SQUIRE SANDERS

PIMA COUNTY, ARIZONA

$80,175,000
CERTIFICATES OF PARTICIPATION
SERIES 2013A

$12,705,000
REFUNDING CERTIFICATES
OF PARTICIPATION
SERIES 2013B

Closing: May 22, 2013

PIMA COUNTY, ARIZONA

$80,175,000	**$12,705,000**
CERTIFICATES OF PARTICIPATION	**REFUNDING CERTIFICATES**
SERIES 2013A	**OF PARTICIPATION, SERIES 2013B**
(the "2013A Certificates")	**(the "2013B Certificates")**

(together, the "2013 Certificates")

CLOSING: May 22, 2013

CLOSING LIST

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Pima County, Arizona – Issuer
Squire Sanders (US) LLP - Special Counsel
U.S. Bank National Association – 1997 Trustee and Trustee
RBC Capital Markets, LLC - Underwriter
Greenberg Traurig, LLP - Underwriter's Counsel
Russo, Russo & Slania, P.C., Trustee's Counsel

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

434346

15

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 ASSOICATION, 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

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.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the County has caused this Ground Lease to be executed in its name by its duly authorized officer, and the Trustee has caused this 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_____
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

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

By_____
Vice President

[Signature page to Ground Lease]

IN WITNESS WHEREOF, the County has caused this Ground Lease to be executed in its name by its duly authorized officer, and the Trustee has caused this 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_____
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

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

By_____
Vice President

[Signature page to Ground Lease]

434346.4

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 Ground Lease 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

OFFICIAL SEAL
DONNA TOBIAS
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Dec. 20, 2008

~~STATE OF ARIZONA~~)
) ss.
COUNTY OF MARICOPA)

On this, the ____ day of June, 2008, 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 she, as such officer, being authorized so to do, executed the foregoing Ground Lease for the purposes therein contained by signing the name of the corporation by herself as such officer.

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

Notary Public

~~My Commission Expires:~~

[Notarization page of Ground Lease]

434346.3

~~STATE OF ARIZONA~~)
) ss.
COUNTY ~~OF~~ PIMA)

On this, the ___ 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 Ground Lease 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:~~

_____

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 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.

Jean E. Reynolds
Notary Public

My Commission Expires:
August 15, 2008

OFFICIAL SEAL
JEAN E. REYNOLDS
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Expires Aug. 15, 2008

[Notarization page of Ground Lease]

434346.4

EXHIBIT A

PUBLIC WORKS PARKING GARAGE LEGAL DESCRIPTION

(The Public Works Parking Garage, as described in Exhibit A-3 of the Lease-Purchase Agreement, dated as of June 1, 2008)

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 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.

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

TLATI
TIMOTHY PICKRELL
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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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EXHIBIT A DESCRIPTION OF LEASED PROPERTY

EXHIBIT B SCHEDULE OF LEASE PAYMENTS

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 Stated 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 this Lease-Purchase Agreement, the Ground Lease, the Deed, the 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, costs of any title insurance policy, 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 of the Trust Agreement.

"Event of Default" shall mean an Event of Default described in Section 9.1 hereof.

"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 or the Lessee.

"Insurance and Condemnation Fund" shall mean the fund by that name established and held by the Trustee pursuant to Article VII of the Trust Agreement.

"Lease-Purchase Agreement" or "Lease" shall mean this 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 this Lease-Purchase Agreement and as set forth in Exhibit B hereto.

"Lease Payment Date" shall mean each date on which a Lease Payment is due from the Lessee as set forth in Exhibit B hereto or the next succeeding Business Day if such date is not a Business Day.

"Lease Payment Fund" shall mean the fund by that name established and held by the Trustee pursuant to Article V of the Trust Agreement.

"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 A hereto.

"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 on Exhibit A-2 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 designees or 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 the Ground Lease, the Deed, this Lease-Purchase Agreement and the Trust Agreement.

"Lessor" shall mean U.S. Bank National Association, as trustee under the Trust Agreement, or its successors or assigns hereunder and under the Trust Agreement.

"Lessor Representative" shall mean any person authorized to act on behalf of the Lessor under or with respect to Ground Lease, the Trust Agreement or this Lease-Purchase Agreement as evidenced by a resolution or by-law provision conferring such authorization adopted by the Lessor.

"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 hereof) 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 this 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) Subject to Section 14.16 of the Trust Agreement, 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) 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

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.

ARTICLE II
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants to the Lessor as follows:

(a) Authorization. The Constitution and the laws of the State authorize the Lessee to enter into this Lease-Purchase Agreement, the Ground Lease, the Deed and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid agreements, and the Lessee has duly authorized, executed and delivered all of the aforesaid agreements in accordance with the laws of the State.

(b) No Violations. Neither the execution and delivery of this Lease-Purchase Agreement, the Ground Lease, the Deed 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 law, regulation, court order, restriction, or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the Lessee, or upon the Leased Property, except Permitted Encumbrances.

(c) Execution and Delivery. The Lessee has duly authorized, executed and delivered this Lease-Purchase Agreement in accordance with the laws of the State and upon such execution and delivery the Lease-Purchase Agreement will be a valid and binding agreement of the Lessee.

(d) Annual Appropriation. The Lessee will, subject to Section 4.2 hereof, include in its budget for each successive Fiscal Period during the Term of this Lease-Purchase Agreement a sufficient amount to permit the Lessee to make all of the Lease Payments, to pay Additional Rents and to make other payments hereunder, and the County has budgeted and has available for the current Fiscal Period sufficient funds to comply with its obligations hereunder.

(e) Need for Leased Property. The Lessee has an immediate need for, and expects to make immediate use of, the Leased Property, which need is not temporary or expected to diminish in the foreseeable future.

(f) Foreseeable Need. There are no circumstances presently affecting the Lessee that could be reasonably expected to alter its foreseeable need for the Leased Property or adversely affect its ability or willingness to budget funds for the payment of Lease Payments, Additional Rent and other payments due hereunder.

(g) Governmental Use. The Leased Property will be used by the Lessee during "Term of this Lease-Purchase Agreement" for the purpose of carrying out the governmental purposes of the Lessee.

(h) 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 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

owner of any of the Leased Property or to any party who may be potentially responsible for the presence of Hazardous Substances thereon nor has it made promises of indemnification regarding Hazardous Substances on or associated with any of the Leased Property to any person other than the Trustee.

