on the Issue shall be, and shall continue to be, excluded from the gross income of the holders thereof for federal income tax purposes.

5.90 Responsibility of Officer. The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

In making the representations in this Certificate, the Issuer relies in part on the representations of the Underwriter as set forth in the Underwriter's Certificate attached hereto as Attachment B. To the best of the knowledge, information, and belief of the undersigned, all expectations stated in this Certificate and in Attachment B are the expectations of the Issuer and are reasonable, all facts stated are true, and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate or in Attachment B. The certifications and representations made in this Certificate are intended to be relied upon as certifications described in Treasury Regulations §1.148-2(b) and may be relied upon by Bond Counsel in connection with the rendering of any opinion with respect to the Issue. The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate or in Attachment B may result in different requirements or a change in status of the Issue or interest thereon under the Code, and that bond counsel should be contacted if such changes are to occur.

The date of this Certificate is April 15, 2015.

PIMA COUNTY, ARIZONA

By: 
Thomas Burke
Finance and Risk Management Director

List of Attachments

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Attachment A

Definitions for Tax Compliance Certificate

The following terms, as used in Attachment A and in the Tax Compliance Certificate to which it is attached and in the other Attachments to the Tax Compliance Certificate, have the following meanings unless therein otherwise defined or unless a different meaning is indicated by the context in which the term is used. Capitalized terms used within these definitions that are not defined in Attachment A have the meanings ascribed to them in the Tax Compliance Certificate to which this Attachment A is attached. The word “Issue,” in lower case, refers either to the Issue or to another issue of obligations or portion thereof treated as a separate issue for the applicable purposes of Section 148, as the context requires. The word “obligation” or “obligations,” in lower case, includes any obligation, whether in the form of bonds, notes, certificates, or any other obligation that is a “bond” within the meaning of Section 150(a)(1). All capitalized terms used in this Certificate include either the singular or the plural. All terms used in this Attachment A or in the Tax Compliance Certificate to which this Attachment A is attached, including terms specifically defined, shall be interpreted in a manner consistent with Sections 103 and 141-150 and the applicable Regulations thereunder except as otherwise specified. All references to Section, unless otherwise noted, refer to the Code.

“Advance Refunding Issue” means any Refunding Issue that is not a Current Refunding Issue.

“Advance Refunding Portion” means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as an Advance Refunding Issue if it had been issued as a separate issue.

“Available Construction Proceeds” means an amount equal to (a) the sum of (i) the Issue Price of an issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocable to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocable to the underwriter’s discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocable to the issue. “Available Construction Proceeds” does not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocable to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the project financed by the issue is substantially completed, provided, however, that such Investment Proceeds or earnings shall be excluded from “Available Construction Proceeds” if the Issuer has timely elected such exclusion. If an issue is a Multipurpose Issue that includes a New Money Portion that is a Construction Issue, this definition shall be applied by substituting “New Money Portion” for “issue” each place the latter term appears. If an issue or the New Money Portion of a Multipurpose Issue, as applicable, is not a Construction Issue, and the Issuer makes the bifurcation election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of

the Construction Portion and the Nonconstruction Portion, this definition shall be applied by substituting “Construction Portion” for “issue” each place the latter term appears.

“Available Project Proceeds” means “available project proceeds” as defined in Section 54A(e)(4), being (A) the excess of (i) Sale Proceeds, over (ii) Issuance Costs paid with Proceeds (to the extent that such Issuance Costs do not exceed 2% of Sale Proceeds), plus (B) Proceeds actually or constructively received from any investment of such excess.

“Bifurcated Issue” means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Issuer, pursuant to Section 148(f)(4)(C)(v) and Regulations §1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion, which finances 100% of the Construction Expenditures, and a Nonconstruction Portion.

“Bona Fide Debt Service Fund” means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more issues, the portion of that fund properly allocable to an issue), or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

“Bond Counsel’s Opinion” or **“Opinion of Bond Counsel”** means an opinion or opinions of a nationally recognized bond counsel firm whose opinion is given with respect to the Issue when issued, or its successors or other nationally recognized bond counsel appointed by the Issuer.

“Bond Year” means the annual period relevant to the application of Section 148(f) to an issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of an issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

“Build America Bond” means any obligation described in Section 54AA(d)(1), including, where applicable, any Recovery Zone Economic Development Bond.

“Capital Expenditures” means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles, including capitalized interest computed taking into account the Placed in Service date.

“Code” means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing,

all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“Commingled Fund” means any fund or account of the Issuer that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of the issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

“Commingled Investment Proceeds” means Investment Proceeds of an issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within six months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

“Computation Date” means each date on which the Rebate Amount for an issue is required to be computed under Regulations §1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than five years after the Issuance Date of the issue. Subsequent Computation Dates shall be not later than five years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. In the case of a Variable Yield Issue, the first Computation Date shall be the last day of any Bond Year irrevocably selected by the Issuer ending on or before the fifth anniversary of the Issuance Date of such issue and subsequent Computation Dates shall be the last day of each Bond Year thereafter or each fifth Bond Year thereafter, whichever is irrevocably selected by the Issuer after the first date on which any portion of the Rebate Amount is required to be paid to the United States. The final Computation Date is the date an issue is retired.

“Computational Base” means the amount of Gross Proceeds the Issuer or Conduit Borrower reasonably expects, as of the date a Guaranteed Investment Contract is required, to be deposited in that Guaranteed Investment Contract over its term.

“Conduit Borrower” means the obligor on a purpose investment.

“Conduit Financing Issue” means an issue the Proceeds of which are reasonably expected to be used to finance one or more Conduit Loans.

“Conduit Loan” means a purpose investment acquired by the Issuer with Proceeds of a Conduit Financing Issue, thereby effecting a loan to the Conduit Borrower.

“Construction Expenditures” means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

“Construction Issue” means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting “New Money Portion” for “Construction Issue” each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations §1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting “Construction Portion” for “Construction Issue” each place the latter term appears.

“Construction Portion” means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

“Controlled Group” means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Regulations §1.150-1(e).

“Current Refunding Issue” means a Refunding Issue that is issued not more than 90 days before the last expenditure of any Proceeds of the Refunding Issue for the payment of Debt Service on the Refunded Bonds.

“Current Refunding Portion” means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as a Current Refunding Issue if it had been issued as a separate issue.

“Debt Service” means principal of and interest and any redemption premium on an issue.

“Excess Gross Proceeds” means all Gross Proceeds of an Advance Refunding Issue that exceed an amount equal to 1% of the Sale Proceeds of such Advance Refunding Issue, other than Gross Proceeds allocable to: (a) payment of Debt Service on the Refunded Bonds; (b) payment of Pre-Issuance Accrued Interest on the Advance Refunding Issue and interest on the Advance Refunding Issue that accrues for a period up to the completion date of any capital project financed by the Prior Issue, plus one year; (c) a reasonably required reserve or replacement fund for the Advance Refunding Issue or Investment Proceeds of such fund; (d) payment of Issuance Costs of the Advance Refunding Issue; (e) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Advance Refunding Issue, or investments of the Advance Refunding Issue; (f) Transferred Proceeds allocable to expenditures for the governmental purpose of the Prior Issue (treating for this purpose all unspent Proceeds of the Prior Issue properly allocable to the Refunded Bonds as of the Issuance Date of the Advance Refunding Issue as Transferred Proceeds); (g) interest on purpose investments; (h) Replacement Proceeds in a sinking fund for the Advance Refunding Issue; and (i) fees for a Qualified Guarantee for the Advance Refunding Issue or the Prior Issue. If an Issue

is a Multipurpose Issue that includes an Advance Refunding Portion, this definition shall be applied by substituting “Advance Refunding Portion” for “Advance Refunding Issue” each place the latter term appears.

“Federally Guaranteed” means that (a) the payment of Debt Service on an issue, or the payment of principal or interest with respect to any loans made from the Proceeds of the issue, is directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b), or (b) more than 5% of the Proceeds of an issue will be invested directly or indirectly in federally insured deposits or accounts. The preceding sentence does not apply to (a) Proceeds invested during an initial Temporary Period until such Proceeds are needed to pay costs of the project, (b) investments of a Bona Fide Debt Service Fund, (c) direct purchases from the United States of obligations issued by the United States Treasury, or (d) other investments permitted by Section 149(b) or Regulations §1.149(b)-1(b).

“501(c)(3) Organization” means an organization described in Section 501(c)(3) and exempt from tax under Section 501(a).

“Fixed Yield Issue” means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

“Future Value” means the value of a Payment or Receipt at the end of a period determined using the economic accrual method as the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the applicable issue, using the same compounding interval and financial conventions that were used to compute that Yield.

“Governmental Unit” means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a “State or local governmental unit” in Regulations §1.103-1(a). “Governmental Unit” does not include the United States or any agency or instrumentality of the United States.

“Guaranteed Investment Contract” means any Nonpurpose Investment that has specifically negotiated withdrawal or retirement provisions and a specifically negotiated interest rate and any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

“Gross Proceeds” means Proceeds and Replacement Proceeds of an issue.

“Hedge” means a contract entered into by the Issuer or the Conduit Borrower primarily to modify the Issuer’s or the Conduit Borrower’s risk of interest rate changes with respect to an obligation (*e.g.*, an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option).

“Higher Yielding Investments” means any Investment Property that produces a Yield that (a) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.00001) higher than the Yield on the applicable issue, and (b) for all other purposes is more than one-eighth of one percentage point (.00125) higher than the Yield on the issue.

“Investment Proceeds” means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

“Investment Property” means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax-Exempt Obligation that is a “specified private activity bond” as defined in Section 57(a)(5)(C), but does not include other Tax-Exempt Obligations.

“Issuance Costs” means costs to the extent incurred in connection with, and allocable to, the issuance of an issue, and includes underwriter’s compensation withheld from the Issue Price, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees other than for a Qualified Guarantee and similar costs, but does not include fees charged by the Issuer.

“Issuance Date” means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue.

“Issue Price” means in the circumstances applicable to an issue:

(1) Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, the aggregate of the initial offering price for each maturity (including any Pre-Issuance Accrued Interest and taking into account any original issue premium and original issue discount), which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, at which initial offering price not less than 10% of the principal amount of each maturity was sold to the public.

Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

(2) Private Placement. In the case of obligations sold by private placement, the aggregate of the prices (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount) paid to the Issuer by the first purchaser(s) (other than bond houses, brokers or other intermediaries). Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

“Minor Portion” means an amount equal to the lesser of \$100,000 or 5% of the Sale Proceeds of an issue.

“Multipurpose Issue” means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations §1.148-9(h).

“Net Proceeds” means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue.

“Net Sale Proceeds” means the Sale Proceeds of an issue less (a) the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue and (b) the portion invested as a part of a Minor Portion for the issue.

“New Money Issue” means an issue that is not a Refunding Issue.

“New Money Portion” means that portion of a Multipurpose Issue other than the Refunding Portion.

“Nonconstruction Portion” means that portion of a New Money Issue or of the New Money Portion other than the Construction Portion.

“Nonpurpose Investments” means any Investment Property that is acquired with Gross Proceeds as an investment and not in carrying out any governmental purpose of an issue. “Nonpurpose Investments” does not include any investment that is not regarded as “investment property” or a “nonpurpose investment” for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a “nonpurpose investment” within the applicable meaning of Section 148.

“Payment” means payments actually or constructively made to acquire Nonpurpose Investments, as specified in Regulations §1.148-3(d)(1)(i) through (v).

“Placed in Service” means the date on which, based on all the facts and circumstances, a facility has reached a degree of completion that would permit its operation at substantially its design level and the facility is, in fact, in operation at such level.

“Pre-Issuance Accrued Interest” means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after such Issuance Date.

“Preliminary Expenditures” means any Capital Expenditures that are “preliminary expenditures” within the meaning of Regulations §1.150-2(f)(2), *i.e.*, architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project other than land acquisition, site preparation, and similar costs incident to commencement of construction. The aggregate amount of Preliminary Expenditures may not exceed 20% of the aggregate Issue Price of the issue or issues that financed or are reasonably expected to finance the project for which such Preliminary Expenditures are or were incurred.

“Prior Issue” means an issue of obligations all or a portion of the Debt Service on which is paid or provided for with Proceeds of a Refunding Issue. The Prior Issue may be a Refunding Issue.

“Private Activity Bond” means (a) obligations of an issue more than 10% of the Proceeds of which, directly or indirectly, are or are to be used for a Private Business Use and more than 10% of the Debt Service on which, directly or indirectly, is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (b) obligations of an issue, the Proceeds of which are or are to be used to make or finance loans to any Private Person that, in the aggregate, exceed the lesser of 5% of such Proceeds or \$5,000,000. In the event of Unrelated or Disproportionate Use, the tests in (a) shall be applied by substituting 5% for 10% each place the latter term is used.

“Private Business Use” means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business. In the case of a Qualified 501(c)(3) Bond, Private Business Use excludes use by a 501(c)(3) Organization that is not an unrelated trade or business activity by such 501(c)(3) Organization within the meaning of Section 513(a).

“Private Person” means any natural person or any artificial person, including a corporation, partnership, trust or other entity, other than a Governmental Unit. “Private Person” includes the United States and any agency or instrumentality of the United States.

“Private Security or Payments” means (i) any interest in property used or to be used for a Private Business Use, or in payments in respect of such property, that directly or indirectly secures any payment of principal of, or interest on, an issue, or (ii) payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Private

Business Use from which payments of principal of, or interest on, an issue are directly or indirectly derived, all as determined and measured in accordance with Treasury Regulations Section 1.141-4.

“Proceeds” means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue. “Proceeds” does not include Replacement Proceeds.

“Qualified Administrative Costs” means the reasonable, direct administrative costs, other than carrying costs, of purchasing or selling Nonpurpose Investments such as separately stated brokerage or selling commissions. Qualified Administrative Costs do not include legal and accounting fees, recordkeeping, custody and similar costs, general overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount. In general, Qualified Administrative Costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

“Qualified 501(c)(3) Bonds” means an issue of obligations that satisfies the requirements of Section 145(a).

“Qualified Guarantee” means any guarantee of an obligation that constitutes a “qualified guarantee” within the meaning of Regulations §1.148-4(f).

“Qualified Hedge” means a Hedge that is a “qualified hedge” within the meaning of Regulations §1.148-4(h)(2).

“Reasonable Retainage” means an amount, with respect to an issue, not to exceed 5% of the Net Sale Proceeds of the issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

“Rebate Amount” means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on those Nonpurpose Investments, computed in accordance with Section 148(f) and Regulations §1.148-3.

“Rebate Analyst” means an independent individual, firm or entity experienced in the computation of the Rebate Amount pursuant to Section 148(f).

“Receipt” means amounts actually or constructively received from Nonpurpose Investments as specified in Regulations §1.148-3(d)(2)(i) through (iii).

“Recovery Zone Economic Development Bond” means any Build America Bond described in Section 1400U-2(b)(1).

“Refunded Bonds” means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

“Refunding Bonds” means obligations of a Refunding Issue.

“Refunding Escrow” means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

“Refunding Issue” means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

“Refunding Portion” means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

“Regulations” or **“Reg.”** means Treasury Regulations.

“Reimbursement Allocation” means an allocation of the Proceeds of an issue for the reimbursement of Capital Expenditures paid prior to the Issuance Date of such issue that: (a) is evidenced on the books or records of the Issuer maintained with respect to the issue, (b) identifies either actual prior Capital Expenditures or the fund or account from which the prior Capital Expenditures were paid, (c) evidences the Issuer’s use of Proceeds of the issue to reimburse a Capital Expenditure for a governmental purpose that was originally paid from a source other than the Proceeds of the issue and (d) satisfies the following requirements: except for Preliminary Expenditures, (i) the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e) prior to, or within 60 days after, payment of the Capital Expenditure, and (ii) the allocation in reimbursement of that Capital Expenditure occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than three years after the Capital Expenditure was paid.

“Related Party” means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a “related person” as defined in Section 144(a)(3).

“Replacement Proceeds” means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that

issue within the meaning of Section 148(a)(2). “Replacement Proceeds” includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

“**Sale Date**” means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

“**Sale Proceeds**” means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter’s compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

“**Spendable Proceeds**” means the Net Sale Proceeds of an issue.

“**Tax-Exempt Obligation**” means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidence of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150, and includes any obligation or any investment treated as a “tax-exempt bond” for the applicable purpose of Section 148.

“**Tax-Exempt Organization**” means a Governmental Unit or a 501(c)(3) Organization.

“**Temporary Period**” means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Gross Proceeds of an issue during which such category of Gross Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

“**Transferred Proceeds**” means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). “Transferred Proceeds” does not include any Replacement Proceeds.

“**Unrelated or Disproportionate Use**” means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

“**Variable Yield Issue**” means any Issue that is not a Fixed Yield Issue.

“**Working Capital Expenditures**” means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

“**Yield**” has the meaning assigned to it for purposes of Section 148, and means that discount rate (stated as an annual percentage) that, when used in computing the present

worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and payments and receipts with respect to a Qualified Hedge, if any, as required by the Regulations, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), reduced by the credit, if any, allowed by Section 6431, produces an amount equal to (a) the Issue Price in the case of a Fixed Yield Issue or the present value of the Issue Price at the commencement of the applicable Yield Period in the case of a Variable Yield Issue, or (b) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of an issue are invested is computed on a basis consistent with the computation of Yield on that issue, including the same compounding interval of not more than one year selected by the Issuer.

“Yield Period” means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

The terms “bond,” “obligation,” “reasonably required reserve or replacement fund,” “reserve or replacement fund,” “loan,” “sinking fund,” “purpose investment,” “same plan of financing,” “other replacement proceeds” and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

(End of Attachment A)

Attachment B
To Tax Compliance Certificate of

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

Dated as of April 15, 2015

UNDERWRITER'S CERTIFICATE

RBC Capital Markets, LLC (the "Underwriter"), as underwriter for the certificates of participation identified above (the "Issue"), executed and delivered for the benefit of Pima County, Arizona (the "Issuer"), based on its knowledge regarding the sale of the Issue, represents as of this date as follows:

(1) Issue Price-Section 148. All of the certificates of the Issue have been the subject of a bona fide offering to the public pursuant to a Certificate Purchase Contract by and between the Issuer and the Underwriter, dated March 16, 2015 and at least 10% of the principal amount of each maturity initially was sold or was reasonably expected to be sold (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the respective price for that maturity shown in the Final Official Statement for the Issue. For purposes of this Certificate, the Underwriter has assumed that the phrase "bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers" refers only to persons who, to the knowledge of the representatives of the Underwriter, have an arrangement with the Issuer or the Underwriter to act in such capacity on behalf of the Issuer or the Underwriter. The aggregate Issue Price of the Issue, there being no Pre-Issuance Accrued Interest, is \$60,493,132.75.

(2) Information Return. To the extent that we provided the Issuer and Squire Patton Boggs (US) LLP, as special counsel, with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Issue, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by special counsel. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Issue:

- The Initial Offering Price of the entire Issue is \$60,493,132.75.

- The weighted average maturity of the Issue is 2.0996 years.
- The Yield on the Issue is 1.0284%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the aggregate Issue Price of the Issue as stated in paragraph (1) and computed with the adjustments stated in paragraph (4).
- The Underwriter's discount is \$313,637.50.
- The CUSIP Number assigned to the final maturity of the Issue is 721664EL0.

(3) Discount Certificates Subject to Mandatory Early Redemption. No certificate of the Issue is subject to mandatory early redemption.

(4) Premium Certificates Subject to Optional Redemption. No certificate of the Issue is subject to optional redemption.

(5) No Stepped Coupon Certificates. No certificate of the Issue bears interest at an increasing interest rate.

All capitalized terms not defined in this Certificate have the meaning set forth in the Issuer's Tax Compliance Certificate or in Attachment A to it.

The Issuer may rely on the foregoing representations in making its certification as to issue price of the Issue under the Internal Revenue Code of 1986, as amended (the "Code"), and special counsel may rely on the foregoing representations in rendering certain of its legal opinions in connection with the execution and delivery of the Issue, including its opinion on the exclusion from federal gross income of the interest as evidenced by the Issue; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under section 148 of the Code.

The Underwriter has performed these computations with the express understanding and agreement of the Issuer that, notwithstanding the performance of these computations and the delivery of this Certificate, in doing so, the Underwriter is (i) not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act), (ii) does not have a fiduciary duty to the Issuer, and (iii) is not to be construed as a "paid preparer" of any tax returns of the Issuer, including specifically (but not limited to) Form 8038-G.

[Remainder of page left blank intentionally]

Dated: April 15, 2015

RBC CAPITAL MARKETS, LLC

By: 
Name: Kurt Freund
Title: Managing Director

[Signature page of Underwriter's Certificate]

Attachment C-1

to

Tax Compliance Certificate of Issuer

Compliance Policy

	Pima County Department of Finance and Risk Management Internal Operating Procedures	Effective Date: 11-30-11 Review Date: Revision Date: Page: 1 of 12
	Responsible Division: Financial Management and Audit	Responsible Section: Cash Management
SUBJECT: Post Issuance Compliance for Debt Issues		

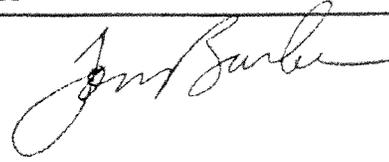


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	Pima County Department of Finance and Risk Management Internal Operating Procedures	Effective Date: Review Date: Revision Date: Page: 2 of 12
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SUBJECT: Post Issuance Compliance for Debt Issues		

Statement: The policies and procedures provided herein shall be complied with in order to ensure compliance with the requirements of the Internal Revenue Code (the "Code") that are applicable to the issuance of Tax-Exempt Bonds or other Obligations (hereinafter called "Bonds"). Undefined terms used herein have the meanings assigned to them in the Code and the related Treasury Regulations. These policies and procedures, coupled with requirements contained in the Arbitrage Certificate (the "Tax Certificate") executed at the time of issuance of the Bonds, are intended to constitute written procedures for compliance with the federal tax requirements applicable to the Bonds and for timely identification of violations of such requirements.

I. GENERAL MATTERS.

- A. Responsible Officer. The Director of the Finance Department will have overall responsibility for ensuring that the ongoing requirements described herein are met with respect to the Bonds (the "Responsible Officer").
- B. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional employees who will be responsible for each of the procedures described herein, notify the current holder of that office of the responsibilities, and provide that person a copy of the procedures. (For each procedure, this may be the Responsible Officer or another person who is assigned the particular responsibility.)
 1. Upon employee or officer transitions, new personnel should be advised of responsibilities under the procedures and ensure they understand the importance of the procedures.
 2. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all procedures have been appropriately assigned.
- C. Periodic Review. The Responsible Officer should periodically review compliance with these procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treasury Regulation §1.141-12) or the Voluntary Closing Agreement Program described in Internal Revenue Service ("IRS") Notice 2008-31 (or successor guidance).
- D. Change in Bond Terms. If any changes to the terms of the Bonds are contemplated, bond counsel will be consulted.

 <p>Pima County Department of Finance and Risk Management Internal Operating Procedures</p>	<p>Effective Date: Review Date: Revision Date: Page: 3 of 12</p>
	<p>Responsible Division: Financial Management and Audit</p>
<p>SUBJECT: Post Issuance Compliance for Debt Issues</p>	

II. **ISSUE PRICE AND PREMIUM LIMIT.** The following procedures shall be followed:

A. Involving Bond Counsel Pre-pricing. Consult with bond counsel to ensure that:

1. Premium on each maturity of the Bonds (stated as a percentage of principal amount) does not exceed one-quarter of one-percent (0.25%) multiplied by the number of complete years to the earlier of final maturity of the Bond or, generally, the earliest call date of the Bond.
2. The excess of the issue price of the Bond issue over the price at which the Bond issue is sold to the underwriter or placement agent, when combined with other issuance costs paid from proceeds of the Bond issue, does not exceed 2% of the sale proceeds of the Bond issue.

B. Working with Financial Advisor. Ensure that the market trading activity of the Bonds is reviewed after their sale date but before their issuance date that questions concerning such data are answered, and that reports concerning the sales data as necessary are produced. (Market trading information is generally available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) (<http://www.emma.msrb.org>.)

1. Records of reports produced, including copies of the market trading information, should be maintained.

III. **IRS INFORMATION RETURN FILING.** The following procedures shall be followed:

A. 8038-G. Ensure that IRS Form 8038-G is timely filed with respect to each Bond issue, including the required debt service schedule and other required schedules and attachments and maintain it as part of the transcript for the Bond issue.

IV. **USE OF PROCEEDS.** The following procedures shall be followed:

A. Consistent Accounting Procedures. Clear accounting procedures for tracking investment and expenditures of proceeds, including investment proceeds.

B. Reimbursement Allocations at Closing. At or shortly after issuance of a Bond issue, allocation of proceeds of the Bond issue to reimbursement of prior expenditures, as appropriate.

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SUBJECT: Post Issuance Compliance for Debt Issues		

- C. Cost of Issuance. Ensure that no more than 2% of the sale proceeds of a Bond issue are used to pay issuance costs.
- D. Capital Expenditures. Ensure that 100% of all sale proceeds and investment proceeds, other than sale proceeds used to pay issuance costs (up to the 2% limit described above) or deposited in a reasonably required reserve fund, are allocated to capital expenditures.
- E. Requisitions. Ensure that requisitions are used to draw Bond proceeds and make sure the requisitions contain the information needed to show what and how Bond proceeds were spent, reviewing them carefully before submission to ensure proper use of Bond proceeds to minimize need for reallocations.
- F. Final Allocation. Ensure that a final allocation of Bond proceeds (including investment proceeds) to qualifying expenditures is made if Bond proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the Bond proceeds as spent as shown in the accounting records for bond draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use (see E., below) of Bond proceeds that would otherwise result from "direct tracing" of Bond proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the issuance date of the Bonds or 60 days after the Bond issue is retired.* Bond counsel can assist with the final allocation of Bond proceeds to project costs.
- G. Record Retention. Maintain careful records of all project and other costs (e.g., issuance costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Bond proceeds were spent or used. These records should be maintained separately for each issue of Bonds.

V. MONITORING PRIVATE BUSINESS USE. The following procedures shall be followed:

- A. Review Of Contracts With Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "Private Persons") with respect to the Bond-financed facilities which could result in private business use of the Bond-financed facilities:
 1. Sales of Bond-financed facilities.
 2. Leases of Bond-financed facilities.

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3. Management or service contracts relating to Bond-financed facilities.
4. Research contracts under which a Private Person sponsors research in Bond-financed facilities.
5. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-financed facilities.

B. Review of New Leases, Management, Research and Other Contracts. Before amending an existing agreement with a Private Person or entering into any new lease, management, service, or research agreement with a Private Person, review such amendment or agreement to determine whether it results in private business use.

C. Establish Procedures to Ensure Proper Use. Establish procedures to ensure Bond financed facilities are identified and are not used for private use without written approval of the Responsible Officer.

D. Analyze Use. Analyze any private business use of Bond-financed facilities and, for each issue of Bonds, determining whether the 10% limit on private business use (5% in the case of "unrelated or disproportionate" private business use) is exceeded, and contacting bond counsel or other tax advisors if either of these limits is exceeded.

E. Record Retention. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with Private Persons for the period indicated in VII. below.

VI. **ARBITRAGE AND REBATE.** The following procedures shall be followed:

A. Yield. Record the yield of the Bond issue, as shown on the Form 8038-G.

B. Temporary Period. Review the Tax Certificate to determine the temporary periods for the Bond issue, during which periods various categories of gross proceeds of the Bond issue may be invested without yield restriction.

C. Post-Temporary Period Investments. Ensure that proceeds of the Bond issue are not invested in investments with a yield above the yield for the Bonds following the end of the applicable temporary period identified above unless Yield reduction payments may be made.

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- D. Monitoring Temporary Period Compliance. Monitor expenditures of Bond proceeds, including investment proceeds, against issuance date expectations for satisfaction of three-year or five-year temporary period from yield restriction on investment of Bond proceeds and to avoid "hedge bond" status.
- E. Establishing Fair Market Value of Investments. Ensure that investments acquired with Bond proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors.
- F. Debt Service, Credit Enhancement and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions in respect of a Bond issue, and before creating separate funds that are reasonably expected to be used to pay debt service on the Bonds.
- G. Document Retention. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions.
- H. Donations. Before beginning a capital campaign that may result in gifts that are restricted to Bond-financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), to determine whether replacement proceeds may result.
- I. Bona Fide Debt Service Fund. Even after all proceeds of a given Bond issue have been spent, ensure that the debt service fund meets the requirements of a bona fide debt service fund, i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.
- J. Debt Service Reserve Fund. Ensure that amounts invested in any reasonably required debt service reserve fund do not exceed the least of: (i) 10% of the stated principal amount of the Bonds (or the sale proceeds of the Bond issue if the Bond issue has original issue discount or original issue premium that exceeds 2% of the stated principal of the Bond issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the Bond issue; or (iii) 125% of average annual debt service on the Bond issue.

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K. Rebate Requirement. Review the arbitrage rebate covenants noted in the Tax Certificate. Subject to the exceptions described below, investment earnings on Bond proceeds at a yield in excess of the bond yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

1. Ensuring that rebate calculations will be timely performed and payment of rebate amounts, if any, will be timely made; such payments are generally due 60 days after the fifth anniversary of the issuance date of the Bond issue, then in succeeding installments every five years; the final rebate payment for a Bond issue is due 60 days after retirement of the last Bond of the issue; hiring a rebate consultant if necessary.
2. Reviewing the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the Bond issue.
3. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement may apply to the Bonds, ensuring that the spending of proceeds is monitored prior to semi-annual spending dates for the applicable exception.
4. Timely making rebate and yield reduction payments and filing Form 8038-T.
5. Even after all other proceeds of a given Bond issue have been spent, ensuring compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement.

L. Record Retention. Maintain records of investments and expenditures of Proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and Yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions.

VII. RECORD RETENTION. Procedures will be set forth for maintaining all records and documents described in these procedures while any of the bonds of the issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund (or re-refund) bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue.

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The County will spend the Gross Proceeds of the Issue and use the facilities financed with those Gross Proceeds ("Bond-Financed Facilities") in a manner that complies with the restrictions and requirements imposed by the Code and Regulations on Tax-Exempt Bonds. The County will comply with the remedial action requirements, if necessary, set forth in Regulations §1.141-12. These Instructions provide guidance for that compliance.

VIII. USE OF PROCEEDS CHECKLIST AND REMEDIAL ACTION

A. Use of Proceeds

1. Ensure there exists a clearly established accounting procedure for tracking investment and expenditures of Proceeds, including Investment Proceeds.
2. At or shortly after issuance of the Issue, allocate Proceeds to reimbursement of prior expenditures, as appropriate.
3. Ensure that a final allocation of Proceeds (including Investment Proceeds) to qualifying expenditures is made if Proceeds are to be allocated to Project expenditures on a basis other than "direct tracing" (direct tracing means treating the Proceeds as spent as shown in the accounting records for Proceeds draws and Project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the Private Business Use (see Section 2, below) of Proceeds that would otherwise result from "direct tracing" of Proceeds to Project expenditures. This allocation must be made within 18 months after the later of the date the expenditure was made or the date the Project was placed in service, but not later than five years and 60 days after the Issuance Date of the Issue or 60 days after the Issue is retired. Bond counsel can assist with the final allocation of Proceeds to Project costs.
4. Maintain careful records of all Bond-Financed Facilities and other costs (e.g., Issuance Costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Proceeds were spent or used. These records should be maintained separately for each issue of Tax-Exempt Bonds.
5. On at least an annual basis, identify all current and contemplated uses of Bond-Financed Facilities and ensure that the use of the Bond-Financed Facilities complies with the covenants and restrictions set forth in the Certificate.

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B. Monitoring Private Business Use

1. Before entering into any new management, service, or research agreements described in 3. below, review the agreements to determine whether they result in Private Business Use.
2. Analyze any Private Business Use of Bond-Financed Facilities to determine whether the 5% or 10% limitation, as applicable, on Private Business Use of Proceeds is exceeded. Contact Bond Counsel if this limit is exceeded.
3. Maintain copies of all of the following contracts or arrangements (or, if no written contract exists, maintain detailed records of the following contracts or arrangements) with a Private Person:
 - a. Sales of Bond-Financed Facilities.
 - b. Leases of Bond-Financed Facilities.
 - c. Management or service contracts relating to Bond-Financed Facilities
 - d. Research contracts under which a Private Person sponsors research in Bond-Financed Facilities.
 - e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-Financed Facilities.

Each of the foregoing contracts or arrangements may result in Private Business Use of the Bond-Financed Facilities. Consult with Bond Counsel to undertake any necessary remedial actions, discussed below, in respect of "nonqualified bonds" of the Issue.

C. Remedial Action

1. Deliberate Action. A "deliberate action" ("Deliberate Action") is any action taken after the Issuance Date by the Issuer that is within the Issuer's control and that causes: more than 5% or 10%, as applicable, of the Proceeds to be used for a Private Business Use (the "Private Business Use Limit"), and more than 5% or 10%, as applicable, of either the principal of or interest on the Issue to be secured by or derived, directly or indirectly, from Private Security or Payments (collectively with the Private Business Use Limit, the "Private Business Limits").

An action by the Issuer is not a Deliberate Action if the action was (i) the result of an involuntary conversion of all or a portion of the Project, or (ii) an action that was taken in response to a regulatory directive made by the federal government (see Regulations §1.141-2(d)(3)(ii)).

2. Timely Reallocation. If a Deliberate Action occurs, the Issuer may reallocate the Proceeds that had been allocated to the Project or portion thereof as to which the Deliberate Action occurred to other permitted uses not later than 18 months after the later of (i) the date of the expenditure to which the

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Proceeds were originally allocated or (ii) the placed in service date of the Project or portion thereof to which such Proceeds were originally allocated, but not later than 60 days after the fifth anniversary of the Issuance Date or the retirement of the Issue, if earlier (see Regulations §§1.141-6(a) and 1.148-6(d)(1)(iii)).

3. Remedial Action.

- a) Effect. A "remedial action" cures the use of Proceeds that caused the Private Business Use limit to be exceeded. A remedial action will not impact the amount of Private Security or Payments.
- b) Ability to Use. In order to achieve either or both of the effects set forth in 3.a, five conditions must be satisfied (see 3.c) and one of three alternative remedial actions must be taken (see D.).
- c) Conditions. The Issuer may use a "remedial action" only if the following five conditions are satisfied:
 - 1) On the Issuance Date, the Issuer did not reasonably expect the Private Business Limits to be exceeded at any time while any portion of the Issue was outstanding.
 - 2) On the Issuance Date, the weighted average maturity of the Issue did not exceed 120% of the weighted average of the reasonably expected economic lives of the assets comprising the Project.
 - 3) Unless the Project is being used for an alternative use (as described in 4 below), the new user of all or any portion of the Project must have paid fair market value therefor.
 - 4) The Issuer must treat any "disposition proceeds," which are all proceeds received from the sale, transfer or other disposition of all or a portion of the Project, as Gross Proceeds for arbitrage (Section 149) purposes.
 - 5) Prior to the Deliberate Action, the Proceeds were used for a governmental purpose unless the remedial action to be taken is described in D.1.

D. Types of Remedial Action.

1. Redemption of Non-Qualified Bonds. The "non-qualified bonds" are the portion of the Issue allocable to the Deliberate Action that causes the Issue to exceed the Private Business Limits. In general, within 90 days after the Deliberate Action, either the non-qualified

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bonds must be redeemed or an escrow that defeases the non-qualified bonds to their earliest redemption date must be established. A defeasance escrow may not be used, however, if the period between the Issuance Date and the earliest redemption date of the non-qualified bonds is more than 10.5 years; in such case, a closing agreement with the Internal Revenue Service ("IRS") may be necessary. If a defeasance escrow is established, the Issuer must notify the IRS within 90 days of its establishment. Notwithstanding the general requirement stated above that all non-qualified bonds must be redeemed or defeased, if the disposition proceeds consist exclusively of cash, it is sufficient that the disposition proceeds be used to redeem or defease a pro rata portion of the non-qualified bonds.

2. *Alternative Use of Disposition Proceeds.* The Issue satisfies the requirements of this remedial action if:

- a) all disposition proceeds consist exclusively of cash;
- b) the Issuer reasonably expects to spend the disposition proceeds within two years after the date of the Deliberate Action;
- c) the disposition proceeds are treated as Proceeds for purposes of the Private Business Limits, the use of the disposition proceeds does not cause the Issue to exceed these Limits, and the Issuer does not take a subsequent Deliberate Action that causes either of these Limits to be exceeded;
- d) any unspent disposition proceeds must be used to redeem all or a portion of the Issue; and
- e) if the disposition proceeds are to be used by a 501(c)(3) Organization, from the date of the Deliberate Action, the non-qualified bonds must constitute Qualified 501(c)(3) Bonds and be treated as reissued for that purpose.

3. *Alternative Use of Project.* The Issuer satisfies the requirements of this remedial action if:

- a) the portion of the Project that is transferred or disposed of could have been financed by another type of Tax-Exempt Bond;
- b) the Deliberate Action taken by the Issuer did not involve a purchase financed by another issue of Tax-Exempt Bonds; and
- c) any disposition proceeds resulting from the Deliberate Action (other than those related to the provision of services) are used to pay Debt Service on the Issue on the next available

	Pima County Department of Finance and Risk Management Internal Operating Procedures	Effective Date: Review Date: Revision Date: Page: 12 of 12
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payment date or, within 90 days of receipt, are deposited into a Yield-restricted escrow to be used to pay Debt Service on the next available payment date.

Under these circumstances, the non-qualified bonds are treated as re-issued as of the date of the Deliberate Action, and must remain qualifying Tax-Exempt Bonds throughout their term.

E. Examples of Deliberate Action.

1. Lease to a Private Person. A Deliberate Action generally occurs if the Issuer (i) leases space within the Project to a Private Person and that use, when added to any other Private Business Use, exceeds 5% or 10%, as applicable, of the Bond-Financed Facilities so that more than 5% or 10%, as applicable, of the Proceeds of the Issue are considered used for a Private Business Use and (ii) receives rent under that lease that, when added to any other Private Security or Payments, exceeds 5% or 10%, as applicable, of the Proceeds.

2. Service Contract. A Deliberate Action generally occurs if (i) (1) the Issuer enters into a "service contract" (defined below) with a Private Person, (2) that Service Contract will be performed (or will be deemed to be performed) within the Project, (3) that Service Contract does not satisfy the requirements set forth in Revenue Procedure 97-13 (or its successor), and (4) that use, when added to any other Private Business Use of the Project, exceeds 5% or 10%, as applicable, of the Proceeds, and (ii) payments received or deemed received with respect to the Project in which the Service Contract is performed, when added to any other Private Security or Payments, exceed 5% or 10%, as applicable, of the Proceeds. A service contract is an arrangement under which services are to be provided by a Private Person involving the use of all or any portion of, or any function of, the Bond-Financed Facilities (for example, management services for an entire facility or a specific department of a facility).

3. Sale of Project. A Deliberate Action generally occurs if the Issuer sells all or more than 5% or 10%, as applicable, of the Bond-Financed Facilities to a Private Person, which results in Private Business Use, and receives commensurate disposition proceeds for that sale.

\$52,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

Attachment C-2
to Tax Compliance Certificate

INSTRUCTIONS FOR COMPLIANCE WITH REBATE
REQUIREMENTS OF SECTION 148(f) OF THE CODE

The Issuer¹ covenanted in the operative documents (*i.e.*, Ordinance/Resolution/Trust Indenture/Tax Compliance Certificate) to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issue from all or part of the rebate requirements. Capitalized terms that are not defined in these Rebate Instructions are defined in Attachment A to the Tax Compliance Certificate.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.² Stated differently, the Rebate Amount for the Issue as of any date is the excess of the Future Value, as of that date, of all Receipts on Nonpurpose Investments over the Future Value, as of that date, of all Payments on Nonpurpose Investments, computed using the Yield on the Issue as the Future Value rate.³

¹ For purposes of these Instructions, the term "Issuer" includes the borrower in a conduit financing issue.

² Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount: (1) for any Bond Year in which the gross earnings on such Fund for such Year are less than \$100,000; (2) if the average annual Debt Service on the Issue does not exceed \$2,500,000; or (3) if none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least five years.

³ The scope of these Instructions does not permit a detailed description of the computation of the Rebate Amount with respect to the Issue. If you need assistance in computing the Rebate Amount on the Issue or

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the Issuer.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the “Spending Exceptions”) is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Issuer makes one or more elections under the 2-Year Exception with respect to the Issue.

The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

Refunding Issues. The only spending exception available for a Refunding Issue⁴ is the 6-Month Spending Exception.

Special Transferred Proceeds Rules. In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

Application of Spending Exceptions to a Multipurpose Issue. If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

want Squire Sanders (US) LLP to do the computations, please feel free to contact the Squire Sanders (US) LLP attorney with whom you normally consult to discuss engaging the Firm to provide such assistance.

⁴ For purposes of these Instructions, references to “Refunding Issue” include the Refunding Portion of a Multipurpose Issue.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional six months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed 5% of the Proceeds of the Issue.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within six months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

SECTION 2.03. 18-MONTH SPENDING EXCEPTION.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 15% within six months;
- (2) at least 60% within 12 months; and
- (3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 3), is timely paid to the United States.

(C) The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th

month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Issuer reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 2.04. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 10% within six months;
- (2) at least 45% within one year;
- (3) at least 75% within 18 months; and
- (4) 100% within two years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Issuer has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

If the Issuer elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such

Investment Proceeds or earnings after the earlier of the date construction is substantially completed or two years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 3).

The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (*i.e.*, 100% within two years of the Issuance Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within three years of the Issuance Date.

For purposes of determining whether the spend down requirements have been met as of the end of each of the first three spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Issuer reasonably expected as of the Issuance Date to earn during the 2-year period unless the Issuer elects, on or before the Issuance Date, to apply these spend-down requirements on the basis of actual facts rather than reasonable expectations. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the Issuer elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semiannual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (*e.g.*, amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT

SECTION 3.01. COMPUTATION AND PAYMENT OF REBATE AMOUNT.

If none of the Spending Exceptions described above is satisfied (and if the 1½% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within 45 days after each Computation Date the Issuer shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation Date is a date selected by the Issuer, but shall be not later than five years after the Issuance Date.

Each subsequent Computation Date shall end five years after the previous Computation Date except that, in a Variable Yield Issue, the Issuer may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within 60 days after each Computation Date (except the final Computation Date), the Issuer shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within 60 days after the final Computation Date, the Issuer shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the Issuer shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit for each Bond Year. Within 50 days after the end of each Bond Year, if the Rebate Amount is positive, the Issuer shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a Computation Date shall be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

SECTION 3.02. BOOKS AND RECORDS.

(A) The Issuer or Trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the Issuer or Trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payment dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

(B) The Issuer, Trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until three years after the retirement of the last obligation that is a part of the Issue.

SECTION 3.03. FAIR MARKET VALUE.

(A) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(B) The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (*i.e.*, the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(D) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met.

(1) The Issuer or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.

(2) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees).

(3) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

(4) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund.

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable.

(6) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(E) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met.

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal.

(2) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

SECTION 3.04. CONSTRUCTIVE SALE/PURCHASE.

(A) Nonpurpose Investments that are held by the Issuer or Trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property that becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the Issuer on such date of allocation at its fair market value on such date.

(B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase.

(C) Except as set forth in (B), fixed-rate Investment Property that is (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) acquired with not more than 2% of market discount or market premium may be treated as having a fair market value equal to its outstanding stated principal amount plus accrued interest. Fixed-rate Investment Property also may be treated as having a fair market value equal to its present value.

SECTION 3.05. ADMINISTRATIVE COSTS.

(A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are

Qualified Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.

(B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the Issuer or the provider is a Qualified Administrative Cost to the extent that (1) the amount of the fee treated as a Qualified Administrative Cost does not exceed the lesser of (a) \$37,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (b) 0.2% of the Computational Base or, if more, \$4,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (2) the aggregate amount of broker's commissions or similar fees with respect to all Guaranteed Investment Contracts and Nonpurpose Investments acquired for a yield-restricted defeasance escrow purchased with Gross Proceeds of the Issue treated as Qualified Administrative Costs does not exceed a cap of \$106,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost-of-living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired less the portion of such cap, if any, used in prior years with respect to the Issue.

PART IV: COMPLIANCE AND AMENDMENT

SECTION 4.01. COMPLIANCE.

The Issuer, Trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the Issuer and the Trustee receive a Bond Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

SECTION 4.02. LIABILITY.

If for any reason any requirement of these Instructions is not complied with, the Issuer and the Trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The Trustee shall have no duty or responsibility to independently verify any of the Issuer's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United

States. Under no circumstances whatsoever shall the Trustee be liable to the Issuer, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

(End of Attachment C-2)

Attachment D

**DECLARATION OF OFFICIAL INTENT
TO REIMBURSE
ORIGINAL EXPENDITURE
FROM PROCEEDS OF FUTURE DEBT ISSUANCES
Certificates of Participation
December 11, 2014**

Pursuant to Pima County Board of Supervisors Resolution No. 1997-194, Board Representatives may authorize Declarations of Official Intent to reimburse payments made by the County for original expenditures from proceeds of bonds, certificates of participation, or other obligations issued by or for the benefit of Pima County.

The undersigned is authorized to make this declaration on behalf of the Board of Supervisors of Pima County, Arizona (the "County") and hereby declares as follows:

1. This is a Declaration of Official Intent within the meaning of Treasury Regulations Section 1.150-2.

2. The Board intends and reasonably expects that the original expenditures made by the County more fully described in paragraph 3 will be reimbursed with proceeds of certificates of participation to be issued by or for the benefit of the County in a maximum principal amount of \$60,000,000 to be issued over a series of installments for the projects described in paragraph 3.

3. The original expenditures to be reimbursed to the Regional Wastewater Reclamation Fund and referred to in paragraph 2 are for planning, design, acquisition, equipping and construction of the projects listed on the attached documentation.

Dated as of this 15 day of December, 2014.

PIMA COUNTY, ARIZONA

By: 
Tom Burke
Board Representative

RWRD Capital Project Expense Forecast as of 12.10.14

Actuals through CIP_NOV

Row Labels	FY15 Forecast-Actuals
WW - ROMP Ina Rd WPCF HPO Replacement	1,201,504
WW - Addition to RWRD Central Laboratory	3,155,893
WW - Kostka Ave Michigan to Pennsylvania	1,318,175
WW - Ina Rd WRF Primary Clarifier Concrete Repair	1,170,356
WW - ADOT SR86 Valencia Rd to Kinney Rd	187,921
WW - Southeast Interceptor Rehabilitation Phase 2	681,324
WW - Sewer Manhole Rehabilitation # 5	1,412,289
WW - SCADA WAN Infrastructure Upgrade	588,000
WW - Ina Rd WRF Centrifuge Bldg Sludge Screen	515,390
WW - ROMP 32 MGD Reclamation Campus	348,054
WW - Road Embankment Widening, Roger Rd WRF Clean Clost	505,000
WW - Tres Rios WRF Existing Infrastructure Upgrades Project	500,000
WW - Avra Valley Parking Paving & Drainage Ph 2	367,982
WW - Roger Rd Treatment Plant Entry Post-Closure Implement	412,430
WW - Cardenal Pump Station	516,110
WW - ROMP Ina Rd WPCF 12.5 MGD Expansion	13,000
WW - Arivaca Pump Station	455,132
WW - Wilmot Rd & I-10 Manhole Rehabilitation	127,383
WW - Pantano Interceptor Chemical Dosing Unit at Houghton	332,814
WW - Dodge Blvd Security Improvements	306,194
WW - DMAFB Flow Meter Station	266,709
WW - 22nd St Alvernon Way to Swan Rd Augmentation	292,852
WW - Corona de Tucson WWTF UV Disinfection & Filtration	250,000
WW-Tres Rios Safety Upgrades	249,000
WW - Corona de Tucson WRF Facility Improvements	239,000
WW - Ina Rd WPCF Class A Biosolids Improvements	691,844
WW - ROMP Ina Rd WPCF Power Generation & Distribution	30,587
WW - State Prison Pump Station Rehabilitation FY13/14	194,245
WW - Downtown Links Phase 1A St Marys Segment	194,032
WW - Old Nogales Interc. Aug - New Aerospace Corr Sewer	149,100
WW - Ina Rd WRF Emergency Overflow Basin Pump Replacem	-
WW - Sub-Regional Facilities Security Improvements	423,687
WW - Corona de Tucson WRF Security Improvements	75,702
WW - Ina Rd Existing Plant SCADA Upgrades	100,000
WW - Ina Rd WPCF Biosolids Facilities Improvements	209,092
WW - PCDOT La Canada River Rd to Ina Rd Sewer Utility	62,064
WW - SCADA Cyber Security Upgrade	5,874
WW - Avra Valley WRF - UV Channel Protective Shade Structur	29,298
WW - Green Valley WRF Security Improvements	153,378
WW - ADOT SR77 Oracle Rd to Tangerine Rd to Pinal County Lr	5,000
WW - Randolph Pk WRF & Pump Station Security Improvemen	-
WW - Congress and Silverbell to Starr Pass and I-10	1,068
WW - Sewer Manhole Rehabilitation # 4	-
WW - ADOT - Ina Rd & I-10 Sewer Modifications	150,000
WW - ADOT - W Ajo Way & I-19 Sewer Modifications	1,733,584

WW - ADOT W Ruthrauff Rd & Interstate 10 Sewer Modificatio	150,000
WW - Conveyance Rehabilitation Program	6,788,808
WW - COTDOT Houghton Rd I-10 to Valencia Rd Sewer Utility	45,000
WW - Ina Rd WPCF SCADA Process Optimization	127,523
WW - La Tierra Pump Station Conversion to Gravity Sewer	131,000
WW - Minor Rehabilitation Projects FY14/15	8,350,860
WW - North Rillito Interceptor Rehabilitation	7,887,570
WW - PCDOT La Cholla Blvd Magee Rd to Tangerine Rd	60,000
WW - Prince Rd & I-10 ADOT Sewer Modifications	230,500
WW - Sabino Creek Pump Station	982,029
WW - SE Houghton Area Recharge Project	450,000
WW - Houghton Rd Broadway Blvd Intersection Improve COTI	91,000
WW - SE Interceptor Subsurface Biofilter Vapor Treatment Uni	145,821
WW - Mission Pump Station Rehabilitation	71,427
WW - Helen St to Elm St 6th Ave to 1st Ave	640,554
WW - 22nd to Congress Osborne to Toole	534,161
WW - Sahuara Bio-Filter	49,007
WW - Harrison Rd - Millmar Rd to Escalante Rd	491,396
WW - Principal Pump Station	29
WW - Hanson Software Upgrade to Version 8	476,000
WW - Minor Rehabilitation Projects FY 13/14	-
WW - CRRPS Facility Modifications	1,143,759
WW - Mt Lemmon WRF SCADA & Automation Improvements	293,370
WW - Corona de Tucson WRF SCADA & Operations Upgrade	312,535
WW - Green Valley WRF - Future Development Plan FY13/14	995,339
WW - ROMP SCADA	693,089
WW - Green Valley WRF SCADA & Automation Improvements	375,190
WW - Tangerine Rd Force Main Relocation	12,253
WW - Conveyance SCADA System Upgrade Richey Rd to Ina Rd	648,489
WW - SE Interceptor Augmentation	1,146,792
WW - Biogas Sales and Utilization	424,565
WW - North Rillito Interceptor Relief Sewer	981,248
WW - Roger Rd WRF Clean Closure	410,549
WW - South Rillito West Central Interceptor Rehab	1,828,665
WW - Side Stream Treatment	71,624
Subtotal	<u>56,661,219</u>
SRO funding available	(7,705,376)
Total	<u>48,955,843</u>

RWRD Capital Project Expense Forecast as of 12.10.14
Actuals through CIP_NOV

Row Labels	Expense Forecast	Expense Actuals	Balance	Adopted Budget	Variance Forecast to Budget
WW - ROMP Ina Rd WPCF HPO Replacement	2,486,944	1,285,440	1,201,504	10,000	2,476,944
WW - Addition to RWRD Central Laboratory	5,002,131	1,346,238	3,155,892	3,621,962	1,380,169
WW - Kostka Ave Michigan to Pennsylvania	1,331,259	13,084	1,318,175	70,000	1,261,259
WW - Ina Rd WRF Primary Clarifier Concrete Repair	1,212,072	41,716	1,170,356	400,000	812,072
WW - ADOT SR86 Valencia Rd to Kinney Rd	596,368	510,447	187,921	1,000	697,368
WW - Southeast Interceptor Rehabilitation Phase 2	685,000	3,676	681,324	-	685,000
WW - Sewer Manhole Rehabilitation # 5	1,599,000	186,711	1,412,289	999,000	600,000
WW - SCADA WAN Infrastructure Upgrade	588,000	-	588,000	-	588,000
WW - Ina Rd WRF Centrifuge Bldg Sludge Screen	562,000	46,610	515,390	-	562,000
WW - ROMP 32 MGD Reclamation Campus	814,057	466,003	348,054	267,000	547,057
WW - Road Embankment Widening, Roger Pri WRF Clean Clo	505,000	-	505,000	-	505,000
WW - Tres Rios WRF Existing Infrastructure Upgrades Project	500,000	-	500,000	-	500,000
WW - Avra Valley Parking Paving & Drainage Ph 2	487,100	119,118	367,982	-	487,100
WW - Roger Pri Treatment Plant Entry Post-Closure Implemen	480,000	67,570	412,430	-	480,000
WW - Cardinal Pump Station	533,805	17,645	516,110	105,985	427,820
WW - ROMP Ina Rd WPCF 12.5 MGD Expansion	427,465	414,465	13,000	-	427,465
WW - Avra Valley Pump Station	463,721	8,589	455,132	96,617	375,104
WW - Wilmot Rd & I-10 Manhole Rehabilitation	327,431	210,046	127,385	1,000	336,431
WW - Pantano Interceptor Chemical Dosing Unit at Houghton	334,500	1,886	332,614	-	334,500
WW - Dodge Blvd Security Improvements	308,536	342	308,194	-	308,536
WW - DiMAFR Flow Meter Station	303,178	36,469	266,709	-	302,178
WW - 2nd St Alvernon Way to Swan Rd Augmentation	296,000	3,148	292,852	-	296,000
WW - Corona de Tucson WWTU UV Disinfection & Filtration	250,000	-	250,000	-	250,000
WW - Tres Rios Safety Upgrades	249,000	-	249,000	-	249,000
WW - Corona de Tucson WRF Facility Improvements	239,000	-	239,000	-	239,000
WW - Ina Rd WPCF Class A Biosolids Improvements	732,780	46,936	691,844	508,201	224,579
WW - ROMP Ina Rd WPCF Power Generation & Distribution	205,022	174,435	30,587	-	205,022
WW - State Prison Pump Station Rehabilitation FY13/14	197,124	2,879	194,245	-	197,124
WW - Downtown Links Phase 1A St Marys Segment	195,000	962	194,032	-	195,000
WW - Old Nogales Interc Aug - New Aerospace Corr Sewer	149,100	-	149,100	-	149,100
WW - Ina Rd WRF Emergency Overflow Basin Pump Replacement	150,756	150,756	-	5,000	145,756
WW - Sub-Regional Facilities Security Improvements	423,815	2,132	423,687	289,685	136,134
WW - Corona de Tucson WRF Security Improvements	335,600	259,898	75,702	216,500	119,100
WW - Ina Rd Existing Plant SCADA Upgrades	100,000	-	100,000	-	100,000
WW - Ina Rd WPCF Biosolids Facilities Improvements	84,034	(125,058)	209,092	-	84,034
WW - PCDOT La Canada River Rd to Ina Rd Sewer Utility	62,064	-	62,064	-	62,064
WW - SCADA Cyber Security Upgrade	50,000	44,126	5,874	-	50,000
WW - Avra Valley WRF - UV Channel Protective Shade Structure	215,411	186,113	29,298	195,000	20,411
WW - Green Valley WRF Security Improvements	247,097	93,719	153,378	137,284	9,813
WW - ADOT SR77 Oracle Rd to Pinal County Li	5,000	-	5,000	-	5,000
WW - Randolph Pk WRF & Pump Station Security Improvemen	509	509	-	-	509
WW - Congress and Silverbell to Starr Pass and I-10	375	(693)	1,068	-	375
WW - Sewer Manhole Rehabilitation # 4	2,130	2,130	-	2,000	130
WW - ADOT - Ina Rd & I-10 Sewer Modifications	150,000	-	150,000	150,000	-
WW - ADOT - W Ajo Way & I-19 Sewer Modifications	1,800,000	66,416	1,733,584	1,800,000	-
WW - ADOT W Rutherford Rd & Interstate 10 Sewer Modificatic	150,000	-	150,000	150,000	-
WW - Conveyance Rehabilitation Program	6,999,000	210,192	6,788,808	6,999,000	-
WW - COTDOT Houghton Rd I-10 to Valencia Rd Sewer Utility	45,000	-	45,000	45,000	-
WW - Ina Rd WPCF SCADA Process Optimization	132,417	4,894	127,523	132,417	-
WW - La Tierra Pump Station Conversion to Gravity Sewer	131,000	-	131,000	131,000	-
WW - Minor Rehabilitation Projects FY14/15	9,995,000	1,644,140	8,350,860	9,995,000	-
WW - North Rillito Interceptor Rehabilitation	7,929,000	41,430	7,887,570	7,929,000	-
WW - PCDOT La Cholla Blvd Magee Rd to Tangerine Rd	60,000	-	60,000	60,000	-
WW - Prince Rd & I-10 ADOT Sewer Modifications	230,500	-	230,500	230,500	-
WW - Sabino Creek Pump Station	1,022,000	39,971	982,029	1,022,000	-
WW - SE Houghton Area Recharge Project	450,000	-	450,000	450,000	-
WW - Houghton Rd Broadway Blvd Intersection Improve COTI	91,000	-	91,000	100,000	(9,000)
WW - SE Interceptor Subsurface Biofilter Vapor Treatment Uni	232,564	86,743	145,821	254,513	(21,949)
WW - Mission Pump Station Rehabilitation	72,549	1,122	71,427	99,000	(26,451)
WW - Helen St to Elm St 6th Ave to 1st Ave	657,105	16,551	640,554	692,717	(35,612)
WW - 22nd to Congress Osborne to Toole	555,085	20,924	534,161	591,026	(35,941)
WW - Sahuara Bio-Filter	50,000	993	49,007	119,000	(69,000)
WW - Harrison Rd - Millmar Rd to Escalante Rd	964,559	473,163	491,396	1,098,360	(133,801)
WW - Principal Pump Station	463	434	29	142,861	(142,398)
WW - Hanson Software Upgrade to Version 8	476,000	-	476,000	665,780	(189,780)
WW - Minor Rehabilitation Projects FY 13/14	474	474	-	200,000	(199,526)
WW - CRRPS Facility Modifications	1,292,551	148,792	1,143,759	1,551,212	(258,661)
WW - Mt Lemmon WRF SCADA & Automation Improvements	293,370	-	293,370	559,055	(265,685)
WW - Corona de Tucson WRF SCADA & Operations Upgrade	321,724	9,189	312,535	764,615	(442,891)
WW - Green Valley WRF - Future Development Plan FY13/14	2,026,578	1,031,239	995,339	2,700,000	(673,422)
WW - ROMP SCADA	907,053	213,964	693,089	1,607,053	(700,000)
WW - Green Valley WRF SCADA & Automation Improvements	382,262	7,072	375,190	1,095,883	(713,621)
WW - Tangerine Rd Force Main Relocation	85,997	73,744	12,253	803,000	(717,003)
WW - Conveyance SCADA System Upgrade Richey Rd to Ina Rd	685,000	36,511	648,489	2,481,581	(1,796,581)
WW - SE Interceptor Augmentation	1,211,322	64,530	1,146,792	3,134,724	(1,923,402)
WW - Biogas Sales and Utilization	510,715	86,150	424,565	3,140,642	(2,629,927)

WW - North Rillito Interceptor Relief Sewer	1,010,326	29,078	981,248	3,962,765	(2,952,439)
WW - Roger Rd WRF Clean Closure	646,858	236,309	410,549	5,000,000	(4,353,142)
WW - South Rillito West Central Interceptor Rehab	4,342,731	2,514,066	1,828,665	8,758,801	(4,416,070)
WW - Side Stream Treatment	100,208	28,584	71,624	5,487,012	(5,386,804)
Subtotal	<u>69,859,799</u>	<u>13,198,580</u>	<u>56,661,219</u>	<u>81,121,751</u>	<u>(11,261,952)</u>
SRO funding available			(7,705,376)		
Projects in budget, but, without expense forecast				<u>3,270,407</u>	
Total			<u>48,955,843</u>	<u>84,392,158</u>	



Blanket Issuer Letter of Representations
[To be Completed by Issuer]

PIMA COUNTY, ARIZONA
[Name of Issuer]

JUNE 11, 1998
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PIMA COUNTY, ARIZONA
(Issuer)

By: C. Huckelberry
(Authorized Officer's Signature)

C. H. HUCKELBERRY, COUNTY ADMINISTRATOR

(Type-write Name & Title)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: [Signature]

130 W. Congress, 10th floor
(Street Address)

Tucson, AZ 85701
(City) (State) (Zip)

(520) 740-8661
(Phone Number)

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

CERTIFICATE AND RECEIPT OF TRUSTEE

The undersigned, U.S. BANK NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Trust Agreement dated as of June 1, 2008 (the "Original Trust Agreement"), by and between Pima County, Arizona (the "County") and the Trustee, as supplemented by the First Supplement to Trust Agreement, dated as of June 1, 2009 (the "First Supplement"), the Second Supplement to Trust Agreement, dated as of February 1, 2010 (the "Second Supplement"), the Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement"), the Fourth Supplement to Trust Agreement, dated as of January 1, 2014 (the "Fourth Supplement") and the Fifth Supplement to Trust Agreement, dated as of April 1, 2015 (the "Fifth Supplement" and, together with the Original Trust Agreement, the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, the "Trust Agreement"), hereby certifies as follows:

1. For certain terms denoted by initial capitals herein and not otherwise defined herein, the definitions of terms set forth in the Trust Agreement are hereby adopted.