(iv) In the event that the Lessee becomes aware of the release of any Hazardous Substances on, or other environmental condition, problem or liability with respect to, any of the Leased Property, the Lessee agrees to promptly notify the Trustee in writing of such condition. The Lessee further agrees to take actions to investigate and clean up the release of any Hazardous Substances on, or other environmental condition, problem or liability affecting, any of the Leased Property, promptly after the Lessee becomes aware of any such condition and to keep the Trustee advised of all such actions taken by the Lessee.

(v) As used in this Section, "Hazardous Substances" shall mean: any substance or material at the level defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous or toxic chemical, a hazardous, toxic or radioactive substance, petroleum or other similar term, by any federal, state or local environmental statute, regulation, or ordinance presently in effect or that may be promulgated in the future, as such statutes, regulations and ordinances may be amended from time to time, including, but not limited to, the statutes listed below:

Federal Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901, et seq.

Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq.

Federal Emergency Planning and Community Right-to-Know Act of 19865 42 U.S.C. Sections 11001, et seq.

Federal Clean Air Act, 42 U.S.C. Sections 7401-7642.

Federal Water Pollution Control Act, Federal Clean Water Act of 1977, 33 U.S.C. Sections 1251, et seq.

Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Sections 136, et seq.

(m) Disclaimer. The Lessee acknowledges that the Leased Property is being acquired by the Lessor at the Lessee's request and direction pursuant to the Ground Lease and the Deed specifically for the purpose of leasing the Leased Property to the Lessee; the Leased Property will be acquired on the basis of specifications and requirements furnished by the Lessee; and the Lessor has not held itself out as having knowledge or skill particular to the Leased Property or made any affirmations of fact regarding the Leased Property.

(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.

(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

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

and improvements. The Lessee will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the Lessee or any sublessee or assignee pursuant to this Section; provided that if any such lien is established and the Lessee shall first notify or cause to be notified the Lessor of the Lessee's or any sublessee's intention to do so, the Lessee or any sublessee may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Lessor with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Lessor. The Lessor will cooperate fully in any such contest, upon the request and at the expense of the Lessee or such sublessee.

Section 5.3 **General Liability Insurance**. The Lessee shall maintain or cause to be maintained, throughout the Term of this Lease-Purchase Agreement, 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 determined by the Lessee to be customary for similar institutions carrying on similar activities to those carried on the Leased Property. Said policy or policies, or any Qualified Self-Insurance as discussed below, shall, to the extent permitted by law, name the Lessor and the Trustee as additional insureds and shall provide for coverage against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Leased Property; provided, however, to the extent the Lessor or the Trustee is not named as additional insureds 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. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee and may be maintained in the form of Qualified Self-Insurance by the Lessee. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the proceeds of such insurance shall have been paid.

Section 5.4 **Fire and Extended Coverage Insurance**. The Lessee shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease-Purchase Agreement, insurance or Qualified Self-Insurance against loss or damage to any structures or equipment constituting any part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance then in existence. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of the Leased Property then in existence. Such insurance may be subject to deductible clauses of not to exceed $100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee and may be maintained in the form of Qualified Self-Insurance by the Lessee. Said policy or policies, or any Qualified Self-Insurance, shall, to the extent permitted by law, provide for insuring the Lessor, the Trustee and the Lessee against

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

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

the Trust Agreement by the Trustee promptly upon receipt thereof and, if the Lessee determines, within ninety (90) days following such deposit, that the replacement, repair, restoration, modification or improvement of such Leased Property is not economically feasible or in the best interest of the Lessee, then, upon receipt by the Trustee of written notice of such determination by the Lessee Representative, such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied as provided in Section 10.4 hereof; provided, however, that 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 the redemption of all Outstanding Certificates; provided further, however, if the Net Proceeds are not sufficient to cause the redemption of all Outstanding Certificates the Lessee shall have an option to purchase the Leased Property for a price representing the difference between the amount of Net Proceeds received and available for transfer to the Lease Payment Fund and the amount required to redeem all Outstanding Certificates. The proceeds from said insurance and the Net Proceeds shall then be deposited in the Lease Payment Fund and applied as provided in Section 10.4 hereof. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property by the Lessee, upon receipt of a requisition satisfactory to the Trustee signed by the Lessee Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; provided, however, in the event the Lessee determines that the Net Proceeds are insufficient for the replacement of the Leased Property and that additional funds are not available from other sources in an amount sufficient for such replacement, such Net Proceeds shall be transferred to the Lease Payment Fund and be applied in accordance with Section 10.4 of this Lease-Purchase Agreement. Any balance of the Net Proceeds remaining after such work has been completed shall be deposited in the Lease Payment Fund and applied toward subsequent Lease Payments.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 hereof shall be deposited in the Insurance and Condemnation Fund to be held and applied by the Trustee pursuant to Section 7.2 of the Trust Agreement.

(c) Proceeds of $100,000 or Less. The parties hereto agree that the provisions of this Section 6.2 are not intended and shall not be construed in any way to apply to the proceeds of any insurance or condemnation award less than or equal to $100,000. Such proceeds shall be paid to the Lessee and applied by the Lessee in its sole discretion.

Section 6.3 Reduction of Rental in the Event of Prepayment of Lease Payments. In the event the Net Proceeds of any insurance or condemnation awards are deposited in the Lease Payment Fund and credited towards Prepayments pursuant to Section 10.4 hereof, the amount of remaining Lease Payments shall be reduced proportionately as to the principal and interest components thereof such that the resulting Lease Payments will correspond to the remaining payments of principal of and interest on the Outstanding Certificates (after any

redemption of Certificates pursuant to Section 4.2 of the Trust Agreement resulting from such Prepayments), which resulting Lease Payments are hereby deemed to represent fair consideration for the use and occupancy of the portions of the Leased Property not taken, damaged or destroyed. In the event of any such reduction, this Lease-Purchase Agreement shall continue in full force and effect and the Lessee waives any right to terminate this Lease-Purchase Agreement by virtue of any damage or destruction of the Leased Property causing such reduction of Lease Payments.

ARTICLE VII
ACCESS TO LEASED PROPERTY, INDEMNIFICATION

Section 7.1 **Access to the Leased Property**. The Lessee agrees that the Lessor, any Lessor Representative shall have the right at all reasonable times to enter upon and into the Leased Property and to examine and inspect the Leased Property. The Lessee further agrees that the Lessor, any Lessor Representative, and the Lessor's successors or assigns shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the Lessee to perform its obligations hereunder.