2. The Trustee is duly organized and existing under and by virtue of the laws of the United States of America and is duly qualified to do trust business in the State of Arizona.

3. The Trustee hereby acknowledges receipt of

(a) A certified copy of Resolution No. 2014-125, adopted by the Board of Supervisors on December 16, 2014, authorizing, among other things, the execution and delivery on behalf of the County of the Fifth Supplement, the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (the "Fifth Amendment") between the County and the Trustee, amending a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement" and, as amended by the Fifth Amendment, a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 and a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014, the "Lease-Purchase Agreement"), by and between the Lessor and the County, and the Certificate Purchase Contract, dated March 16, 2015 (the "Certificate Purchase Contract"), between the County and RBC Capital Markets, LLC (the "Underwriter").

(b) Executed original counterparts of the Fifth Supplement, the Fifth Amendment, the Certificate Purchase Contract and the Tax Compliance Certificate of the County dated the date hereof.

4. The Fifth Supplement and the Fifth Amendment (collectively, the “Trustee Documents”) were executed by the undersigned officer who at the time of such execution, was and is duly authorized to execute such documents on behalf of the Trustee.

5. Attached hereto as Exhibit A is the Assistant Secretary’s Certificate of the Trustee which sets forth the authority of the signatory named in paragraphs 4 and 7 hereof to act on behalf of the Trustee, and that said authority was in effect on the date or dates said signatory acted and remains in full force and effect on the date hereof.

6. Pursuant to the written request and authorization from the County, dated this date, the Trustee has executed \$57,025,000 aggregate principal amount of Certificates of Participation, Series 2015 (the “2015 Certificates”) on behalf of the County, dated April 15, 2015, maturing, bearing interest and having other terms provided by the Trust Agreement and has delivered all of said 2015 Certificates to the Underwriter, after execution and registration, on the order of the Underwriter and upon payment therefor to the Trustee, of the purchase price thereof, as provided in paragraph 9 below.

7. The 2015 Certificates were executed by a duly authorized signatory for the Trustee who at the time of such execution, was and is duly authorized to execute such 2015 Certificates on behalf of the Trustee.

8. To the best of the knowledge of the undersigned officer of the Trustee after due investigation, no litigation is pending or threatened against the Trustee before any judicial, quasi-judicial or administrative forum (a) to restrain or enjoin the performance by the Trustee of its obligations and duties under the Trustee Documents, the Original Lease-Purchase Agreement or the Original Trust Agreement, (b) in any way contesting or affecting any authority for, or the validity of, the 2015 Certificates or the application of the proceeds of the 2015 Certificates, or (c) in any way contesting the existence or corporate trust powers of the Trustee.

9. The Trustee has received, in payment for the 2015 Certificates, \$60,179,495.25, consisting of (a) \$57,025,000.00 aggregate principal amount of the 2015 Certificates, plus (b) \$3,468,132.75 reoffering premium, and less (c) \$313,637.50 Underwriter’s discount.

10. In accordance with the Trust Agreement, the moneys referred to in the foregoing paragraph 9 with respect to the proceeds of the 2015 Certificates have been deposited as follows:

- (a) \$179,495.25 to the 2015 Delivery Costs Fund;
- (b) \$60,000,000.00 to the 2015 Project Fund.

11. Responsive to the Certificate Purchase Contract, the undersigned further certifies as follows:

(i) the representations and warranties of the Trustee contained in the Certificate Purchase Contract are true and correct in all material respects on and as of the date hereof as if made on the date hereof;

(ii) the Trustee has full power and authority to (A) exercise corporate trust powers in the State of Arizona, (B) execute and deliver the 2015 Certificates and (C) execute and deliver, or acknowledge, as the case may be, and to perform its obligations under, the Trustee Documents and all documents included in exhibits thereto and required thereunder to be executed and delivered by the Trustee;

(iii) the Trustee has by proper corporate action duly authorized (A) the execution and delivery, or acknowledgment, of, and the due performance of its obligations under the Trustee Documents, (B) the execution and delivery of the 2015 Certificates, and (C) the taking of any and all other actions as may be required on the part of the Trustee to carry out, give effect to and consummate the transaction contemplated by such Trustee Documents; and

(iv) the Trustee's execution and delivery, or acknowledgment, of the Trustee Documents and its compliance with terms thereof does not contravene any provision of any order, decree, writ or injunction known to the Trustee, or the Trustee's Articles of Association or bylaws, or result in breach of or default under, or require consent under any agreement, indenture or other instrument to which the Trustee is a party or by which it is bound.

[Remainder of page left blank intentionally]

DATED: April 15, 2015.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: 
Vice President

[Signature page of Certificate and Receipt of Trustee]

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

UNDERWRITER'S RECEIPT

The undersigned, RBC Capital Markets, LLC, is the underwriter of the \$57,025,000 aggregate principal amount of Pima County, Arizona Certificates of Participation, Series 2015 (the "2015 Certificates") and as such hereby acknowledges receipt on this date, from U.S. Bank National Association, as trustee (the "Trustee"), of the 2015 Certificates issued under and pursuant to a Trust Agreement, dated as of June 1, 2008, by and between the Trustee and Pima County, Arizona, as supplemented, fully executed and delivered, in fully registered form, dated as of April 15, 2015, and maturing on December 1 in the years and principal amounts and bearing interest at the rates set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>
2015	\$15,000,000	1.000%
2016	15,000,000	2.000
2017	15,000,000	5.000
2018	12,025,000	5.000

[Remainder of page left blank intentionally]

DATED: April 15, 2015.

RBC CAPITAL MARKETS, LLC

By: 
Name: Kurt Freund
Its: Managing Director

[Signature page of Underwriter's Receipt]

April 15, 2015

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as special counsel to our client Pima County, Arizona (the “County”) and not as counsel to any other person in connection with the execution and delivery by U.S. Bank National Association, as trustee (the “Trustee”), of \$57,025,000 aggregate principal amount of Certificates of Participation, Series 2015 (the “2015 Certificates”) pursuant to a Trust Agreement, dated as of June 1, 2008, as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009, a Second Supplement to Trust Agreement, dated as of February 1, 2010, a Third Supplement to Trust Agreement, dated as of May 1, 2013, a Fourth Supplement to Trust Agreement, dated as of January 1, 2014, and a Fifth Supplement to Trust Agreement, dated as of April 1, 2015 (collectively, the “Trust Agreement”), between the County and the Trustee, and relating to a Lease-Purchase Agreement, dated as of June 1, 2008, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014, and a Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (collectively, the “Lease Agreement”), between the Trustee, as lessor, and the County, as lessee. The Lease Agreement and the Trust Agreement are referred to collectively as the “County Documents.” Capitalized terms not defined in this letter are used as defined in the County Documents.

In our capacity as special counsel, we have examined the transcript of proceedings relating to the execution and delivery of the 2015 Certificates, the County Documents, a copy of the executed 2015 Certificate of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

44 Offices in 21 Countries

Squire Patton Boggs (US) LLP is part of the international legal practice Squire Patton Boggs, which operates worldwide through a number of separate legal entities.

Please visit squirepattonboggs.com for more information.

The 2015 Certificates, together with other Certificates (as defined in the Trust Agreement) heretofore or hereafter executed and delivered pursuant to the Trust Agreement, represent undivided and proportionate interests in the obligations of the County under the Lease Agreement. The County has agreed to lease certain real and personal property from the Trustee, as lessor, under the Lease Agreement.

Based upon our examination, we are of the opinion that, under existing law:

1. The County is a political subdivision existing under the laws of the State of Arizona, and has all requisite power to enter into and perform its obligations under the County Documents.

2. The County Documents each have been duly authorized, executed and delivered by the County and constitute legal, valid and binding obligations of the County enforceable in accordance with their terms.

3. The 2015 Certificates have been duly authorized, executed and delivered by the Trustee at the request and for the benefit of the County and are valid and binding limited and special obligations payable solely from the Lease Payments (as defined in the Lease Agreement) and certain funds held under the Trust Agreement as provided therein. The 2015 Certificates are not secured by an obligation or pledge of any taxing power or moneys raised thereby and are not a debt of and do not constitute a pledge of the faith and credit of the County, the State of Arizona or any political subdivision thereof.

4. The portion of each Lease Payment made by the County pursuant to the Lease Agreement and denominated as and comprising interest pursuant to the Lease Agreement and received by the owners of the 2015 Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the Interest Portion earned by certain corporations may be subject to a corporate alternative minimum tax. The Interest Portion is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the 2015 Certificates. We also express no opinion as to the treatment for federal income tax purposes or Arizona state income tax purposes of amounts paid to the owners of the 2015 Certificates in the event of termination of the Lease Agreement due to nonappropriation.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of

those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the County delivered in connection with this matter.

In rendering those opinions with respect to treatment of the Interest Portion under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to the execution and delivery of the 2015 Certificates may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2015 Certificates.

The rights of the owners of the 2015 Certificates and the enforceability of the 2015 Certificates and the County Documents are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as special counsel with respect to the 2015 Certificates has concluded on this date.

Respectfully submitted,

Squire Patton Boggs (US) LLP

Squire Patton Boggs (US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
squirepattonboggs.com

April 15, 2015

U.S. Bank National Association, as trustee
Phoenix, Arizona

We have today delivered to you a copy of our executed legal opinion as Special Counsel, dated this date, relating to the execution and delivery of the Pima County, Arizona Certificates of Participation, Series 2015, in the aggregate principal amount of \$57,025,000.

Please consider this letter as our advice to you that you are entitled to rely upon our opinion as if it was addressed to you.

Respectfully submitted,

Squire Patton Boggs (US) LLP

44 OFFICES IN 21 COUNTRIES

SQUIRE PATTON BOGGS (US) LLP IS PART OF THE INTERNATIONAL LEGAL PRACTICE SQUIRE PATTON BOGGS, WHICH OPERATES WORLDWIDE THROUGH A NUMBER OF SEPARATE LEGAL ENTITIES.

PLEASE VISIT SQUIREPATTONBOGGS.COM FOR MORE INFORMATION.

April 15, 2015

RBC Capital Markets, LLC
Phoenix, Arizona

Ladies and Gentlemen:

Pursuant to a Certificate Purchase Contract, dated March 16, 2015 (the “Certificate Purchase Contract”), between Pima County, Arizona and RBC Capital Markets, LLC, we have delivered to you our approving opinion of even date herewith (the “Approving Opinion”) relating to the Pima County, Arizona Certificates of Participation, Series 2015 in the aggregate principal amount of \$57,025,000 (the “2015 Certificates”). All terms used herein shall have the same meaning as assigned in the Certificate Purchase Contract.

We hereby supplement the aforesaid Approving Opinion and further advise you as follows:

1. The Resolution has been duly adopted and is in full force and effect;
2. It is not necessary, in connection with the offering and sale of the 2015 Certificates, to register the 2015 Certificates under the Securities Act of 1933, as amended or to qualify the Trust Agreement under the Trust Indenture Act of 1939, as amended;
3. The statements and information contained in the final Official Statement on the cover page, under the headings entitled “INTRODUCTORY STATEMENT,” “THE 2015 CERTIFICATES,” “PLAN OF FINANCE – General,” “SOURCES OF PAYMENT OF THE CERTIFICATES,” “SECURITY FOR THE CERTIFICATES,” “TAX MATTERS” and “CONTINUING SECONDARY MARKET DISCLOSURE” (other than matters relating to the County’s compliance with prior undertakings as to which no opinion is expressed), and Appendices D, E and F thereto, insofar as such statements and information summarize certain provisions of the 2015 Certificates, the County Documents and certain provisions of Arizona and federal law, including the federal and Arizona income tax status of interest on the 2015 Certificates, fairly present the information purported to be shown, and nothing has come to our attention which would lead us to believe that such information contains any untrue statement of a material fact or that such information, taken collectively, omits to state any material fact that is

44 OFFICES IN 21 COUNTRIES

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necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, that such information does not purport to summarize all the provisions of, and is qualified in its entirety by, the complete documents which are summarized;

4. The Certificate Purchase Contract has been duly authorized, executed and delivered by the County and (assuming due authorization and execution by the Underwriter) is a legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws generally affecting the enforcement of creditors' rights and to principles of equity in the event equitable remedies are sought;

5. The Undertaking has been duly authorized, executed and delivered by the County and is a legal, valid, and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws generally affecting the enforcement of creditors' rights and to principles of equity in the event equitable remedies are sought;

6. No consent of any other party and no consent, license, approval or authorization of, exemption by, or registration with any governmental body, authority, bureau or agency (other than those that have been obtained prior to the execution and delivery of the Lease, the Trust Agreement, the Undertaking and the Certificate Purchase Contract) is required in connection with the execution, delivery and performance by the County of the Lease, the Trust Agreement, the Undertaking and the Certificate Purchase Contract.

You may rely upon the Approving Opinion as though it were specifically addressed to you.

This letter is provided pursuant to Section 6(i)(4) of the Certificate Purchase Contract and is being given solely for the information of and assistance to the addressee of this letter in its capacity as the Underwriter of the 2015 Certificates. In giving this opinion to the Underwriter, it is expressly understood that no attorney-client relationship is being created thereby. Without our express prior written permission, this opinion may not be relied upon by any person other than the County and the Underwriter and is not to be used, circulated, quoted, or otherwise referred to in connection with the offering of the 2015 Certificates, except that reference may be made to this opinion in any list of closing documents pertaining to the execution and delivery of the 2015 Certificates.

Respectfully submitted,

Squire Patton Boggs (US) LLP

April 15, 2015

U.S. Bank National Association
Phoenix, Arizona

Re: \$57,025,000 Pima County, Arizona Certificates of Participation, Series 2015

Ladies and Gentlemen:

We have served as Special Counsel in connection with the execution and delivery of the \$57,025,000 aggregate principal amount of Pima County, Arizona Certificates of Participation, Series 2015 (the “2015 Certificates”) under the Fifth Supplement to Trust Agreement, dated as of April 1, 2015 (the “Fifth Supplement”), to the Trust Agreement, dated as of June 1, 2008 (as supplemented by the Fifth Supplement, by a Fourth Supplement to Trust Agreement, dated as of January 1, 2014, by a Third Supplement to Trust Agreement, dated as of May 1, 2013, by a Second Supplement to Trust Agreement, dated as of February 1, 2010, and by a First Supplement to Trust Agreement, dated as of June 1, 2009, the “Trust Agreement”), each between Pima County, Arizona (the “County”) and U.S. Bank National Association, as trustee (the “Trustee”). This opinion is delivered to you pursuant to Section 2.11 of the Trust Agreement.

In connection with the execution and delivery of the 2015 Certificates, you have been provided, among other items, with the following:

1. Original executed counterparts of (a) the Fifth Supplement, and (b) the Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015 (the “Fifth Amendment”), to the Lease-Purchase Agreement, dated as of June 1, 2008 (as amended by the Fifth Amendment, by a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1,

44 OFFICES IN 21 COUNTRIES

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2014, by a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, by a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, and by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, the "Lease Agreement"), between the County, as lessee, and the Trustee, as lessor;

2. Closing Certificate of the County, of even date herewith, including a request from the County (the "Request"), for the Trustee to execute and deliver the 2015 Certificates and containing certain representations therein;

3. Our opinion, of even date herewith (the "Approving Opinion"), addressing the validity of the 2015 Certificates and the other matters described therein.

Based on the foregoing and an examination of the law and such documents and matters as we deemed necessary to render this opinion, it is our opinion and we herewith advise you that:

(i) The foregoing documents submitted to the Trustee in connection with the Request comply with the requirements of the Trust Agreement for the execution and delivery of the 2015 Certificates, any filings required to be made under Section 11.4 of the Trust Agreement have been made, and all conditions precedent to the delivery of the 2015 Certificates have been fulfilled.

(ii) When executed and delivered by the Trustee, the 2015 Certificates will be valid and binding in accordance with their terms, as described in the Approving Opinion, and will be secured under the Trust Agreement equally and on a parity with the 2010 Certificates, the 2013 Certificates and the 2014 Certificates, as to the assignment to the Trustee of the amounts pledged thereunder.

(iii) The execution and delivery of the 2015 Certificates will not result in the portion of the Lease Payments designated as interest evidenced by the 2010 Certificates, the 2013 Certificates and the 2014 Certificates becoming includable in gross income for purposes of federal income taxation.

(iv) The Fifth Amendment has been duly authorized, executed and delivered by the County, and the Lease Agreement, as amended by the Fifth Amendment constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights and to the principles of equity in the event equitable remedies are sought.