Section 7.2 **Release and Indemnification Covenants**. To the extent permitted by law, the Lessee shall and hereby agrees to indemnify and save the Trustee harmless for, from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the ownership, use, maintenance, condition or management of, or from any work or thing done on, the Leased Property, (ii) any breach or default on the part of the Lessee in the performance of any of its obligations under this Lease-Purchase Agreement or of any of its representations or warranties under this Lease-Purchase Agreement, (iii) any act or negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (iv) any act or negligence of any sublessee of the Lessee with respect to the Leased Property, or (v) the acquisition and construction of the Leased Property, the execution and delivery of this Lease-Purchase Agreement, the Ground Lease, the Deed and the Trust Agreement, and the execution, delivery and sale of the Certificates. No indemnification is made under this Section or elsewhere in this Lease-Purchase Agreement for claims successfully brought for willful misconduct, negligence, or breach of duty under this Lease-Purchase Agreement by the Lessor or its officers, agents, employees, successors or assigns. The indemnification made under this Section shall survive the termination or expiration of this Lease-Purchase Agreement and the redemption or defeasance of the Certificates.

ARTICLE VIII
ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1 **Assignment and Subleasing by the Lessee**. This Lease-Purchase Agreement may not be assigned by the Lessee. The Leased Property may be subleased through agreements in existence on the Closing Date and extensions and renewals thereof, and the Leased Property may be otherwise subleased only with the written consent of the Lessor, which consent shall not be unreasonably withheld, and subject to all of the following conditions:

(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 <u>**No Remedy Exclusive**</u>. 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.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon deposit in the United States mail postage prepaid, except that notice to the Lessor or the Trustee shall be effective only upon receipt by an officer of the Lessor or the Trustee, respectively, responsible for the performance of the duties and obligations created under this Lease-Purchase Agreement:

If to the Lessee:

Pima County, Arizona
130 West Congress, 6th Floor
Tucson, Arizona 85701
Attention: Finance and Risk Management Director

If to the Lessor or the Trustee:

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

The Lessor, the Lessee and the Trustee by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2 Binding Effect. This Lease-Purchase Agreement shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

Section 11.3 Severability. In the event any provision of this Lease-Purchase Agreement 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 11.4 Net-net-net Lease-Purchase Agreement. This Lease-Purchase Agreement shall be deemed and construed to be a "net-net-net Lease-Purchase Agreement" and the Lessee hereby agrees that the Lease Payments shall be an absolute net return to the Lessor, free and clear of any expenses, charges or set-offs whatsoever, irrespective of any defense or any right of recoupment or counterclaim which the Lessee may have against the Lessor or the Trustee.

Section 11.5 Further Assurances and Corrective Instruments. The Lessor and the Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be for carrying out the expressed intention of this Lease-Purchase Agreement.

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

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

4342415

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

OFFICIAL SEAL
JEAN E. REYNOLDS
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Expires Aug. 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 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:

12-20-08

OFFICIAL SEAL
DONNA TOBIAS
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Dec. 20, 2008

4342415

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)

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;

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)

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.

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

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

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

Date	Principal Component	Interest Component	Total Lease Payments
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	10,000,000.00	250,000.00	10,250,000.00
Total	$ 50,000,000.00	$ 4,326,388.89	$54,326,388.89

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

473659

13

EXECUTION COPY

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 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

473659

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 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

473659

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.

Jean E. Reynolds
Notary Public

My Commission Expires:

August 15, 2012

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

473659

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.

OFFICIAL SEAL
DONNA TOBIAS
Notary Public - Arizona
PIMA COUNTY
My Comm. Exp. 12/20/2012

Donna Tobias
Notary Public

My Commission Expires:

12-20-12

473659

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

Date	Principal Component	Interest Component	Total Lease Payments
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	$44,400,000	$2,898,600	$47,298,600

473659

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

Date	Principal Component	Interest Component	Total Lease Payments
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	$10,000,000	$1,000,000	$11,000,000

473659

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

Date	Principal Component	Interest Component	Total Lease Payments
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	$34,400,000	$2,898,600	$36,298,600

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: JSH
DEPUTY RECORDER
0497 PE5-4352
W
SQUIRE SANDERS & DEMSPEY
40 N CENTRAL AVE 27TH FL
PHOENIX AZ 85004

DOCKET: 13741
PAGE: 2396
NO. OF PAGES: 24
SEQUENCE: 20100250587
02/08/2010
AAG 18:00

MAIL
AMOUNT PAID $ 29.00

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

499833

24

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

499833

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 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.

[Remainder of page left blank intentionally]

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. Pickrell

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

499833.4

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.

Jean Reynolds
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.

OFFICIAL SEAL
MARIA T. BUENAMEA
Notary Public - Arizona
PIMA COUNTY
My Comm. Exp. 09/21/2013

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

Date	Principal Component	Interest Component	Total Lease Payments
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	2,625,000	54,141	2,679,141
Total	$44,400,000	$6,399,582	$50,799,582

499833

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

Date	Principal Component	Interest Component	Total Lease Payments
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	$10,000,000	$750,000	$10,750,000

499833

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

Date	Principal Component	Interest Component	Total Lease Payments
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	4,400,000	88,000	4,488,000
Total	$14,400,000	$1,040,000	$15,440,000

499833

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

Date	Principal Component	Interest Component	Total Lease Payments
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	2,625,000	54,140.63	2,679,140.63
Total	$20,000,000	$4,609,575.24	$24,609,575.24

499833

F. ANN RODRIGUEZ, RECORDER
Recorded By: MNC
DEPUTY RECORDER
4903

LANTI
SQUIRE SANDERS US LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004

EASTSIDE

SEQUENCE: 20131420007
NO. PAGES: 28
AAG 05/22/2013
8:05
MAIL
AMOUNT PAID: $33.00

When recorded return to:

EXECUTION COPY

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.

Helen D. Bell
Notary Public

My Commission Expires:

HELEN D. BELL
Notary Public - Arizona
Maricopa County
Expires 01-[illegible]-2015

[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.

Melissa Manriquez
Notary Public

My Commission Expires:
1/16/2016

OFFICIAL SEAL
MELISSA MANRIQUEZ
Notary Public - Arizona
PIMA COUNTY
My Comm. Exp. 01/16/2016

[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						
	$16,225,000	$2,580,578.00	$92,880,000	$9,124,798.13	$109,105,000	$11,705,376.13

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

Date	Principal Component	Interest Component	Total Lease Payments
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	$16,225,000	2,580,578.00	$16,225,000.00

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

Date	Principal Component	Interest Component	Total Lease Payments
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	2,775,000	69,375.00	2,844,375.00
Total	$80,175,000	$7,580,415.63	$87,755,415.63

Pima County, Arizona
Certificates of Participation
Series 2013B

Date	Principal Component	Interest Component	Total Lease Payments
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	2,785,000	69,625.00	2,854,625.00
Total	$12,705,000	$1,544,382.50	$14,249,382.50

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

434243

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EXHIBIT B DESCRIPTION OF LEASED PROPERTY

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 Stated 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 o 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

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:

2008 Certificates

Maturity Date (June 1)	Amount	Interest Rate
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.

(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.

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

DTC of 2008 Certificates and transfer one or more separate 2008 Certificates to DTC Participants having 2008 Certificates credited to their DTC accounts as directed by DTC. In such event, the 2008 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 2008 Certificates shall designate, in accordance with the provisions of this Trust Agreement.

The Trustee and the Lessee may execute the letter of representation in connection with the execution and delivery of the 2008 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 Trust Agreement 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 Trust Agreement, the terms of the Trust Agreement shall control. DTC may exercise the rights of a 2008 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 **Acquisition Fund**. The Trustee shall establish a special fund designated as the "Acquisition Fund". There shall be deposited in the Acquisition Fund the proceeds of the sale of the 2008 Certificates required to be deposited therein pursuant to Section 2.6 hereof. The Trustee shall immediately release and disburse the amounts in the Acquisition Fund to the County as consideration for the County executing and delivering the Ground Lease and the Deed.

Section 3.2 **Delivery Costs Fund**. The Trustee shall establish a special fund designated as the "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 Delivery Costs Fund the proceeds of sale of the 2008 Certificates required to be deposited therein pursuant to Section 2.6(a) hereof.

The Trustee shall disburse moneys in the 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 Delivery Costs Fund. Amounts remaining in the Delivery Costs Fund after January 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 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 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.

Section 4.6 **Notice of Redemption.**

(a) Whenever redemption of 2008 Certificates is to be made, the Trustee shall give notice of the redemption of such 2008 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 2008 Certificates are to be redeemed, the numbers or other distinguishing marks of such 2008 Certificates so to be redeemed, and, in the case of 2008 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 2008 Certificate to be redeemed the redemption price of such 2008 Certificate or the specified portion thereof in the case of a 2008 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 2008 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 2008 Certificates or portions of 2008 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 2008 Certificate shall not affect the validity of the proceedings for the redemption of any other 2008 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 2008 Certificates being redeemed; (B) the date of issue of the 2008 Certificates as originally issued; (C) the rate of interest borne by each 2008 Certificate being redeemed; (D) the maturity date of each 2008 Certificate being redeemed; and (E) any other descriptive information needed to identify accurately the 2008 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 2008 Certificates then in the business of holding substantial amounts of obligations of types such as the 2008 Certificates (such as, at the time of execution and delivery of this Trust Agreement, 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 2008 Certificates (such as, at the time of execution and delivery of this Trust Agreement, 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 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

domain powers, and if the Lessee determines, based upon a report of am independent engineer or other independent professional, that such eminent domain proceedings have 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, or (B) all of the Leased Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the Prepayment 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.

The Lessee shall be required to obtain, at its own expense, and provide to the Trustee the report of an independent engineer or other independent professional consultant prior to the Lessee making any determination under this Section 7.2. Any such determination by the Lessee shall be final.

Section 7.3 Cooperation. The Trustee shall cooperate fully with the Lessee at the request and expense of the Lessee in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease-Purchase Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property or any part thereof.

Notwithstanding the foregoing provisions of this Section 7.2, the Lessee agrees, to the extent permitted by law, that in the event it brings an eminent domain or condemnation proceeding with respect to the Leased Property, it will offer to pay the Trustee an amount at least equal to all principal and accrued interest on all outstanding Certificates and all fees and expenses owed by the Lessee hereunder.

ARTICLE VIII
MONEYS IN FUNDS; INVESTMENT

Section 8.1 Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement (other than those held in the Rebate Fund) are irrevocably held in trust for the benefit of the Owners of the Certificates, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Lessor, the Trustee or the Lessee or any Owner of Certificates.

Section 8.2 Investments Authorized. Permitted Investments acquired hereunder, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Section 8.3 Accounting. 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), furnish to the Lessee an accounting of all

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.

(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

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.

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

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

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:

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 much 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]

434243.4

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.

Jean E. Reynolds
Notary Public

My Commission Expires:
August 15, 2008

OFFICIAL SEAL
JEAN E. REYNOLDS
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Expires Aug. 15, 2008

[Notarization page of Trust Agreement]

434243.5

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

OFFICIAL SEAL
DONNA TOBIAS
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Exp. Dec. 20, 2008

[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:

Interest Rate	Maturity Date	Dated Date	CUSIP
	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

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

"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
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:

____

(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

B-1: Public Works Building

B-2: Legal Services Building

B-3: Public Works Parking Garage

(See attached pages)

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)

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.

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

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.

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: 2101
NO. OF PAGES: 26
SEQUENCE: 20091270578
07/02/2009
MISC 16:38

MAIL
AMOUNT PAID $ 31.00

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

473380

26

EXECUTION COPY

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:
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Dated as of June 1, 2009

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473380

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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

Maturity Date (June 1)	Amount	Interest Rate
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 much 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]

473380

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.

Jean E. Reynolds
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]

473380

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.

OFFICIAL SEAL
DONNA TOBIAS
Notary Public - Arizona
PIMA COUNTY
My Comm. Exp. 12/20/2012

Donna Tobias
Notary Public

My Commission Expires:

12-20-12

[Notarization page of First Supplement to Trust Agreement]

473380

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:

Interest Rate	Maturity Date	Dated Date	CUSIP
	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:

_____

(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.

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: JSH
DEPUTY RECORDER
0497 PE5-4352

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

DOCKET: 13741
PAGE: 2420
NO. OF PAGES: 25
SEQUENCE: 20100250588
02/08/2010
AG 18:00

MAIL
AMOUNT PAID $ 30.00

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

EXECUTION COPY

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

SECOND SUPPLEMENT TO TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

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

499834.5

25

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

EXECUTION COPY

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

SECOND SUPPLEMENT TO TRUST AGREEMENT

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as Trustee

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Dated as of February 1, 2010

relating to

$20,000,000
Pima County, Arizona
Certificates of Participation
Series 2010

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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

Maturity Date (June 1)	Amount	Interest Rate
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 much 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.

[Remainder of page left blank intentionally]

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.

Jean Reynolds
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.