Respectfully submitted,

Squire Patton Boggs (US) LLP



OFFICE OF THE
Pima County Attorney
Civil Division
32 NORTH STONE AVENUE
SUITE 2100
Tucson, Arizona 85701-1412
(520) 740-5750
FAX (520) 620-6556

Barbara LaWall
PIMA COUNTY ATTORNEY

April 15, 2015

RBC Capital Markets, LLC
Phoenix, Arizona

Re: Pima County, Arizona Certificates of Participation, Series 2015

This opinion is rendered in connection with the execution and delivery by Pima County, Arizona (the "County"), of each of the following (together, the "Documents"):

- A Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015, which amends a Lease-Purchase Agreement, dated as of June 1, 2008, as previously amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, and a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014 (as so amended, the "Lease-Purchase Agreement"), between the County, as lessee, and U.S. Bank National Association, as lessor (the "Lessor").
- A Fifth Supplement to Trust Agreement, dated as of April 1, 2015, which supplements a Trust Agreement, dated as of June 1, 2008, as previously supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009, a Second Supplement to Trust Agreement, dated as of February 1, 2010, a Third Supplement to Trust Agreement, dated as of May 1, 2013 and a Fourth Supplement to Trust Agreement, dated as of January 1, 2014 (as so supplemented, the "Trust Agreement"), between the County and U.S. Bank National Association, as trustee (the "Trustee").
- A Continuing Disclosure Undertaking, dated the date hereof (the "Undertaking"), executed by the County.
- A Certificate Purchase Contract, dated the date of sale of the captioned Certificates (the "Certificate Purchase Contract"), among the County, the Trustee and RBC Capital Markets, LLC.

Each of the Documents was authorized by a resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Authorizing Resolution"). We have examined the transcript of proceedings relating to the execution and delivery of the Documents and such other documents as we considered necessary to our opinion. As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the above-mentioned proceedings and other documents, and have relied upon certificates, covenants and representations furnished to us by the County without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of execution and delivery of the Documents, that:

1. The adoption of the Authorizing Resolution, and all other proceedings of the County relating to the authorization, approval and execution of the Documents, have been carried out in conformity with all applicable open meeting and other laws of the State of Arizona.

2. The authorization, execution and delivery of the Documents, and the County's compliance with the provisions of the Documents, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party, or of any existing law, administrative regulation, court order or consent decree to which the County or the Leased Property (as defined in the Lease-Purchase Agreement) is subject.

3. There are no lawsuits or administrative proceedings pending or, to the best of our knowledge, threatened, against the County that:

(i) in any way question the validity and the proper authorization, approval and execution of the Documents, or the ability of the County to perform its obligations under the Documents thereby, or

(ii) could result in an unfavorable decision, ruling or finding that would adversely affect the transactions contemplated by the Documents, the use of the Leased Property as contemplated by the Documents, or the financial condition of the County.

4. The statements in the Official Statement issued by the County in connection with the transaction contemplated by the Documents under the heading "LITIGATION" are true and correct in all material respects and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

PIMA COUNTY ATTORNEY

By: 
Regina L. Nassen
Deputy Pima County Attorney

April 15, 2015

RBC Capital Markets, LLC
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: \$57,025,000 Certificates of Participation,
Series 2015, Evidencing a Proportionate
Interest of Owners Thereof In Lease Payments
To Be Made By Pima County, Arizona, as Lessee

We have acted as counsel for you in connection with the purchase by you of the captioned Certificates (hereinafter referred to as the "Certificates"), evidencing proportionate interests of the owners thereof in a Lease-Purchase Agreement, dated as of June 1, 2008, as amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, a Fourth Amendment to Lease-Purchase Agreement, dated as of January 1, 2014, and a Fifth Amendment to Lease-Purchase Agreement, dated as of April 1, 2015, by and between Pima County, Arizona (hereinafter referred to as the "County"), and U.S. Bank National Association, as trustee in its separate capacity as lessor, pursuant to a Trust Agreement, dated as of June 1, 2008, as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009, a Second Supplement to Trust Agreement, dated as of February 1, 2010, a Third Supplement to Trust Agreement, dated as of May 1, 2013, a Fourth Supplement to Trust Agreement, dated as of January 1, 2014, and a Fifth Supplement to Trust Indenture, dated as of April 1, 2015, by and among the County, U.S. Bank National Association, as trustee, and U.S. Bank National Association, as trustee in its separate capacity as lessor. As your counsel, we have examined the Official Statement, dated March 16, 2015 (hereinafter referred to as the "Official Statement"), relating to the Certificates. In addition, we have examined originals

ALBANY
AMSTERDAM
ATLANTA
AUSTIN
BOCA RATON
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MEXICO CITY*
MIAMI
MILAN**
NEW JERSEY
NEW YORK
NORTHERN VIRGINIA
ORANGE COUNTY
ORLANDO
PHILADELPHIA
PHOENIX
ROME*
SACRAMENTO
SAN FRANCISCO
SEOUL**
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TEL AVIV*
WARSAW*
WASHINGTON, D.C.
WEST PALM BEACH
WHITE PLAINS

*OPERATES AS
GREENBERG TRAURIG MAHER LLP
**OPERATES AS
GREENBERG TRAURIG S.C.
**STRATEGIC ALLIANCE
*OPERATES AS
GREENBERG TRAURIG LLP
FOREIGN LEGAL CONSULTANT OFFICE
*A BRANCH OF
GREENBERG TRAURIG, P.A.
FLORIDA, USA
*OPERATES AS
GREENBERG TRAURIG GRZELSKI, S.P.A.

(or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinions rendered hereinbelow. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and other documents.

In accordance with our understanding with you, we rendered legal advice and assistance to you in connection with your participation in the preparation of the Official Statement. Based upon our participation in the preparation of the Official Statement as counsel for you and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and except as otherwise indicated herein, we have no reason to believe that the Official Statement as of its date and as of the date hereof contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no views with respect to (i) the information contained in the Official Statement relating to The Depository Trust Company, New York, New York, (ii) the financial or statistical data included in the Official Statement, (iii) the information in Appendices C and G to the Official Statement or (iv) the status of the Certificates for any purpose including particularly, but not by way of limitation, for federal or State income tax purposes.

This opinion is furnished by us as your counsel in connection with the issuance and delivery of the Certificates and is intended solely for your benefit.

Respectfully submitted,

Greenberg Traurig, LLP

OWNER'S POLICY OF TITLE INSURANCE

Issued by **Lawyers Title Insurance Corporation**



Lawyers Title Insurance Corporation is a member of the LandAmerica family of title insurance underwriters.

POLICY NUMBER
C29-Z032025

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, LAWYERS TITLE INSURANCE CORPORATION, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionIf a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, the Company has caused this Policy to be signed with the facsimile signatures of its President and Secretary and sealed as required by its By-Laws.

LAWYERS TITLE INSURANCE CORPORATION

Attest:

Secretary



By:

President

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10; or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

POLICY OF TITLE INSURANCE
Issued by
Lawyers Title Insurance Corporation

SCHEDULE A

Policy No.: C29-2032025

File No.: 06155031-024-P13

Amount of Insurance: \$50,000,000.00

Date of Policy: June 26, 2008 at Fee No. 20081240006

1. Name of Insured:

U.S. BANK NATIONAL ASSOCIATION, as Trustee pursuant to the Trust Agreement referred to in Paragraph 21 of Schedule B; and the Registered Owners of the Certificates of Participation referred to in said Trust Agreement, as their respective interests may appear

2. The estate or interest in the Land that is insured by this policy is:

LEASEHOLD under the terms and conditions of the Lease referred to in Paragraph 11 of Schedule B, as to Parcels 1-7; FEE, as to Parcels 8 and 9, and EASEMENT, as to Parcel 9a

3. Title is vested in:

PIMA COUNTY, ARIZONA, as to Fee Title as to Parcels 1-7; and U.S. BANK NATIONAL ASSOCIATION, as Trustee for the benefit of the Registered Owners of the Certificates, as to the Leasehold Estate as to Parcels 1-7; Fee Title as to Parcels 8 and 9; and Easement, as to Parcel 9a

4. The land referred to in this policy is described in Exhibit "A" attached hereto and made a part hereof.

Countersigned:

Seeg Malone

By: _____

Authorized Officer or Agent

EXHIBIT "A"

PUBLIC WORKS PARKING STRUCTURE:

The Public Works Parking Structure as shown on the architectural plans titled "Parking Structure Pima County Public Works Center Tucson, Arizona", by William I. Podolsky * Associates, Architects & Planners, Project No. 8909, and dated March 27, 1991, on file in the Department of Facilities Management, Pima County, Arizona, being located within Block 180 of the City of Tucson, and described as follows:

Parcel 1

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the North line of said Lot 1, 150 feet Easterly of the Northwest corner of said lot;

THENCE Easterly along the North line of said lot, a distance of 59 feet to a point, said point also being the Northwest corner of that certain parcel of land described in Docket 58 at page 123, records of Pima County, Arizona;

THENCE Southerly along the Westerly line of the last above described parcel, a distance of 79 feet, more or less, to a point on the South line of Lot 1, which point is distant 171.7 feet Westerly from the Southeast corner of said lot;

THENCE Westerly along the Southerly line of said lot, a distance of 38.66 feet to a point distant 150 feet East from the Southwest corner of said lot, said point also being the Southeast corner of that certain parcel described in Deed recorded in Book 267 of Deeds at page 407, records of Pima County, Arizona;

THENCE Northerly along the Easterly line of last above described parcel, a distance of 84 feet, more or less, to the POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 12)

Parcel 2

That portion of Lot 2 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified

EXHIBIT "A"

(CONTINUED)

copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at a point on the South line of said Lot 2, distant 100 feet, more or less, Westerly from the Southeast corner of said lot, which point is the Southwest corner of the property described in Deed recorded in Book 10 of Deeds at page 47, records of Pima County, Arizona;

THENCE Northerly along the Westerly line of said last mentioned property, a distance of 80 feet to a point;

THENCE South 84 degrees 30 minutes West, a distance of 50 feet, more or less, to a point on the East line of that certain property described in Deed recorded in Book 14 of Deeds at page 476, records of Pima County, Arizona, said point being the **TRUE POINT OF BEGINNING**;

THENCE Northerly along the Easterly line of said last mentioned parcel to a point on the North line of said Lot 2;

THENCE Westerly along the North line of said Lot 2, to the Northwest corner thereof;

THENCE Southerly along the Westerly line of said Lot 2, to the Southeast corner of Lot 3 in said Block 180;

THENCE Westerly along the Southerly line of said Lot 3, to a point which is distant 1.3 feet from the Northeast corner of Lot 4 in said Block 180;

THENCE Southerly to the Southwest corner of said Lot 2;

THENCE North 67 degrees 18 minutes 42 seconds East along the South line of said Lot 2, a distance of 115 feet to a point;

THENCE North 22 degrees 58 minutes 45 seconds West, a distance of 44.58 feet to a point;

THENCE in a Northerly direction to the **TRUE POINT OF BEGINNING**.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 22 and 24)

Parcel 3

That portion of Lot 3 in Block 180, of **CITY OF TUCSON**, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified

EXHIBIT "A"

(CONTINUED)

copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southwest corner of said Lot 3 on the East side of Church Street;

THENCE North 12 ¼ degrees West along the West line of said Lot 3, a distance of 78.54 feet, more or less, to a point on the West line of said lot, distant 74.58 feet Southerly from the Northwest corner thereof;

THENCE Easterly to a point on the East line of said lot, which point is South 11 ½ degrees East and distant 74.58 feet from the Northeast corner thereof;

THENCE South 11 ½ degrees East along the East line of said lot to the Southeast corner thereof;

THENCE South 75 ½ degrees West along the South line of said Lot 3, a distance of 90.42 feet to the **POINT OF BEGINNING**.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 33)

Parcel 4

That portion of Lot 3 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at the City Survey Monument at the intersection of Church and Council Street as now established;

THENCE North 89 degrees 39 minutes 15 seconds East along the Council Street Monument line, a distance of 42.07 feet to a point;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Southerly right-of-way line of Council Street as now established;

THENCE South 13 degrees 06 minutes 30 seconds East along the Easterly right-of-way line of Church Street as now established, a distance of 104.96 feet to a point on that certain line described in Deed recorded in the office of the County Recorder of Pima County, Arizona, in Docket 1608 at page 381, and in Docket 1608 at page 380, said point being the **TRUE POINT OF BEGINNING**;

EXHIBIT "A"

(CONTINUED)

THENCE North 83 degrees 46 minutes 35 seconds East along said last described line, a distance of 91.08 feet, more or less, to a point on the East line of said Lot 3;

THENCE South 11 ½ degrees East along the Easterly line of said Lot 3, a distance of 74.58 feet, more or less, to the Northeast corner of that certain parcel of land described in Deed recorded in Docket 112 at page 305, records of Pima County, Arizona;

THENCE Westerly along the Northerly line of the last above described parcel to a point on the Westerly line of said Lot 3 and the Easterly line of Church Street;

THENCE North 13 degrees 06 minutes 30 seconds West along the Easterly line of said Church Street, a distance of 74.58 feet, more or less, to the TRUE POINT OF BEGINNING.

TOGETHER WITH easements as set forth in Docket 8573 at page 1087.

(JV Arb 32)

Parcel 5

That portion of Lot 1 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

COMMENCING at a point on the South side of Council Street and the North line of said Block 180, distant 150 feet East from the Northwest corner of said Lot 1;

THENCE South 14 degrees East, a distance of 89 feet to the South line of said Lot;

THENCE South 84 degrees West, a distance of 75 feet;

THENCE North 12 ¼ degrees West, a distance of 100 feet, more or less, to the South line of Council Street;

THENCE East along the South line of Council Street, a distance of 75 feet to the POINT OF BEGINNING.

(JV Arb 14)

Parcel 6

EXHIBIT "A"

(CONTINUED)

Lot 4 in Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof,

AND

That portion of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

BEGINNING at the Southeast corner of Lot 4 in said Block;

THENCE Northerly along the Easterly line of Lot 4, to the point of intersection of the said Easterly line of Lot 4 with the Southerly line of Lot 3 in said block;

THENCE Easterly along the Southerly line of the said Lot 3, a distance of 1.3 feet to a point;

THENCE Southerly to the POINT OF BEGINNING.
(JV Arb Lot 2=21, Lot 4=34)

Parcel 7

All that part of Block 180, of CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the City Survey Monument at the intersection of Church and Council Streets;

THENCE North 89 degrees 39 minutes 15 seconds East, a distance of 42.07 feet along the Council Street monument line;

THENCE South 0 degrees 20 minutes 45 seconds East, a distance of 34.90 feet to the Northwest corner of said Block 180 and the TRUE POINT OF BEGINNING;

THENCE South 13 degrees 06 minutes 30 seconds East, a distance of 104.96 feet;

EXHIBIT "A"

(CONTINUED)

THENCE North 83 degrees 46 minutes 35 seconds East, a distance of 75.5 feet, more or less, to a point in the Westerly line of that property described in Deed to Harman Ray and Pauline Ray, husband and wife, recorded in the office of the County Recorder of Pima County, Arizona, in Book 267 of Deeds at page 407;

THENCE Northerly along the West line of said Ray property to a point in the South line of Council Street, distant 89 degrees 39 minutes 15 seconds East, 75 feet from the TRUE POINT OF BEGINNING;

THENCE South 89 degrees 39 minutes 15 seconds West, a distance of 75 feet to the TRUE POINT OF BEGINNING.

(JV Arb Lot 1= 813)

EXCEPTING FROM SAID Parcels 1 through 7, all that portion thereof described in the Lease dated December 5, 1989, to the YOUNG MEN'S CHRISTIAN ASSOCIATION OF TUCSON, an Arizona non-profit corporation, as disclosed in Memorandum of Ground Lease Agreement recorded in Docket 8834 at page 1387 and corrected in Docket 9348 at page 1417.

SOUTH TOWER PUBLIC WORKS BUILDING:

Parcel 8

Those portions of Lots 1 and 2 of Block 180, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, lying Easterly of the following described line:

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111 and the Southeasterly corner of property described in instrument recorded in Docket 8506 at page 2723;

EXHIBIT "A"

(CONTINUED)

THENCE continuing along the Southerly line of said property described in Docket 8506 at page 2723, South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1, being the Southwest corner of said parcel described in Docket 8506 at page 2723;

THENCE North 1 degree 18 minutes 45 seconds West along the Westerly line of said parcel, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1, being the Northwest corner of property described in Docket 8506 at page 2723 and the **POINT OF BEGINNING** of line description;

THENCE South 1 degree 18 minutes 45 seconds East along the West line of said parcel a distance of 84.11 feet to the Southwest corner of said parcel;

THENCE North 84 degrees 09 minutes 00 seconds East along the Southerly line of said property described in Docket 8506 at page 2723 a distance of 24.10 feet to the Northwest corner of property described in instrument recorded in Docket 6165 at page 1031;

THENCE South 0 degrees 11 minutes 37 seconds West, along the Westerly line of said property, a distance of 88.73 feet to the Southwest corner of said property, said point also being the Northwesterly corner of property described in instrument recorded in Docket 7629 at page 1863;

THENCE South 0 degrees 07 minutes 25 seconds West along the Westerly line of said property, a distance of 19.92 feet to the Northwesterly corner of property described in instrument recorded in Docket 8166 at page 160;

THENCE South 0 degrees 11 minutes 55 seconds West along the Westerly line of said property, a distance of 52.56 feet to an angle point on said Westerly line;

THENCE continuing along said Westerly line, South 22 degrees 40 minutes 04 seconds East a distance of 44.39 feet to a point on the Northerly right-of-way line of Alameda Street, said point being the terminus point of said line description.

EXCEPT that portion described as follows:

Those portions of Lots 1 and 2 of Block 180, of the **CITY OF TUCSON**, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, and a strip of land lying between the original East line of said Block 180 and the West line of Stone Avenue as now established, described as follows:

EXHIBIT "A"

(CONTINUED)

COMMENCING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 00 minutes 00 seconds East along the Stone Avenue city monument line, a distance of 95.91 feet to a point;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet to a point on the West line of Stone Avenue, as now established, which point is the Northeasterly corner of that parcel described in instrument recorded in the Office of the County Recorder of Pima County, Arizona, in Book 201 of Deeds at page 111, which is the **TRUE POINT OF BEGINNING**;

FROM said **POINT OF BEGINNING**, thence continue South 83 degrees 29 minutes 43 seconds West, a distance of 128.44 feet to a point;

THENCE South 84 degrees 41 minutes 39 seconds West, a distance of 20.98 feet to a point;

THENCE South 84 degrees 09 minutes 00 seconds West, a distance of 24.10 feet to a point on the South line of said Lot 1 in Block 180, which point is 171.7 feet Westerly from the original South-East corner of said Lot 1;

THENCE North 1 degree 18 minutes 45 seconds West, a distance of 84.11 feet to a point on the South line of Council Street, as now established, which point is 209.00 feet Easterly along said line from the Northwest corner of said Lot 1;

THENCE North 89 degrees 39 minutes 15 seconds East along said South line of Council Street, which South line is parallel with and 34.90 feet Southerly from the Council Street monument line, a distance of 169.69 feet to the point of intersection of said South line of Council Street with the West line of Stone Avenue, as now established, which point is South 89 degrees 39 minutes 15 seconds West, a distance of 50.37 feet from the intersection of the Easterly extension of said South line of Council Street with the Stone Avenue city monument line;

THENCE South 4 degrees 04 minutes 48 seconds East, along said West line of Stone Avenue, as now established, a distance of 66.34 feet to the **TRUE POINT OF BEGINNING**.

FURTHER EXCEPT the following:

That portion of Block 180, of the **CITY OF TUCSON**, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, together with a strip of ground lying between the East boundary of original Lot 2 in said Block 180 and the West property line of Stone Avenue as now established, described as follows:

EXHIBIT "A"

(CONTINUED)

BEGINNING at the city survey monument located at the intersection of Council Street and Stone Avenue as now established;

THENCE South 5 degrees 0 minutes East, a distance of 95.91 feet to a point on the Stone Avenue city monument line;

THENCE South 83 degrees 29 minutes 43 seconds West, a distance of 51.29 feet, more or less, to a point on the West property line of Stone Avenue as now established, distant 67.67 feet South 4 degrees 4 minutes 48 seconds East from the Northeast corner of said Block 180, which last mentioned point is the **TRUE POINT OF BEGINNING** of the parcel herein described;

THENCE South 4 degrees 4 minutes 48 seconds East, a distance of 78.85 feet along the West line of Stone Avenue to a point;

THENCE South 80 degrees 11 minutes 57 seconds West along the Northerly wall of a brick building, a distance of 156.09 feet;

THENCE North 0 degrees 11 minutes 37 seconds West, a distance of 88.73 feet;

THENCE North 84 degrees 41 minutes 39 seconds East, a distance of 20.98 feet;

THENCE North 83 degrees 29 minutes 43 seconds East, a distance of 128.44 feet to the **TRUE POINT OF BEGINNING**.

(JV Arbs 23 and 25)

LEGAL SERVICES BUILDING:

Parcel 9

All that part of Lot 8 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, lying West of a line drawn from the Southwest corner of Lot 6 of said Block 195, to the Northwest corner of Lot 16 of said Block 195.

(JV Arb 84)

Parcel 9a

EXHIBIT "A"

(CONTINUED)

An easement for ingress, egress and light and air over, upon and across the North 1 foot of the West 59.1 feet of Lot 18 in Block 195, of the CITY OF TUCSON, Pima County, Arizona according to the official survey, field notes, and map as made and executed by S. W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which is of record in the office of the County Recorder of Pima County, Arizona, in Book 3 of Maps and Plats at page 70 thereof, as set forth in Indenture recorded in Book 52 of Deeds at page 179.

SCHEDULE B
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, nor against costs, attorneys fees or expenses, any or all of which arise by reason of the following:

PART I

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices or such proceedings, whether or not shown by the records of such agency or by the public record.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

END OF SCHEDULE B - PART I

SCHEDULE B**PART II**

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE BY REASON OF THE FOLLOWING:

The following Exceptions affect Parcels 1-7

1. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, EASEMENTS including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:

Recorded in Docket	8573
Page	1087

2. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded In Book 251 of Deeds	
Page	189
Purpose	sewer

3. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	787
Page	172
Purpose	electric facilities

4. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	854
Page	235
Purpose	electric facilities

5. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	854
Page	239
Purpose	electric facilities

6. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	855
Page	479
Purpose	electric facilities

7. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	1781
Page	242
Purpose	electric facilities

8. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	1781
Page	244
Purpose	electric facilities

SCHEDULE B

PART II (CONTINUED)

9. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	5799
Page	900
Purpose	communication facilities

10. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	8837
Page	870
Purpose	electric facilities and communication facilities

11. GROUND LEASE under the terms and conditions therein made by,

Lessor	PIMA COUNTY, ARIZONA
Lessee	U.S. BANK NATIONAL ASSOCIATION, as Trustee for the benefit of the registered owners of the Certificates
Dated	June 1, 2008
Recorded	June 26, 2008
Docket	13336
Page	21

The following Exceptions affect Parcel 8

12. THE RIGHTS of Tucson Gas, Electric Light and Power Company to attach wires and fixtures on the North and West walls of the building, as disclosed in instrument recorded in Book 63 of Miscellaneous Records at page 77

13. The encroachment of a building above second floor level into the right-of-way of Alameda Street, as disclosed in instrument recorded in Docket 5535 at page 452.

14. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	1812
Page	349
Purpose	electric facilities

15. AGREEMENT, according to the terms and conditions, contained therein:

Purpose	Real Property and Grant of Easements
Recorded	July 06, 1989
Docket	8573
Page	1087

The following exceptions affect Parcels 9 and 9a

16. RESTRICTIONS, CONDITIONS, COVENANTS, RESERVATIONS, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion sex, handicap, familial status or national origin contained in instrument:

Recorded in Docket	538
Page	50

SCHEDULE B

PART II (CONTINUED)

- 17. TERMS and Conditions and Easements for ingress, egress and light and air as set forth in instruments recorded in Book 52 of Deeds at page 179 and page 181.
- 18. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	7525
Page	1257
Purpose	exit staircase

The following exceptions affects All Parcels

- 19. RESERVATIONS contained in the Patent from the United States of America, recorded in Book 2 of Deeds at page 311, reading as follows:

EXCEPT any gold, silver, cinnabar or copper or any valid mining claim or possession held under existing laws of Congress as reserved in the Patent from the United States of America.
- 20. Terms and Conditions contained in LEASE-PURCHASE AGREEMENT, by and between U.S. BANK NATIONAL ASSOCIATION, as Trustee, as Lessor, and PIMA COUNTY, ARIZONA, as Lessee, recorded June 26, 2008 in Docket 13336 at page 36.
- 21. Terms and Conditions contained in TRUST AGREEMENT, by and between U.S. BANK NATIONAL ASSOCIATION, as Trustee, and PIMA COUNTY, ARIZONA, as Lessee, dated as of June 1, 2008, recorded June 26, 2008 in Docket 13336 at page 86.
- 22. Any failure to comply with the terms, covenants and conditions of the lease or leases being insured herein.

END OF SCHEDULE B - PART II

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Insured": The Insured named in Schedule A.

(i) The term "Insured" also includes

(A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;

(B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) if the grantee wholly owns the named Insured,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or

(4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

(ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": An Insured claiming loss or damage.

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": The estate or interest described in Schedule A.

(k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as Insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as Insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as Insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to

the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage.

All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions.

Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at: Consumer Affairs Department PO Box 27587 Richmond, Virginia 23261-7587.



PRIVACY POLICY NOTICE

LandAmerica Financial Group, Inc. and its family of affiliated companies ("LandAmerica") respect the privacy of our customers' personal information. This Notice explains the ways in which we may collect and use personal information under the LandAmerica Privacy Policy.

LandAmerica provides title insurance and other real estate services through its affiliates. The three largest members of the LandAmerica family, Commonwealth Land Title Insurance Company, Lawyers Title Insurance Corporation, and Transnation Title Insurance Company, and their title affiliates, issue title policies and handle real estate closings across the country. You may review a complete list of the LandAmerica family of affiliates covered by this Privacy Policy on our website at <http://www.landam.com> under the privacy policy link or request a copy be sent to you from the address listed below. The LandAmerica Privacy Policy applies to all LandAmerica customers, former customers and applicants. Please visit our website for an explanation of our privacy practices relating to electronic communication.

What kinds of information we collect: Depending on the services you use, the types of information we may collect from you, your lender, attorney, real estate broker, public records or from other sources include:

- information from forms and applications for services, such as your name, address and telephone number,
- information about your transaction, including information about the real property you bought, sold or financed such as address, cost, existing liens, easements, other title information and deeds,
- with closing, escrow, settlement or mortgage lending services or mortgage loan servicing, we may also collect your social security number as well as information from third parties including property appraisals, credit reports, loan applications, land surveys, real estate tax information, escrow account balances, and sometimes bank account numbers or credit card account numbers to facilitate the transaction, and
- information about your transactions and experiences as a customer of ours or our affiliated companies, such as products or services purchased and payments made.

How we use and disclose this information: We use your information to provide you with the services, products and insurance that you, your lender, attorney, or real estate brokers have requested. We disclose information to our affiliates and unrelated companies as needed to carry out and service your transaction, to protect against fraud or unauthorized transactions, for institutional risk control, to provide information to government and law enforcement agencies and as otherwise permitted by law. As required to facilitate a transaction, our title affiliates record documents that are part of your transaction in the public records as a legal requirement for real property notice purposes.

We do not share any nonpublic personal information we collect from you with unrelated companies for their own use.

We do not share any information regarding your transaction that we obtain from third parties (including credit report information) except as needed to enable your transaction as permitted by law.

We may also disclose your name, address and property information to other companies who perform marketing services such as letter production and mailing on our behalf, or to other financial service companies (such as insurance companies, banks, mortgage brokers, credit companies) with whom we have joint marketing arrangements. Additionally, some LandAmerica affiliates may share information about their transaction and experiences with you in order to identify opportunities to market other LandAmerica services or products that may be useful to you.

How we protect your information: We maintain administrative, physical, electronic and procedural safeguards to guard your nonpublic personal information. We reinforce our privacy policy with our employees and our contractors. Joint marketers and third parties service providers who have access to nonpublic personal information to provide marketing or services on our behalf are required by contract to follow appropriate standards of security and confidentiality.

Title insurance agents may be covered by this policy: If your transaction goes through a title insurance agent that is not part of the LandAmerica family, the agent handling your transaction should provide you with the agent's own privacy policy or evidence that the agent has adopted our policy.

If you have any questions about this privacy statement or our practices at LandAmerica, please email us at customerservice@landam.com or write us at LandAmerica Privacy, P.O. Box 27567, Richmond, VA 23261

THANK YOU

Title insurance provides for the protection of your real estate investment. We suggest you keep this policy in a safe place where it can be readily available for future reference.

If you have questions about title insurance or the coverage provided by this policy, contact the office that issued this policy, or you may call or write:

Lawyers Title Insurance Corporation
Consumer Affairs
P.O. Box 27567
Richmond, Virginia 23261-7567
Telephone, toll free: 800 446-7086
web: www.landam.com

We thank you for choosing to do business with Lawyers Title Insurance Corporation, and look forward to meeting your future title insurance needs.

Lawyers Title Insurance Corporation
is a member of the LandAmerica family of title insurance underwriters.



ENDORSEMENT
Attached to Policy No. C29-Z032025
Issued By
Lawyers Title Insurance Corporation

1. As used in this endorsement, these terms shall mean the following:
 - a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by this policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the Land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case as a result of a matter covered by this policy.
 - b. "Lease": the lease agreement described in Schedule A.
 - c. "Leasehold Estate": the right of possession for the Lease Term.
 - d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.
 - e. "Personal Property": chattels located on the Land and property which, because of their character and manner of affixation to the Land, can be severed from the Land without causing appreciable damage to themselves or to the Land to which they are affixed.
 - f. "Remaining Lease Term": the portion of the Lease Term remaining after the Insured has been Evicted as a result of a matter covered by this policy.
 - g. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the Land by the Lease that have been built at the Insured's expense or in which the Insured has an interest greater than the right to possession during the Lease Term.

2. Valuation of Estate or Interest Insured

If in computing loss or damage it becomes necessary to value the Title as the result of a covered matter that results in an Eviction of the Tenant, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The Insured Claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

3. Additional items of loss covered by this endorsement

If the Insured is Evicted, the following items of loss, if applicable, shall be included in computing loss or damage incurred by the Insured, but not to the extent that the same are included in the valuation of the Title.

- a. The reasonable cost of removing and relocating any Personal Property that the Insured has the right to remove and relocate, situated on the Land at the time of Eviction, the cost of transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the Personal Property damaged by reason of the removal and relocation.
- b. Rent or damages for use and occupancy of the Land prior to the Eviction that the Insured as owner of the Leasehold Estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.

- c. The amount of rent that, by the terms of the Lease, the Insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the Insured has been Evicted.
- d. The fair market value, at the time of the Eviction, of the estate or interest of the Insured in any lease or sublease made by Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.
- e. Damages that the Insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction
- f. Reasonable costs incurred by the Insured to secure a replacement leasehold equivalent to the Leasehold Estate.
- g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the Insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, and landscaping costs.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

IN WITNESS WHEREOF, the Company has caused this Endorsement to be signed with the facsimile signatures of its President and Secretary and sealed as required by its By-Laws.

Dated: June 26, 2008

Lawyers Title Insurance Corporation

Countersigned:

Seeb Malone

By: _____
Authorized Officer or Agent



By: *Therese L. Chandler*
President

Attest: *Alma King*
Secretary



First American Title

Owner's Policy of Title Insurance

ISSUED BY

FIRST AMERICAN TITLE INSURANCE COMPANY

POLICY NUMBER

5011400-434555

Owner's Policy

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.

(Covered Risks Continued on Page 2)

In Witness Whereof, FIRST AMERICAN TITLE INSURANCE COMPANY has caused its corporate name to be hereunto affixed by its authorized officers as of Date of Policy shown in Schedule A.

FIRST AMERICAN TITLE INSURANCE COMPANY



Dennis J. Gilmore

Dennis J. Gilmore
President

Timothy Kemp

Timothy Kemp
Secretary

ISSUED BY

Title Security Agency of Arizona
as agent for FIRST AMERICAN TITLE INSURANCE COMPANY
One South Church, Suite 2040
Tucson, AZ 85701
(520)740-0424

(This Policy is valid only when Schedules A and B are attached)

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COVERED RISKS (Continued)

5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy.
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

CONDITIONS (Continued)

- (b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
 - (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
 - (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
 - (i) the Amount of Insurance; or
 - (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
 - (i) the Amount of Insurance shall be increased by 10%, and
 - (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of

CONDITIONS (Continued)

Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other

persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at **FIRST AMERICAN TITLE INSURANCE COMPANY, Attn: Claims National Intake Center, 1 First American Way; Santa Ana, CA 92707. Phone: 888-632-1642.**



First American Title

ISSUED THROUGH THE OFFICE OF:



FIRST AMERICAN
TITLE INSURANCE
COMPANY

Corporate Office
1 First American Way
Santa Ana, CA 92707
(800) 854-3643

FIRST AMERICAN TITLE INSURANCE COMPANY

SCHEDULE A

Name and Address of Title Insurance Company: **Title Security Agency of Arizona
1 S. Church , Suite 2040
Tucson, AZ 85701**

File No.: **07000174-887-PT**

Policy No.: **5011400-434555**

Amount of Insurance: **\$60,000,000.00**

Premium: **\$35,748.00**

Date of Policy: **May 22, 2013 at Document No. 20131420008**

1. Name of Insured:

U.S. BANK NATIONAL ASSOCIATION, as Trustee pursuant to the Trust Agreement dated as of June 1, 2008, as Supplemented; and the Registered Owners of the Certificates of Participation referred to in said Trust Agreement, as their respective interests may appear

2. The estate or interest in the Land that is insured by this policy is:

FEE

3. Title is vested in:

U.S. BANK NATIONAL ASSOCIATION, as Trustee pursuant to the Trust Agreement dated as of June 1, 2008, as Supplemented; and the Registered Owners of the Certificates of Participation referred to in said Trust Agreement, as their respective interests may appear

4. The Land referred to in this policy is described as follows:

See Exhibit A attached hereto and made a part hereof.

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PIMA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1

All that portion of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the Southeast corner of said Northwest Quarter of Section 23;

Thence South 89 degrees 12 minutes 13 seconds West, along the South line thereof, 1296.40 feet;

Thence North 00 degrees 27 minutes 51 seconds West, 48.00 feet to a point on the North right-of-way line of Silverlake Road, according to the City of Tucson, Silverlake Road, Mission Road to I-10 Right-of-way Plans R-95-05, dated March, 1995, said point being the POINT OF BEGINNING;

Thence continuing North 00 degrees 27 minutes 51 seconds West, 152.84 feet to a point on an existing chain link fence;

Thence along said chain link fence the following courses and distances:

North 00 degrees 31 minutes 49 seconds East, 294.49 feet;

North 02 degrees 00 minutes 34 seconds East, 290.43 feet;

North 20 degrees 22 minutes 03 seconds East, 60.61 feet;

South 88 degrees 57 minutes 28 seconds East, 228.23 feet to a point on the West line of that parcel described in Docket 6365 at page 1101, records of Pima County, Arizona;

North 17 degrees 39 minutes 43 seconds West, 219.42 feet;

North 47 degrees 58 minutes 23 seconds West, 119.42 feet;

North 64 degrees 55 minutes 15 seconds West, 80.59 feet;

North 33 degrees 40 minutes 00 seconds West, 28.38 feet;

Thence South 33 degrees 47 minutes 24 seconds West, 151.90 feet;

Thence South 43 degrees 00 minutes 27 seconds West, 110.93 feet;

Thence South 45 degrees 14 minutes 44 seconds West, 44.88 feet to a point on the North line of that parcel described in Docket 926 at page 596, Records of Pima County, Arizona;

Thence South 88 degrees 04 minutes 27 seconds West along said North line, 126.64 feet to the Northwest corner thereof;

Thence South 45 degrees 54 minutes 53 seconds West along the Westerly line of said parcel, 1028.50 feet;

Thence continuing along the Westerly line of said parcel, South 30 degrees 47 minutes 53 seconds West, 226.25 feet to a point on the North right-of-way line of said Silverlake Road;

Thence North 89 degrees 12 minutes 13 seconds East, along said North right-of-way line, 1156.35 feet to the POINT OF BEGINNING.

EXHIBIT A
(Continued)

(JV Arb 585)

Parcel 2

A portion of the parcel described in Docket 926 at page 596, as recorded in the County Recorder's Office, Pima County, Arizona, and being within the Southeast Quarter of the Northwest Quarter of Section 23, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a found 2" brass cap survey monument with punch mark stamped "C1/4, S23, RLS 23956" at the Southeast corner of said Southeast Quarter of the Northwest quarter to which a found 2" brass cap survey monument with punch mark stamped "W1/16 C-C, S23, RLS 23956" at the Southwest corner of said Southeast Quarter of the Northeast Quarter bears South 89 degrees 12 minutes 11 seconds West a distance of 1309.70 feet, said line being the Basis of Bearing for this description;

Thence along the South line of said Southeast Quarter of the Northwest Quarter South 89 degrees 12 minutes 11 seconds West a distance of 1296.13 feet;

Thence North 00 degrees 47 minutes 49 seconds West a distance of 48.00 feet to the POINT OF BEGINNING at the Southeast corner of the parcel described in Docket 10491 at page 246, as recorded in the County Recorder's Office, Pima County, Arizona, said point also being on the North right-of-way line of Silverlake Road as shown on right-of-way Plan #R-95-05, City of Tucson Department of Transportation;

Thence along the East line of said parcel North 00 degrees 27 minutes 53 seconds West, a distance of 152.84 feet;

Thence continuing along said East line North 00 degrees 31 minutes 17 seconds East a distance of 294.49 feet;

Thence continuing along said East line North 02 degrees 00 minutes 32 seconds East a distance of 57.00 feet;

Thence South 72 degrees 28 minutes 08 seconds East a distance of 187.70 feet;

Thence South 17 degrees 31 minutes 52 seconds West a distance of 468.95 feet to the North right-of-way line of Silverlake Road;

Thence along said North right of way line South 89 degrees 12 minutes 11 seconds West a distance of 42.21 feet to the POINT OF BEGINNING.

(JV Arb 626)

SCHEDULE B
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

PART ONE:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

PART TWO:

1. RESERVATIONS contained in the Patent from the United States of America recorded in Book 11 of Deeds at page 600, reading as follows:

SUBJECT to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts, and also subject to the right of the proprietor of a vein or lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as provided by law.

2. WATER RIGHTS, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records.

This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.