OFFICIAL SEAL
MARIA T. BUENAMEA
Notary Public - Arizona
PIMA COUNTY
My Comm. Exp. 09/21/2013

Maria T. Buenamea
Notary Public

My Commission Expires:
Sept 21, 2013

[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:

Interest Rate	Maturity Date	Dated Date	CUSIP
	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
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:

____

(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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F. ANN RODRIGUEZ, RECORDER
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

Maturity Date (December 1)	Amount	Interest Rate
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

Maturity Date (December 1)	Amount	Interest Rate
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 much 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.

[Remainder of page left blank intentionally]

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]

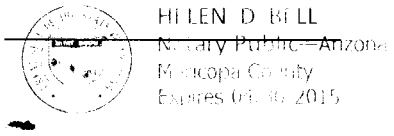
STATE OF ARIZONA)
) ss.
County of Maricopa)

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.

Helen D. Bell
Notary Public

My Commission Expires:



[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.

Melissa Manriquez
Notary Public

My Commission Expires:
1/16/2016

OFFICIAL SEAL
MELISSA MANRIQUEZ
Notary Public - Arizona
PIMA COUNTY
My Comm. Exp. 01/16/2016

[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:

Interest Rate	Maturity Date	Dated Date	CUSIP
	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
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:

_____

(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)

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.

SPECIMEN

CERTIFICATES OF PARTICIPATION, SERIES 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-1 Denomination: $34,645,000

Interest Rate	Maturity Date	Dated Date	CUSIP
1.500%	December 1, 2013	May 22, 2013	721664 DB3

Registered Owner: CEDE & CO.

Principal Amount: THIRTY-FOUR MILLION SIX HUNDRED FORTY-FIVE THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereunder 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 2013A 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

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 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-2 Denomination: $21,335,000

Interest Rate	Maturity Date	Dated Date	CUSIP
2.000%	December 1, 2014	May 16, 2013	721664 DC1

Registered Owner: CEDE & CO.

Principal Amount: TWENTY-ONE MILLION THREE HUNDRED THIRTY-FIVE THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A 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 2013A 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

SPECIMEN

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 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to Be Made by

Pima County, Arizona

No: R-3 Denomination: $6,790,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2015	May 22, 2013	721664 DD9

Registered Owner: CEDE & CO.

Principal Amount: SIX MILLION SEVEN HUNDRED NINETY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments hereof 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 2013A 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

SPECIMEN

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 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-4 Denomination: $2,045,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2016	May 22, 2013	721664 DE7

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION FORTY-FIVE THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A 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, 2012 (the "Second Amendment") and the Third Amendment to Lease-Purchase Agreement, dated as of March 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 2013A 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

SPECIMEN

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 2013

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-5 Denomination: $2,210,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2017	May 2, 2013	721664 DF4

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION TWO HUNDRED TEN THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments to be made 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 2013A 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

SPECIMEN

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 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-6 Denomination: $2,690,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2018	May 22, 2013	721664 DG2

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SIX HUNDRED NINETY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A 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, 2012 (the "Second Amendment") and the Third Amendment to Lease-Purchase Agreement, dated as of May 22, 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 2013A 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

SPECIMEN

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.

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CERTIFICATES OF PARTICIPATION, SERIES 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-7 Denomination: $2,880,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2019	May 22, 2013	721664 DH0

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION EIGHT HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A 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, 2009 (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 2013A 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

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 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-8 Denomination: $2,265,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2020	May 22, 2013	721664 DJ6

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION TWO HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments thereunder 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 2013A 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

SPECIMEN

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 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-9 Denomination: $540,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2021	May 1, 2013	721664 DK3

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION FIVE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments hereunder and defined in that certain Lease-Purchase Agreement, dated as of July 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 2013A 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

SPECIMEN

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 2013A

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-10 Denomination: $2,775,000

Interest Rate	Maturity Date	Date of Date	CUSIP
5.000%	December 1, 2022	May 22, 2013	721664 DL1

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SEVEN HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate of Participation, Series 2013A (the "2013A 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 2013A 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

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Dates; provided that interest with respect hereto shall be payable from the 2013 Interest Payment Date next preceding the date of execution of this 2013A Certificate (unless (i) this 2013A Certificate is executed prior to December 1, 2013, in which event interest shall be payable from the Dated Date identified above, (ii) this 2013A 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 2013A 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 2013A 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, or if this 2013A 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 application of the aforesaid portion of the Lease Payments designated as principal at 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 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 2013A 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 2013A Certificate at the principal corporate trust office of the Trustee.

This 2013A 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

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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 $80,175,000 (the "2013A Certificates"). The Third Supplement also authorized a series of certificates limited in aggregate principal amount to $12,[illegible]5,000 (the "2013B Certificates"), which the Trustee will execute and deliver simultaneously with the execution and delivery of the 2013A Certificates. The 2010 Certificates, the 2013A Certificates, the 2013B 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 2013A Certificates are delivered, the rights thereunder of the Registered Owners of the 2013A 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 2013A 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.

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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 2013A 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 2013A Certificate. Upon such transfer a new 2013A Certificate or 2013A 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 2013A Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2013A Certificates are not subject to optional redemption prior to maturity.

The 2013A 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 2013A 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 2013A Certificate shall not affect the validity of the proceedings for the redemption of any other 2013A 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.

SPECIMEN

IN WITNESS WHEREOF, this 2013A Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: May 22, 2013.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Its: Authorized Representative

SPECIMEN

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:

_____

(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.

SPECIMEN

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 2013B

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-1 Denomination: $2,330,000

Interest Rate	Maturity Date	Dated Date	CUSIP
1.500%	December 1, 2013	May 22, 2013	721664 DM9

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION THREE HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Refunding Certificate of Participation, Series 2013B (the "2013B 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, 2006 (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 2013B 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

SPECIMEN

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 2013B

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-2 Denomination: $2,420,000

Interest Rate	Maturity Date	Dated Date	CUSIP
3.000%	December 1, 2014	May 22, 2013	721664 DN7

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION FOUR HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Refunding Certificate of Participation, Series 2013B (the "2013B 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 2013B 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

SPECIMEN

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 2013B

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-3 Denomination: $2,520,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2015	May 22, 2013	721664 DP2

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION FIVE HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of the Refunding Certificate of Participation, Series 2013B (the "2013B 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 2013B 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

SPECIMEN

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 2013B

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-4 Denomination: $2,650,000

Interest Rate	Maturity Date	Date Date	CUSIP
5.000%	December 1, 2016	May 22, 2013	721664 DQ0

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Refunding Certificate of Participation, Series 2013B (the "2013B 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 2013B 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

SPECIMEN

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 2013B

Evidencing a Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by

Pima County, Arizona

No: R-5 Denomination: $2,785,000

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	December 1, 2017	May 23, 2013	721664 DR8

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SEVEN HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Refunding Certificate of Participation, Series 2013B (the "2013B Certificate") is the owner of an undivided proportionate interest in the right to receive certain Lease Payments and Prepayments hereof 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 23, 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 2013B 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

SPECIMEN

Dates; provided that interest with respect hereto shall be payable from the 2013 Interest Payment Date next preceding the date of execution of this 2013B Certificate (unless (i) this 2013B Certificate is executed prior to December 1, 2013, in which event interest shall be payable from the Dated Date identified above, (ii) this 2013B 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 2013B 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 2013B 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 2013B 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 2013B 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 2013B Certificate at the principal corporate trust office of the Trustee.