3. TAXES AND ASSESSMENTS collectible by the County Treasurer, a lien not yet due and payable for the following year:

2013

4. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Deed Book	11
Page	504
And in Deed Book	107
Page	158
Purpose	utilities and canals

SCHEDULE B
(Continued)

5. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|-----------------------|-------------|
| Recorded in Deed Book | 64 |
| Pages | 472 and 479 |
| Purpose | power lines |
6. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-------------------------|
| Recorded in Docket | 3 |
| Page | 523 |
| Purpose | pipe lines and conduits |
7. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|------------|
| Recorded in Docket | 871 |
| Page | 436 |
| Purpose | pipe lines |
8. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 1045 |
| Page | 372 |
| Purpose | utilities |
9. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--|
| Recorded in Docket | 1711 |
| Page | 267 |
| Purpose | electric lines and associated facilities |
10. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--------------------------|
| Recorded in Docket | 1766 |
| Pages | 293 and 297 |
| Purpose | communication facilities |
11. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 1911 |
| Page | 185 |
| Purpose | utilities |
12. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|---------------------------------------|
| Recorded in Docket | 1924 |
| Page | 120 |
| Purpose | sewer lines and associated facilities |
13. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--|
| Recorded in Docket | 2249 |
| Page | 113 |
| Purpose | electric lines and associated facilities |

SCHEDULE B
(Continued)

14. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 2366 |
| Page | 193 |
| Purpose | utilities |
15. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|---------------------------------|
| Recorded in Docket | 4152 |
| Page | 206 |
| Purpose | bank protection and maintenance |
16. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 4695 |
| Page | 327 |
| Purpose | utilities |
17. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|---|
| Recorded in Docket | 4989 |
| Page | 683 |
| Purpose | sewer lines and riverbank reinforcement |
18. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 5084 |
| Page | 386 |
| Purpose | utilities |
19. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 6657 |
| Page | 346 |
| Purpose | utilities |
20. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|--|
| Recorded in Docket | 7485 |
| Page | 414 |
| Purpose | electric lines and associated facilities |
21. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|-----------------------|--|
| Recorded in Docket | 7565 |
| Page | 836 |
| Re-recorded in Docket | 7713 |
| Page | 565 |
| Purpose | electric lines and associated facilities |

SCHEDULE B
(Continued)

22. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 7752 |
| Page | 1138 |
| Purpose | utilities |
23. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------------|
| Recorded in Docket | 8057 |
| Page | 2544 |
| Purpose | catv facilities |
24. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|------------------------------|
| Recorded in Docket | 10491 |
| Page | 246 |
| Purpose | ingress, egress and drainage |
25. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|---|
| Recorded in Docket | 11835 |
| Page | 1 |
| Purpose | sewer lines, manholes and appurtenances |
26. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|------------------|
| Recorded in Docket | 11835 |
| Page | 4 |
| Purpose | public utilities |
27. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------|-----------|
| Recorded in Docket | 11858 |
| Page | 2469 |
| Purpose | utilities |
28. EASEMENT and rights incident thereto, as set forth in instrument:
- | | |
|--------------------------|-------------|
| Recorded at Sequence No. | 20113330100 |
| Purpose | utilities |
29. The interest of the Santa Cruz Irrigation District as conveyed to the City of Tucson by instrument recorded in Docket 4406 at page 142.
30. LIABILITIES AND OBLIGATIONS imposed by reason of the inclusion of said land within the following named district(s):
- Flowing Wells Irrigation District
31. LIABILITIES AND OBLIGATIONS imposed by reason of the inclusion of said land within the following named district(s):
- Santa Cruz Irrigation District

SCHEDULE B
(Continued)

- 32. MATTERS SHOWN ON SURVEY:

Recorded in Book 21 of Records of Survey
Page 81
- 33. (INTENTIONALLY OMITTED)
- 34. Encroachment of building from property to the west onto subject property.
- 35. Terms and Conditions contained in LEASE-PURCHASE AGREEMENT, by and between U.S. BANK NATIONAL ASSOCIATION, as Lessor, and PIMA COUNTY, ARIZONA, as Lessee, recorded May 22, 2013 at Document No. 20131420007.
- 36. Terms and Conditions contained in TRUST AGREEMENT, by and between U.S. BANK NATIONAL ASSOCIATION, as Trustee, and PIMA COUNTY, ARIZONA, as Lessee, recorded May 22, 2013 at Document No. 20131420008.

 First American Title	Owner's Policy of Title Insurance
	ISSUED BY FIRST AMERICAN TITLE INSURANCE COMPANY
Owner's Policy	POLICY NUMBER 5011400-567515

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.

(Covered Risks Continued on Page 2)

In Witness Whereof, FIRST AMERICAN TITLE INSURANCE COMPANY has caused its corporate name to be hereunto affixed by its authorized officers as of Date of Policy shown in Schedule A.

FIRST AMERICAN TITLE INSURANCE COMPANY



Dennis J. Gilmore

Dennis J. Gilmore
President

Timothy Kemp

Timothy Kemp
Secretary

ISSUED BY

Title Security Agency of Arizona
as agent for FIRST AMERICAN TITLE INSURANCE COMPANY

(This Policy is valid only when Schedules A and B are attached)

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COVERED RISKS (Continued)

5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy.
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
 - (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection

liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

CONDITIONS (Continued)

- (b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
 - (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
 - (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
 - (i) the Amount of Insurance; or
 - (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
 - (i) the Amount of Insurance shall be increased by 10%, and
 - (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of

CONDITIONS (Continued)

Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other

persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

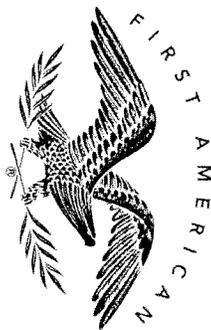
(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

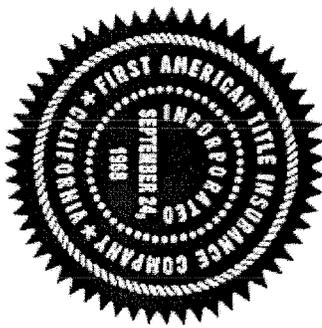
18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at **FIRST AMERICAN TITLE INSURANCE COMPANY, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, CA 92707. Phone: 888-632-1642.**



First American Title

ISSUED THROUGH THE OFFICE OF:



FIRST AMERICAN
TITLE INSURANCE
COMPANY

Corporate Office
1 First American Way
Santa Ana, CA 92707
(800) 854-3643

FIRST AMERICAN TITLE INSURANCE COMPANY

SCHEDULE A

Name and Address of Title Insurance Company: **Title Security Agency of Arizona
1 S. Church 2040**

File No.: **07001431-887-PT**

Policy No.: **5011400-567515**

Amount of Insurance: **\$52,160,000.00**

Premium: **\$34,252.00**

Date of Policy: **February 12, 2014**

1. Name of Insured:

U.S. BANK NATIONAL ASSOCIATION, as Trustee pursuant to the Trust Agreement dated as of January 1, 2014, and the Registered Owners of the Certificates of Participation referred to in said Trust Agreement, as their respective interests may appear

2. The estate or interest in the Land that is insured by this policy is:

LEASEHOLD under the terms and conditions of the 2014 Ground Lease dated as of January 1, 2014 and recorded February 12, 2014 at Sequence No. 20140430100

3. Fee Title is vested in:

PIMA COUNTY, a political subdivision of the State of Arizona

4. The Land referred to in this policy is described as follows:

See Exhibit A attached hereto and made a part hereof.

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PIMA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1

Blocks 252 and 253 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 2

Lot 1 and the North 69.00 feet of Lot 2, and Lots 4, 5, 6 and 7 in Block 254 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof.

Parcel 3

All of Lot 1 and that portion of Lot 6 in Block 255 of THE CITY OF TUCSON, Pima County, Arizona, according to the Official Survey, field notes and map as made and executed by S.W. Foreman and approved and adopted by the Mayor and Common Council of said City (then Village) of Tucson on June 26, 1872, a certified copy of which map is of record in the office of the County Recorder of Pima County, Arizona in Book 3 of Maps and Plats at page 70 thereof, described as follows:

Commencing at the Northeast corner of said Lot 6;

Thence Southerly 50 feet;

Thence Westerly 50 feet;

Thence Northerly 50 feet;

Thence Easterly 50 feet to the Northeast corner of said Lot 6, the Place of Beginning.

Parcel 4

Portions of public rights of way as shown in Book 4 of Maps and Plats at page 81A and 81B therein, Records of Pima County, Arizona, and on file at the Pima County Recorder's Office, Tucson, Arizona, said portions lying in the southwest one-quarter of Section 12, Township 14 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

All of Grossetta Avenue as shown in said Block 4 of Maps and Plats at page 81A therein, lying southerly of the southerly right of way line of Toole Avenue, more particularly described as follows:

Beginning at the northeast corner of Block 252 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence southeasterly in a straight line to the northern corner of Block 253 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line;

EXHIBIT A
(Continued)

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Block 254 as shown in said Book 4 of Maps and Plats at page 81A therein;

Thence easterly in a straight line to the southwest corner of Block 255 as shown in said Book 4 of Maps and Plats at page 81A therein and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH

All of the alley lying within Block 254 as shown in Book 3 of Maps and Plats at page 81B therein, lying southerly of the southerly right of way line of Council Street more particularly described as follows:

Beginning at the northeast corner of Lot 1 of said Block 254;

Thence easterly in a straight line to the northwest corner of Lot 4 of said Block 254 and the POINT OF TERMINUS of said right of way line;

AND lying northerly of the northerly right of way line of Alameda Street more particularly described as follows:

Beginning at the southeast corner of Lot 3 of said Block 254;

Thence easterly in a straight line to the southwest corner of Lot 6 of said Block 254 and the POINT OF TERMINUS of said right of way line.

TOGETHER WITH:

A portion of Council Street, shown as Miltenburg Street in said Book 4 of Maps and Plats at page 81A and 81B therein, more particularly described as follows:

Beginning at the northeast corner of said Block 254;

Thence upon the south right of way line of said Council Street, said south line coincident with the north line of said Block 254, S 89 degrees 19 minutes 31 seconds W, a distance of 132.77 feet to the northwest corner of Lot 4 thereof;

Thence continue upon said coincident line, S 89 degrees 18 minutes 58 seconds W, a distance of 17.23 feet to the northeast corner of Lot 1 thereof;

Thence continue upon said coincident line, S 89 degrees 19 minutes 23 seconds W, a distance of 145.56 feet to the northwest corner of said Block 254;

Thence leaving said south right of way line, N 03 degrees 46 minutes 35 seconds W, a distance of 50.05 feet to a point on the north right of way line of said Council Street, said point being the southwest corner of Block 252 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 252, N 89 degrees 19 minutes 22 seconds E, a distance of 298.33 feet to the southeast corner of said Block 252;

Thence N 89 degrees 15 minutes 35 seconds E, a distance of 49.99 feet to the southwest corner of Block 253 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein;

Thence upon the north right of way line of said Council Street, said line coincident with the south line of said Block 253, N 89 degrees 19 minutes 10 seconds East a distance of 49.70 feet;

EXHIBIT A
(Continued)

Thence leaving said north right of way line, S 00 degrees 40 minutes 50 seconds E a distance of 50.06 feet to a point on the south right of way line of said Council Street;

Thence upon said south right of way line of Council Street, said line coincident with the north line of Block 255 as shown in the aforesaid Book 4 of Maps and Plats at page 81A therein, S 89 degrees 18 minutes 23 seconds W, a distance of 49.75 feet to the northwest corner of said Block 255;

Thence S 89 degrees 21 minutes 30 seconds W, a distance of 50.01 feet to the POINT OF BEGINNING;

EXCEPT any portion lying within the aforesaid Grossetta Avenue.

SCHEDULE B
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

PART ONE:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

PART TWO:

1. Reservations in Patent from the United States of America, recorded in Book 2 of Deeds at page 311.
EXCEPT any gold, silver, cinnabar or copper or any valid mining claim or possession held under existing laws of Congress as reserved in the Patent from the United States of America.
2. (INTENTIONALLY OMITTED)
3. WATER RIGHTS, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records.
This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.
4. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	744
Page	15
Purpose	communication facilities
5. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	744
Page	17
Purpose	communication facilities

SCHEDULE B
(Continued)

- 6. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	744
Page	18
Purpose	communication facilities

- 7. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	5281
Page	228
Purpose	electric facilities and communication facilities

- 8. AGREEMENT, according to the terms and conditions, contained therein:

Purpose	Future dedication of right of way
Recorded in Docket	7543
Page	1057

- 9. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	13528
Page	613
Purpose	ingress and egress

- 10. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	13528
Page	616
Purpose	ingress and egress

- 11. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded in Docket	13528
Page	619
Purpose	public utilities

- 12. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded at Sequence No. .	20121440123
Purpose	electric facilities and communication facilities

- 13. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded at Sequence No.	20121710029
Purpose	electric facilities and communication facilities

- 14. EASEMENT and rights incident thereto, as set forth in instrument:

Recorded at Sequence No.	20130500269
Purpose	water pipes or mains

- 15. (INTENTIONALLY OMITTED)

SCHEDULE B
(Continued)

- 16. (INTENTIONALLY OMITTED)
- 17. MATTERS SHOWN ON SURVEY:
 - Recorded in Book 10 of Surveys at page 94
 - Recorded in Book 13 of Surveys at page 64
 - Recorded in Book 64 of Surveys at page 50
- 18. (INTENTIONALLY OMITTED)
- 19. (INTENTIONALLY OMITTED)
- 20. Terms and conditions contained in LEASE-PURCHASE AGREEMENT, by and between, and PIMA COUNTY, ARIZONA, as Lessor, U.S. BANK NATIONAL ASSOCIATION, as Lessee, recorded February 12, 2014 at Document No. 20140430101.
- 21. Terms and conditions contained in TRUST AGREEMENT, by and between U.S. BANK NATIONAL ASSOCIATION, as Trustee, and PIMA COUNTY, ARIZONA, recorded February 12, 2014 at Document No. 20140430102.



LEASEHOLD – OWNER'S POLICY
ENDORSEMENT

Issued by

FIRST AMERICAN TITLE INSURANCE COMPANY

Attached to Policy No.: 5011400-567515

File No.: 07001431-887-PT

1. As used in this endorsement, the following terms shall mean:
 - a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by this policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the Land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case as a result of a matter covered by this policy.
 - b. "Lease": the lease agreement described in Schedule A.
 - c. "Leasehold Estate": the right of possession granted in the Lease for the Lease Term.
 - d. "Lease Term": the duration of the Leasehold Estate, as set forth in the Lease, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.
 - e. "Personal Property": property, in which and to the extent the Insured has rights, located on or affixed to the Land on or after Date of Policy that by law does not constitute real property because (i) of its character and manner of attachment to the Land and (ii) the property can be severed from the Land without causing material damage to the property or to the Land.
 - f. "Remaining Lease Term": the portion of the Lease Term remaining after the Insured has been Evicted.
 - g. "Tenant Leasehold Improvements": Those improvements, in which and to the extent the Insured has rights, including landscaping, required or permitted to be built on the Land by the Lease that have been built at the Insured's expense or in which the Insured has an interest greater than the right to possession during the Lease Term.

2. Valuation of Estate or Interest Insured:

If in computing loss or damage it becomes necessary to value the Title, or any portion of it, as the result of an Eviction of the Insured, then, as to that portion of the Land from which the Insured is Evicted, that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The Insured Claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements, affected by a defect insured against by the policy valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

3. Additional items of loss covered by this endorsement:

If the Insured is Evicted, the following items of loss, if applicable to that portion of the Land from which the Insured is Evicted shall be included, without duplication, in computing loss or damage incurred by the Insured, but not to the extent that the same are included in the valuation of the Title determined pursuant to Section 2 of this endorsement, any other endorsement to the policy, or Section 8 (a)(ii) of the Conditions:

- a. The reasonable cost of (i) removing and relocating any Personal Property that the Insured has the right to remove and relocate, situated on the Land at the time of Eviction, (ii) transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, (iii) repairing the Personal Property damaged by reason of the removal and relocation, and (iv) restoring the Land to the extent damaged as a result of the removal and relocation of the Personal Property and required of the Insured solely because of the Eviction.
- b. Rent or damages for use and occupancy of the Land prior to the Eviction that the Insured as owner of the Leasehold Estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.

- c. The amount of rent that, by the terms of the Lease, the Insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the Insured has been Evicted.
 - d. The fair market value, at the time of the Eviction, of the estate or interest of the Insured in any lease or sublease permitted by the Lease and made by Insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.
 - e. Damages caused by the Eviction that the Insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease permitted by the Lease and made by the Insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.
 - f. The reasonable cost to obtain land use, zoning, building and occupancy permits, architectural and engineering services and environmental testing and reviews for a replacement leasehold reasonably equivalent to the Leasehold Estate.
 - g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the Insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering services, construction management services, environmental testing and reviews, and landscaping.
4. This endorsement does not insure against loss, damage or costs of remediation (and the Company will not pay costs, attorneys' fees or expenses) resulting from environmental damage or contamination.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: DATE OF RECORDING

NOTE: THIS SPECIMEN (PROFORMA) ENDORSEMENT IS FURNISHED AT THE REQUEST OF THE PROPOSED INSURED AND IT IS UNDERSTOOD AND AGREED THAT ISSUANCE OF THIS PROFORMA ENDORSEMENT AND THE AFFIRMATIVE COVERAGE CONTAINED THEREIN IS CONTIGENT UPON ALL OF THE COMPANY'S UNDERWRITING REQUIREMENTS BEING SATISFIED PRIOR TO CLOSING.

FIRST AMERICAN TITLE INSURANCE COMPANY



Dennis J. Gilmore
 Dennis J. Gilmore
 President

Timothy Kemp
 Timothy Kemp
 Secretary

Issuing Agent

Title Security Agency of Arizona
 1 S. Church, Suite 2040
 Tucson, AZ 85701

By: *Jeff Malone*
 Authorized Countersignature

February 27, 2015

Mr. Thomas Burke
Finance & Risk Management Director
Pima County
130 West Congress, 10th Floor
Tucson, AZ 85701

Dear Mr. Burke:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/mb

Enc: Notice of Rating Action
(Doc ID: 199043)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) COPs ser 2015	Long Term	New Rating	AA-	RO:Sta	26-Feb-2015	
Pima County (AZ) GO bonds ser 2015	Long Term	New Rating	AA	RO:Sta	26-Feb-2015	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving



One California Street, 31st Floor
San Francisco, CA 94111-5432
tel 415 371-5000
reference no.: 1381113

February 27, 2015

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

**Re: *US\$56,835,000 County of Pima, Arizona, Certificates Of Participation, Series 2015, dated:
Date of delivery, due: December 01, 2018***

Dear Mr. Burke:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
Standard & Poor's Ratings Services
Public Finance Department

55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

A handwritten signature in black ink that reads "Standard & Poor's". The signature is written in a cursive, flowing style.

Standard & Poor's Ratings Services

sb
enclosures

cc: Ms. Kathryn C. Pong, Associate
RBC Capital Markets



Standard & Poor's Ratings Services Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. Ratings Services will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Rating Services has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>
1 Issuer's name Pima County, Arizona		2 Issuer's employer identification number (EIN) 86 6000543
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) 130 West Congress, 6th Floor	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85701		7 Date of issue 04/15/2015
8 Name of issue Certificates of Participation, Series 2015		9 CUSIP number 721664EL0
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas E. Burke, Finance and Risk Management Director		10b Telephone number of officer or other employee shown on 10a 520-724-3030

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.		
11 Education	11	
12 Health and hospital	12	
13 Transportation	13	
14 Public safety	14	
15 Environment (including sewage bonds)	15	
16 Housing	16	
17 Utilites	17	
18 Other. Describe ► Various county governmental building improvements	18	60,493,132 75
19 If obligations are TANs or RANs, check only box 19a		<input type="checkbox"/>
If obligations are BANs, check only box 19b		<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box		<input type="checkbox"/>

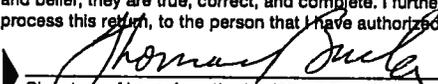
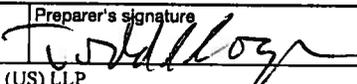
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/01/2018	\$ 60,493,132.75	\$ 57,025,000.00	2.0996 years	1.0284 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest	22	0	00	
23	Issue price of entire issue (enter amount from line 21, column (b))	23	60,493,132	75	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	493,132	75	
25	Proceeds used for credit enhancement	25	0	00	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00	
27	Proceeds used to currently refund prior issues	27	0	00	
28	Proceeds used to advance refund prior issues	28	0	00	
29	Total (add lines 24 through 28)	29	493,132	75	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	60,000,000	00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.		
31	Enter the remaining weighted average maturity of the bonds to be currently refunded	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	N/A
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	N/A

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶ _____			
c	Enter the name of the GIC provider ▶ _____			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:			
b	Enter the date of the master pool obligation ▶ _____			
c	Enter the EIN of the issuer of the master pool obligation ▶ _____			
d	Enter the name of the issuer of the master pool obligation ▶ _____			
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶			<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶			<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:			
b	Name of hedge provider ▶ _____			
c	Type of hedge ▶ _____			
d	Term of hedge ▶ _____			
42	If the issuer has superintegrated the hedge, check box ▶			<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶			<input checked="" type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box ▶			<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input checked="" type="checkbox"/> and enter the amount of reimbursement ▶ \$4,870,768			
b	Enter the date the official intent was adopted ▶ December 15, 2014			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
		4/15/15	Thomas E. Burke, Finance & Risk Mngmt Dir.	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Todd L. Cooper		4/15/15	
	Firm's name ▶ Squire Patton Boggs (US) LLP	Firm's EIN ▶ 34-0648199		PTIN
	Firm's address ▶ 221 E. 4th Street, Suite 2900, Cincinnati, OH 45202	Phone no. (513) 361-1239		

April 27, 2015

Via Certified Mail

Internal Revenue Service Center
Ogden, Utah 84201

Re: \$57,025,000 Pima County, Arizona, Certificates of Participation, Series 2015,

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Sincerely,



Pedro J. Miranda

PJM:mte

Enclosure

Certified No. 9171 9690 0935 0091 9435 35

44 OFFICES IN 21 COUNTRIES

SQUIRE PATTON BOGGS (US) LLP IS PART OF THE INTERNATIONAL LEGAL PRACTICE SQUIRE PATTON BOGGS, WHICH OPERATES WORLDWIDE THROUGH A NUMBER OF SEPARATE LEGAL ENTITIES.

PLEASE VISIT SQUIREPATTONBOGGS.COM FOR MORE INFORMATION.

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid certified mail, the Form 8038-G, Information Return for Tax-Exempt Governmental Obligations for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on April 27, 2015.



Pedro J. Miranda

English

Customer Service

USPS Mobile

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USPS Tracking™



Customer Service ›
Have questions? We're here to help.

Tracking Number: 9171969009350091943535

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Available Actions

Postal Product:

Extra Svc:
Certified Mail™

DATE & TIME

STATUS OF ITEM

LOCATION

April 30, 2015 , 12:44 am

Arrived at USPS Facility

PHOENIX, AZ 85043

Text Updates

Email Updates

Your item arrived at our USPS facility in PHOENIX, AZ 85043 on April 30, 2015 at 12:44 am. The item is currently in transit to the destination.

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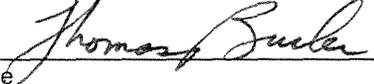


Report of Bond and Security Issuance Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: Pima County, Arizona	
2. Issue name/title: Certificates of Participation, Series 2015	
3. Dated Date: 04/15/2015 Closing Date: 04/15/2015	4. Par amount: \$57,025,000
5. Overall Interest rate (TIC OR NIC): 1.351917%	6. Type of Bond or Security: annual appropriation
7. Repayment sources: Lease payments	
8. Total amount outstanding: \$170,415,000	9. Total amount outstanding of senior or subordinate bonds: \$0
10. Original issue price:	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: N/A
a. Par Amount (Principal Amount) \$57,025,000.00	For general obligation Bonds:
	a. Secondary net assessed value: N/A
b. Original Issue Discount (-) (0.00)	
c. Premium Amount (+) 3,468,132.75	b. Debt limit percentage: N/A
d. Original Issue Price (=) \$60,493,132.75	c. Total debt limit: N/A
e. Underwriter Compensation (Discount) (-) (313,637.50)	12. Available debt limit: N/A
f. Net Proceeds (=) \$60,179,495.25	13. Total amount authorized: N/A
14. Remaining authorized amount: N/A	15. If voter authorized, Election dates: N/A

16 – 19 Please attach 1) a schedule providing a detailed listing of Issue Costs; 2) the Debt Service Schedule; 3) Form 8038, and 4) the Final Official Statement. Please refer to instructions on back of form.

Signature:  Date: April 15, 2015

Title, address and phone number	Trustee name, address and phone number	Political Subdivision Contact Name, address, phone number
Thomas E. Burke, Finance Director Pima County Finance Department Pima County, Arizona 130 West Congress, 6 th Floor Tucson AZ 85701 (520) 740-8229	U.S. Bank National Association Bond Registrar and Paying Agent Corporate Trust Services 101 North First Ave., Suite 1600 Phoenix, Arizona 85003 (602) 257-5331	Pima County Finance Department Pima County, Arizona 130 West Congress, 6 th Floor Tucson, Arizona 85701 (520) 740-3030

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
Attention Econometrics Section
1600 W Monroe
Phoenix AZ 85007

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA CERTIFICATES OF PARTICIPATION,
SERIES 2015

COSTS OF ISSUANCE

Bond Counsel	\$72,950.00
Underwriter's Counsel	25,000.00
Trustee and Counsel	4,000.00
Fitch Ratings	22,000.00
Standard & Poor's	28,800.00
Official Statement Preparation and Printing Expenses	20,000.00
Miscellaneous	<u>6,745.25</u>
Total:	<u>\$179,495.25</u>

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
Certificates of Participation
Series 2015-----
FINAL
(March 16, 2015)

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2015	15,000,000	1.000%	1,130,784.72	16,130,784.72
12/01/2016	15,000,000	2.000%	1,651,250.00	16,651,250.00
12/01/2017	15,000,000	5.000%	1,351,250.00	16,351,250.00
12/01/2018	12,025,000	5.000%	601,250.00	12,626,250.00
	57,025,000		4,734,534.72	61,759,534.72



Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)
See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Pima County, Arizona		2 Issuer's employer identification number (EIN) 86 6000543	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
130 West Congress, 6th Floor		3	
6 City, town, or post office, state, and ZIP code Tucson, AZ 85701		7 Date of issue 04/15/2015	
8 Name of issue Certificates of Participation, Series 2015		9 CUSIP number 721664EL0	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas E. Burke, Finance and Risk Management Director		10b Telephone number of officer or other employee shown on 10a 520-724-3030	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.		
11 Education		
12 Health and hospital		
13 Transportation		
14 Public safety		
15 Environment (including sewage bonds)		
16 Housing		
17 Utilities		
18 Other. Describe <input type="checkbox"/> Various county governmental building improvements	60,493,132	75
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>		
If obligations are BANs, check only box 19b <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

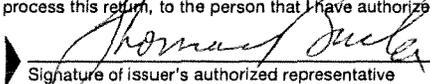
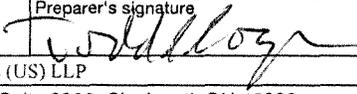
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/01/2018	\$ 60,493,132.75	\$ 57,025,000.00	2.0996 years	1.0284 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest				0 00
23	Issue price of entire issue (enter amount from line 21, column (b))				60,493,132 75
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	493,132	75	
25	Proceeds used for credit enhancement	25	0	00	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00	
27	Proceeds used to currently refund prior issues	27	0	00	
28	Proceeds used to advance refund prior issues	28	0	00	
29	Total (add lines 24 through 28)	29	493,132	75	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	60,000,000	00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.		
31	Enter the remaining weighted average maturity of the bonds to be currently refunded	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	N/A
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	N/A

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ <input type="checkbox"/>		
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ <input type="checkbox"/>		
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box ▶ <input type="checkbox"/>		
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ <input checked="" type="checkbox"/>		
44	If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ <input checked="" type="checkbox"/>		
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input checked="" type="checkbox"/> and enter the amount of reimbursement ▶ \$4,870,768		
b	Enter the date the official intent was adopted ▶ December 15, 2014		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
		4/15/15	Thomas E. Burke, Finance & Risk Mngmt Dir.	
Paid Preparer Use Only	Signature of issuer's authorized representative		Type or print name and title	
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Todd L. Cooper		4/15/15	PTIN
	Firm's name ▶ Squire Patton Boggs (US) LLP	Firm's EIN ▶ 34-0648199		
Firm's address ▶ 221 E. 4th Street, Suite 2900, Cincinnati, OH 45202			Phone no. (513) 361-1239	

OFFICIAL STATEMENT

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS: See "Ratings" herein

In the opinion of Squire Patton Boggs (US) LLP, Special Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, the portion of the Lease Payments paid and denominated as interest under the Lease and received by the owners of the 2015 Certificates (the "Interest Portion") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Interest Portion is exempt from Arizona state income tax. Special Counsel expresses no opinion as to the treatment for federal income tax purposes or Arizona state income tax purposes of amounts paid to the owners of the 2015 Certificates in the event of termination of the Lease by nonappropriation. The Interest Portion may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of the Interest Portion. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$57,025,000

**PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION,
SERIES 2015**

**Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee**

Dated: Date of Initial Delivery

Due: December 1, as shown on inside front cover page

The securities being offered hereby consist of Certificates of Participation, Series 2015 (the "2015 Certificates") in a Lease-Purchase Agreement, dated as of June 1, 2008, as amended, including by a Fifth Amendment to Lease-Purchase Agreement to be dated as of April 1, 2015 (the original as so amended and as subsequently amended, the "Lease"), between U.S. Bank National Association, as trustee under the below-described Trust Agreement, as lessor (the "Trustee"), and Pima County, Arizona, as lessee (the "County"). The property being leased by the Trustee to the County consists of certain interests in the major portion of the public works building of the County, the legal services building of the County, a parking garage of the County, the public service office tower and parking garage of the County, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2015 Certificates are being executed and delivered under a Trust Agreement, dated as of June 1, 2008, as supplemented, including by a Fifth Supplement to Trust Agreement to be dated as of April 1, 2015 (the original as so supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County. Initially, the 2015 Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2015 Certificates. Purchases of beneficial interests in the 2015 Certificates will be made in book-entry-only form in amounts of \$5,000 of principal maturing on a specified date or any integral multiple thereof. Purchasers will not receive certificates representing the ownership interest in the 2015 Certificates purchased by them. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

Interest represented by the 2015 Certificates will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their dated date and will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2015, until maturity or prior redemption, and principal with respect to the 2015 Certificates will be payable annually in accordance with the schedule set forth on the inside front cover page. So long as the 2015 Certificates are registered in the name of DTC, or its nominee, payments of the principal and interest with respect to the 2015 Certificates will be made directly by the Trustee to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the 2015 Certificates, as described herein.

The 2015 Certificates will be subject to extraordinary redemption prior to maturity as more fully described herein. See "THE 2015 CERTIFICATES - Redemption Provisions" herein.

The 2015 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County and (ii) pay costs associated with the execution and delivery of the 2015 Certificates. See "PLAN OF FINANCE" herein.

MATURITY SCHEDULE AND ADDITIONAL INFORMATION ON INSIDE FRONT COVER PAGE

The 2015 Certificates, together with \$50,405,000 outstanding principal amount of Certificates of Participation, Series 2014, \$32,150,000 outstanding principal amount of Certificates of Participation, Series 2013, \$12,030,000 outstanding principal amount of Certificates of Participation, Series 2010, and any Additional Certificates (defined herein) executed and delivered pursuant to the Trust Agreement (collectively, the "Certificates"), will evidence and represent undivided and proportionate interests of the registered Owners thereof in semiannual lease payments (the "Lease Payments") to be made by the County pursuant to the Lease. **The obligations of the County under the Lease will be payable exclusively from annually appropriated funds and will not be a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Lease will be subject to termination as of the last day of each fiscal year, at the option of the County. If so terminated and not reinstated as provided in the Lease, the County shall thereafter be relieved of any subsequent obligation under the Lease other than to surrender possession of the Leased Property to the Trustee. Upon such termination, there will be no assurance of payment of the principal or interest represented by the Certificates, including the 2015 Certificates, from funds available under the Trust Agreement as a result of the Trustee's re-leasing of the Leased Property. See "SOURCES OF PAYMENT OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES" herein.**

The Certificates will be payable solely from the Lease Payments to be made by the County from the sources identified above and from funds available under the Trust Agreement. The obligation of the County to make the Lease Payments will not be secured by a pledge of any funds, will not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation nor constitute a general obligation of the County nor an indebtedness of the County, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations.

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

The 2015 Certificates are offered when, as and if certain conditions are satisfied and subject to the legal opinion of Squire Patton Boggs (US) LLP, Special Counsel. Certain legal matters will be passed upon solely for the benefit of the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the 2015 Certificates will be available for delivery through the facilities of DTC, on or about April 15, 2015.

RBC CAPITAL MARKETS

March 16, 2015



Squire Patton Boggs (US) LLP
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Phoenix, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
squirespattonboggs.com

Pedro.Miranda@squiresanders.com
Direct Dial: +1.602.528.4843

April 30, 2015

VIA CERTIFIED MAIL

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, Arizona 85007

Re: \$57,025,000 Pima County, Arizona, Certificates of Participation, Series 2015

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B, for the above-referenced financing.

Very truly yours,

Pedro J. Miranda

PJM/mte

Enclosure
Certified No. 9171 9690 0935 0091 9435 42

44 Offices in 21 Countries

Squire Patton Boggs (US) LLP is part of the international legal practice Squire Patton Boggs, which operates worldwide through a number of separate legal entities.

Please visit squirespattonboggs.com for more information.

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B for the above-captioned financing addressed to the Arizona Department of Revenue, Attention: OERA, 9th Floor, 1600 W. Monroe, Phoenix, Arizona 85007, on April 27, 2015.


Pedro J. Miranda
Pedro J. Miranda

English

Customer Service

USPS Mobile

Register / Sign In



USPS Tracking™



Customer Service >
Have questions? We're here to help.

Tracking Number: 9171969009350091943542

Product & Tracking Information

Postal Product:

Extra Svc:
Certified Mail™

DATE & TIME

STATUS OF ITEM

LOCATION

April 30, 2015 , 3:56 am

Departed USPS Facility

PHOENIX, AZ 85043

Your item departed our USPS facility in PHOENIX, AZ 85043 on April 30, 2015 at 3:56 am. The item is currently in transit to the destination.

April 30, 2015 , 12:44 am

Arrived at USPS Facility

PHOENIX, AZ 85043

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Email Updates

Track Another Package

Tracking (or receipt) number

Track It

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FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE: **\$57,025,000**
PIMA COUNTY, ARIZONA
Certificates of Participation
Series 2015

CERTIFICATES DATED: April 15, 2015

INTEREST PAYMENT DATES: Interest on the 2015 Certificates is payable semiannually on December 1 and June 1 of each year, commencing December 1, 2015.

MATURITY DATES, CUSIPS, PRINCIPAL AMOUNTS, INTEREST RATES: See attached Exhibit A.

CLOSING: The Closing will be held telephonically on **Wednesday, April 15, 2015** at 8:30 a.m. (MST). Details for the call are as follows:

Dial-In: 1-866-305-1457
Participant Code: 3815365#

PARTICIPANTS: See attached Exhibit B.

REGISTRATION AND AUTHENTICATION: After the 2015 Certificates have been registered and authenticated, U.S. Bank National Association (the "Trustee") will confirm arrangements for a F.A.S.T. closing with The Depository Trust Company (DTC), 55 Water Street, 1st Floor, New York, New York 10041.

SETTLEMENT INSTRUCTIONS: Purchase Price of the 2015 Certificates:

Par Value @ 100	\$57,025,000.00
Plus: Original Issue Premium	3,468,132.75
Less: Underwriter's Discount	<u>(313,637.50)</u>
Amount due at Closing	<u>\$60,179,495.25</u>

FLOW OF FUNDS:

On the day of closing, RBC Capital Markets, LLC (the “Underwriter”), will wire transfer **\$60,179,495.25**, in federal or immediately available funds, to the trustee, **U.S. Bank National Association** (the “Trustee”), as follows:

U.S. Bank National Association
60 Livingston
St. Paul, MN 55107

U.S. Bank, ABA #091000022
U.S. Bank Trust A/C# 180121167365
BNF: Corp Trust Wire Clearing
Acct Ref: Pima COP 2015 - Acct. No.: 123573050
Attn: Account Associate – LA (312) 615-6027

FLOW OF FUNDS:

The funds received by the Trustee above will be applied as follows:

(A) **\$60,000,000.00** will be deposited into the 2015 Project Fund and used to refinance the acquisition by the Trustee of the Leased Property from the County; and

(B) **\$179,495.25** will be deposited into the 2015 Delivery Costs Fund and used to pay delivery costs for the 2015 Certificates.

**DELIVERY
INSTRUCTIONS:**

When all parties are satisfied that all monies have been transferred and that all documentation is in order, Bond Counsel will direct U.S. Bank National Association to authorize The Depository Trust Company at (212) 855-3752 to release the 2015 Certificates to the Underwriter.

POST CLOSING:

Immediately following the closing of the 2015 Certificates, the Trustee will wire transfer **\$60,000,000** in the 2015 Project Fund to the Pima County Treasurer for deposit into the County’s LGIP Account. Wire instructions for the Pima County Treasurer are as follows:

Bank of America
201 East Washington Phoenix
Arizona 85004
Routing Number: 026009593
Account number: 412724156
Account Title: Pima County Treasurer
Reference: Pima County 2015 COPS
Attention: Angelie Hawley – (520) 724-8828

Exhibit A

\$57,025,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2015

Maturity Dates, Principal Amount, Interest Rates and CUSIPs
--

Dated: 04/15/2015

Delivered: 04/15/2015

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721664)
12/01/2015	\$15,000,000	1.000%	\$1,130,784.72	\$16,130,784.72		EH9
06/01/2016			825,625.00	825,625.00	\$16,956,409.72	
12/01/2016	15,000,000	2.000%	825,625.00	15,825,625.00		EJ5
06/01/2017			675,625.00	675,625.00	16,501,250.00	
12/01/2017	15,000,000	5.000%	675,625.00	15,675,625.00		EK2
06/01/2018			300,625.00	300,625.00	15,976,250.00	
12/01/2018	12,025,000	5.000%	300,625.00	12,325,625.00		EL0
06/01/2019					12,325,625.00	
Totals	\$57,025,000		\$4,734,534.72	\$61,759,534.72	\$61,759,534.72	

(1) The 2015 Certificates are not subject to optional redemption prior to their stated maturity dates.

\$57,025,000
PIMA COUNTY, ARIZONA
Certificates of Participation, Series 2015

DISTRIBUTION LIST

PIMA COUNTY

Finance and Risk Management Department
130 West Congress, 10th Floor
Tucson, AZ 85701
Fax: (520) 724-8171

Tom Burke
Finance and Risk Management Director
(520) 724-3030
e-mail: tom.burke@pima.gov

Finance and Risk Management Department
130 West Congress, 6th Floor
Tucson, AZ 85701
Fax: (520) 243-2329

Ellen Moulton
(520) 724-3138
e-mail : ellen.moulton@pima.gov

Michelle Campagne
(520) 724-8410
e-mail: michelle.campagne@pima.gov

County Attorney's Office
130 West Congress
Tucson, Arizona 85701

Regina Nassen
(520) 724-5411
e-mail: regina.nassen@pcao.pima.gov

PIMA COUNTY TREASURER

Pima County Treasurer's Office
115 North Church
Tucson, AZ 85701
Fax: (520) 884-4809

Beth Ford
County Treasurer
(520) 724-8341
e-mail: beth.ford@pima.gov

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Thomas L. Brown
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UNDERWRITER

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Phoenix, AZ 85016
Fax: (602) 381-5380

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Kathy Salcido
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e-mail : kathy.salcido@rbccm.com

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Michael Cafiso
(602) 445-8452
e-mail: cafisom@gtlaw.com

Paul Gales, Jr.
(602) 445-8404
e-mail: galesp@gtlaw.com

BOND REGISTRAR & PAYING AGENT

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Fax: (602) 257-5433

Keith Henselen
(602) 257-5431
e-mail: keith.henselen@usbank.com

RATING AGENCIES

Fitch Ratings
111 Congress Avenue
Austin, TX 78701
Fax: (512) 215-3738

Rebecca Meyer
(512) 215-3733
e-mail: rebecca.meyer@fitchratings.com

Standard & Poor's Corporation
One Market, Steuart Tower 15th Floor
San Francisco, California
94105-1000
Fax: (415) 371-5090

Sarah Sullivant
(415) 371-5051
e-mail: sarah.sullivant@sandp.com

-Prepared By-
RBC Capital Markets
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016
March 30, 2015

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
Street and Highway Revenue Refunding Bonds, Series 2015

'AA'/AA'

FINAL
(March 17, 2015)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2015			135,395.83	135,395.83
07/01/2016	3,435,000	4.000%	649,900.00	4,084,900.00
07/01/2017			512,500.00	512,500.00
07/01/2018			512,500.00	512,500.00
07/01/2019	4,970,000	5.000%	512,500.00	5,482,500.00
07/01/2020	5,280,000	5.000%	264,000.00	5,544,000.00
	13,685,000		2,586,795.83	16,271,795.83