This 2013B 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

SPECIMEN

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 $12,705,000 (the "2013B Certificates"). The Third Supplement also authorized a series of certificates limited in aggregate principal amount to $80,175,000 (the "2013A Certificates"), which the Trustee will execute and deliver simultaneously with the execution and delivery of the 2013B Certificates. The 2010 Certificates, the 2013B Certificates, the 2013A 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 2013B Certificates are delivered, the rights thereunder of the Registered Owners of the 2013B 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 2013B 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.

SPECIMEN

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 2013B 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 2013B Certificate. Upon such transfer a new 2013B Certificate or 2013B 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 2013B Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

The 2013B Certificates are not subject to optional redemption prior to maturity.

The 2013B 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 2013B 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 2013B Certificate shall not affect the validity of the proceedings for the redemption of any other 2013B 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.

SPECIMEN

IN WITNESS WHEREOF, this 2013B Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: May 22, 2013.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Its: Authorized Representative

SPECIMEN

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:

_____

(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.

SPECIMEN

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.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 26, 2013

NEW ISSUE - BOOK-ENTRY-ONLY **RATINGS: See "Ratings" herein**

In the opinion of Squire Sanders (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 related 2013 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 2013 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 tax aspects, see "TAX MATTERS" herein.

PIMA COUNTY, ARIZONA

$79,915,000*
CERTIFICATES OF PARTICIPATION, SERIES 2013A
Evidencing a Proportionate Interest of Owners thereof in Lease Payments to be Made by PIMA COUNTY, ARIZONA, As Lessee

$13,045,000*
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B
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**

The securities being offered hereby consist of Certificates of Participation, Series 2013A (the "2013A Certificates") and Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 Certificates") 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, and a Third Amendment to Lease-Purchase Agreement, to be dated as of May 1, 2013 (the original as so amended and 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, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2013 Certificates are being executed and delivered under 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, and a Third Supplement to Trust Agreement, to be dated as of May 1, 2013 (the original as so supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County. Initially, the 2013 Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2013 Certificates. Purchases of beneficial interests in the 2013 Certificates will be made in book-entry-only form in amounts of $5,000 of principal of a series maturing on a specified date or any integral multiple thereof. Purchasers will not receive certificates representing the ownership interest in the 2013 Certificates purchased by them. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

Interest represented by the 2013 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, 2013, until maturity or prior redemption, and principal with respect to the 2013 Certificates will be payable annually in accordance with the schedule set forth on the inside front cover. So long as the 2013 Certificates are registered in the name of DTC, or its nominee, payments of the principal and interest with respect to the 2013 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 2013 Certificates, as described herein.

The 2013 Certificates will not be subject to optional redemption, but will be subject to extraordinary redemption prior to maturity as more fully described herein. See "THE 2013 CERTIFICATES - Redemption Provisions" herein.

The 2013 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County, (ii) refund the Certificates to be Refunded (as defined herein), and (iii) pay costs associated with the execution and delivery of the 2013 Certificates. See "PLAN OF FINANCE" herein.

The 2013 Certificates, together with $16,225,000 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 2013 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 2013 Certificates are offered when, as and if certain conditions are satisfied and subject to the legal opinion of Squire Sanders (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 2013 Certificates will be available for delivery through the facilities of DTC, on or about May 22, 2013.*

RBC CAPITAL MARKETS

May ___, 2013

*Preliminary, subject to change.

$79,915,000*
CERTIFICATES OF PARTICIPATION,
SERIES 2013A
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)
2013	$34,230,000			
2014	21,205,000			
2015	6,855,000			
2016	2,080,000			
2017	2,245,000			
2018	2,725,000			
2019	2,915,000			
2020	2,295,000			
2021	2,570,000			
2022	2,795,000			

$13,045,000*
REFUNDING CERTIFICATES OF
PARTICIPATION, SERIES 2013B
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)
2013	$2,425,000			
2014	2,505,000			
2015	2,595,000			
2016	2,705,000			
2017	2,815,000			

(a) Copyright 2013, American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for information only. None of the County, the Underwriter or their counsel takes responsibility for the accuracy of such numbers.

*Preliminary, subject to change.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ray Carroll

Ally Miller

Richard Elías

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C.H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

SPECIAL COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

TRUSTEE

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page, the inside cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the 2013 Certificates identified on the cover 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 2013 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 2013 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 2013 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 2013 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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Appendix F: Form of Continuing Disclosure Undertaking
Appendix G: Book-Entry-Only System

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PIMA COUNTY, ARIZONA

$79,915,000*
CERTIFICATES OF PARTICIPATION, SERIES 2013A
Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

$13,045,000*
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B
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 $79,915,000* principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and $13,045,000* principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 Certificates").

Certain capitalized terms used herein but not defined elsewhere are defined under "SUMMARY OF LEGAL DOCUMENTS - Certain Definitions" in Appendix D hereto.

The 2013 Certificates, together with $16,225,000 outstanding principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates") and any Additional Certificates (hereafter defined) 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 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 a Third Amendment to Lease-Purchase Agreement, to be dated as of May 1, 2013 (the "Third Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, and as subsequently amended, the "Lease"), between U.S. Bank National Association, as trustee under the Trust Agreement, as lessor (the "Trustee"), and Pima County, Arizona, as lessee (the "County"). 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, the legal services building of the County, a 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, 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 parking garage portion of the Leased Property (the "Ground Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2013 Certificates are being executed and delivered under 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 a Third Supplement to Trust Agreement, to be dated as of May 1, 2013 (the "Third Supplement" and, together with the Original Trust Agreement, the First Supplement, the Second Supplement, and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County.

The 2013 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County, (ii) refund the Certificates to be Refunded (as described below under "PLAN OF FINANCE"), previously executed and delivered pursuant to a Trust Agreement, dated as of February 1, 1997 (as thereafter supplemented, the "1997 Trust Agreement") between the County and U.S. Bank National Association, as

* Preliminary, subject to change.

trustee thereunder (in such capacity, the "1997 Trustee"), and (iii) pay costs associated with the execution and delivery of the 2013 Certificates. See "PLAN OF FINANCE" herein. Fee title to the Sellable Leased Property will be held by the Trustee and, a ground leasehold interest pursuant to a Ground Lease, dated as of June 1, 2008 (the "Ground Lease"), between the County and the Trustee has been transferred to 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 a portion of 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 primarily consist of expansion and upgrades to the County's sewer system facilities and fleet services facilities, but may include other capital project purposes. See "PLAN OF FINANCE – The Improvements" herein. None of the Improvements will be part of the Leased Property.

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 2013 Certificates, from funds available under the Trust Agreement or 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 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 (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 2013 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 2013 Certificates will be made only to beneficial owners, through participants in the DTC system. Beneficial interests in the 2013 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 2013 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption*" herein and "SUMMARY OF LEGAL DOCUMENTS – LEASE – Insurance" in Appendix D hereto.

This Official Statement contains descriptions of the 2013 Certificates, the Trust Agreement, the Ground Lease and the Lease. The descriptions of the 2013 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 2013 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 2013 CERTIFICATES

General Provisions

The 2013 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 2013 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, commencing on December 1, 2013 (each, an "Interest Payment Date").

The 2013 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 for DTC. The Trustee shall treat Cede & Co., as the registered Owner, as the absolute owner of the 2013 Certificates for all purposes, including making payments and sending notices. So long as Cede & Co. is the registered Owner of the 2013 Certificates, as nominee for DTC, references herein to "Owners" or registered owners of the 2013 Certificates (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of such 2013 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 2013 Certificate will be payable at the designated office of the Trustee. Interest represented by each 2013 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 2013 Certificates for another form of payment.

Redemption Provisions

No Optional Redemption. The 2013 Certificates will not be subject to optional redemption prior to maturity.

Extraordinary Redemption. The 2013 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 2013 Certificates are called for redemption, the maturities of the 2013 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 2013 Certificates are called for redemption, notice thereof identifying the 2013 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. See Appendix G – "BOOK-ENTRY-ONLY SYSTEM."

All of the 2013 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, interest and redemption premium, if any, of all Outstanding 2013 Certificates when the same becomes due and payable, or (ii) at or before maturity of all Outstanding 2013 Certificates, deposits money or Defeasance Obligations with the Trustee which, together with other available funds, are sufficient to pay the principal, interest and redemption premium, if any, of all Outstanding 2013 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 2013 Certificates will terminate, except for the obligation of the Trustee to make payment on the 2013 Certificates. (See "SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT - Defeasance" in Appendix D hereto.)

PLAN OF FINANCE

2013A Certificates

The proceeds received by the Trustee from the sale of the 2013A 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 2013A Certificates, will be paid by the Trustee to the County to refinance the Trustee's original acquisition of the portion of the Leased Property from the County comprising the below-described Pima County Public Works Building of Leased Property, the Legal Services Building Portion of Leased Property and the Ground Leased Property.

The County intends to use such amounts paid by the Trustee to pay costs of the Improvements described below, none of which is part of the Leased Property.

2013B Certificates

The proceeds received by the Trustee from the sale of the 2013B 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 2013B Certificates, will be used to make a payment to the 1997 Trustee to refund and redeem the following certificates (the "Certificates to be Refunded") and to discharge the 1997 Trust Agreement. In consideration for providing funds for such purpose, the 1997 Trustee will convey to the Trustee fee title to the below-described Adult Detention Center Portion of Leased Property, which will constitute additional Leased Property under the Trust Agreement and the Lease.

Issue (Dated Date)	Refunding Certificates of Participation	Original Principal Amount	Maturity Dates to be Refunded (January 1)	Principal Amount Being Refunded	Redemption Date	Redemption Premium on Bonds Being Refunded	CUSIP (a) (Base No.)
9-1-1999	Series 1999	$4,875,000	2014	$1,220,000	7/1/2013*	0.00%	721664
10-1-2003	Series 2003	27,525,000	2014 through 2018	12,335,000	7/1/2013*	0.00%	721664

(a) See footnote (a) to the inside cover page.

The Leased Property

The Leased Property consists of the following:

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 Adult Detention Center was the leased security for the Certificates to be Refunded and will be conveyed to the Trustee and added as a part of the Leased Property simultaneously with the execution and delivery of the 2013 Certificates.) 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 lock-up facilities for the County. The County's estimate of the replacement value of the Adult Detention Center is $53.96 million.

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
2012	1,802	2007	2,008
2011	1,640	2006	2,028
2010	1,636	2005	2,009
2009	1,826	2004	1,739
2008	1,913	2003	1,539

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

* Preliminary, subject to change.

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, 2023, but 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.

The County's estimate of the replacement value of the Public Works Building and Parking Garage (excluding the portion leased by the YMCA) is $35.58 million.

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. The County's estimate of the replacement value of the Legal Services Building is $29.69 million.

Pursuant to the Lease, the Trustee will lease back to the County the Leased Property, which does not include the Improvements. Policies of title insurance, in an aggregate amount of $110 million, will be in effect upon execution and delivery of the 2013 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 approximately: (i) $60,000,000 of various projects to expand and improve the County's existing sewer system facilities; (ii) $21,300,000 of various projects for the County's Fleet Services operations; and (iii) $3,000,000 of various projects of the County's Facilities Management Department. 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". **The Improvements are not and will not ever 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 the following sources for making the Lease Payments which are available for such purpose pursuant to annual appropriation by the Board of Supervisors of the County.

- For Lease Payments associated with $60 million of Improvements for various wastewater related projects, monies from the County's Wastewater Enterprise Fund.

- For Lease Payments associated with $21.3 million of Improvements for various Fleet Services operations, monies from the County's Fleet Services Fund, an internal fund of the County comprised of monies deposited to such fund by various departments and agencies of the County for Fleet Services.

- For all other Lease Payments, generally from monies from the County's General Fund.

See "SOURCE OF PAYMENTS OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES."

SOURCES OF PAYMENT OF THE CERTIFICATES

Under the terms of the Trust Agreement, the 2013 Certificates will be payable on a parity with the 2010 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, 2013, 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 - Limitation 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, 2022, 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 Ground 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 Ground 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 - Limitation 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 2013 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 2013 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 2013 Certificates involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective 2013 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 2013 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 Ground 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 Arizona Revised Statutes 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 Financings 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 of Supervisors of the County 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 of Supervisors of the County.

Squire Sanders (US) LLP, Special Counsel with respect to the execution and delivery of the 2013 Certificates ("Special Counsel"), will not render an opinion with respect to the tax-exempt status of payments made to Owners of the 2013 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 2013 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 2013 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 2013 Certificates are Outstanding, there will be no assurance that after such termination 2013 Certificates may be transferred by a 2013 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 Ground Leased Property will be sufficient to pay in full the 2013 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 Ground 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 estimated sources and uses of funds derived from the sale of the 2013 Certificates are as follows:

Sources of Funds	
Par Amount of 2013 Certificates	
Net Premium/(Net Discount)	
Total Sources	
Uses of Funds	
2013 Acquisition Fund (a)	
Redemption of Certificates to be Refunded	
Costs of Issuance (Including Underwriter's Discount)	
Total Uses	

(a) This amount will be withdrawn by the County from the Acquisition Fund established under the Trust Agreement upon execution and delivery of the 2013A Certificates. The County will use such amount to pay for the Improvements which are not part of the Leased Property. See "PLAN OF FINANCE – 2013A Certificates" 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.

Certificate Payment Date	Lease Payments on 2010 Certificates	2013 Certificates Principal*	2013 Certificates Interest* (a)	Total Lease Payments on Certificates*
06/01/2013	$2,399,241			$2,399,241
12/01/2013	303,266	$36,655,000	$1,667,978	38,626,243
06/01/2014	2,433,266		1,222,000	3,655,266
12/01/2014	265,991	23,710,000	1,222,000	25,197,991
06/01/2015	2,465,991		760,325	3,226,316
12/01/2015	227,491	9,450,000	760,325	10,437,816
06/01/2016	2,507,491		537,050	3,044,541
12/01/2016	167,641	4,785,000	537,050	5,489,691
06/01/2017	2,567,641		430,950	2,998,591
12/01/2017	104,641	5,060,000	430,950	5,595,591
06/01/2018	2,629,641		318,525	2,948,166
12/01/2018	54,141	2,725,000	318,525	3,097,666
06/01/2019	2,679,141		250,400	2,929,541
12/01/2019		2,915,000	250,400	3,165,400
06/01/2020			177,525	177,525
12/01/2020		2,295,000	177,525	2,472,525
06/01/2021			120,150	120,150
12/01/2021		2,570,000	120,150	2,690,150
06/01/2022			55,900	55,900
12/01/2022		2,795,000	55,900	2,850,900

(a) The first interest payment date on the 2013 Certificates is December 1, 2013.

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 2013 Certificates, the Trust Agreement, or the Lease, or in any way contesting or affecting any authority for the execution and delivery of the 2013 Certificates, or the validity of the 2013 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 2013 Certificates, the Trust Agreement, or the Lease or any agreement, document, duty or covenant pertaining thereto.

The County has been cooperating fully with the U.S. Office of the Inspector General ("OIG") and the Inspector General of the Arizona Health Care Cost Containment System ("AHCCCS"), Arizona's Medicaid agency, since discovering that the County improperly billed AHCCCS for administration fees on vaccinations for a period of time beginning in 2005. The improper billing, which was inadvertent, ceased as soon as it was discovered, and the County has been accepted into OIG's Self-Disclosure Protocol program (SDP). Nevertheless, it is anticipated that the County will be required to pay some amount of civil penalties and damages under the state and federal false

* Preliminary, subject to change.

claims acts (31 U.S.C §§ 3729-3733 and A.R.S. § 36-2918). Federal and state authorities have not yet determined the amount of the penalty. It is anticipated that successful completion under the SDP will significantly mitigate the amount of penalties assessed against the County and, in the opinion of County management, that such penalties will not be material to the County.

The County has been named as a defendant in several other lawsuits for which appropriate representatives of the County believe either that the County 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 2013 Certificates will be sold with the understanding that the County will furnish the Underwriter with an approving opinion of Squire Sanders (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 2013 Certificates under Arizona law and on the exclusion of the interest portion related to the 2013 Certificates from gross income for purposes of calculating federal income taxes and of the exemption of that interest portion from State of Arizona income taxes. (See "TAX MATTERS" herein.) Fees of Special Counsel will be paid from 2013 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 Sanders (US) LLP, Special Counsel, under existing law: (i) the portion of each Lease Payment made by the County pursuant to the Lease and denominated as and comprised of interest pursuant to the Lease (the "Interest Portion") 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. 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 proposes. 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 2013 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 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 2013 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 Leased Property in a manner that would cause the Lease, if such Leased Property 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 2013 Certificates. After the date of execution and delivery of the 2013 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 2013 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 2013 Certificates. Special Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2013 Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a 2013 Certificates 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 2013 Certificates ends with the execution and delivery of the 2013 Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the owners of the 2013 Certificates regarding the tax status of the Interest Portion 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 2013 Certificates, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the 2013 Certificates 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 2013 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 2013 Certificates.

Prospective purchasers of the 2013 Certificates upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the 2013 Certificates at other than their original issuance, should also 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 2013 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 2013 Certificates will not have an adverse effect on the tax status of the Interest Portion or the market value or marketability of the 2013 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 2013 Certificates should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of the Interest Portion for federal and state income tax purposes for all or certain taxpayers. In such event, the market value of the 2013 Certificates may be adversely affected and the ability of holders to sell their 2013 Certificates in the secondary market may be reduced. The 2013 Certificates are not subject to special mandatory redemption, and the interest rates on the 2013 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 2013 Certificates ("Discount Certificates") as indicated on the cover 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, compounded 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 represented by the 2013 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 cover 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 2013 Certificates ("Premium Certificates") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond 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 bond 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 bond 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 cover 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 Certificates and Premium Certificates should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Certificates or Premium Certificates and as to other federal

tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Financial Services LLC ("S&P") will assign the 2013 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 2013 Certificates.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the 2013 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, 2014 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices"). The Annual Reports and 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 - "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 - "CONTINUING DISCLOSURE UNDERTAKING."

These covenants have been made in order to assist the underwriters of the 2013 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 2013 Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2013 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 2013 Certificates will be purchased by the Underwriter, at an aggregate purchase price of $_____ ("Purchase Price"), pursuant to a certificate purchase contract (the "Certificate Purchase Agreement") entered into by the County, the Trustee and the Underwriter. If the 2013 Certificates are sold to produce the yields shown on the inside front cover, the Underwriter's compensation will be $_____. The Certificate Purchase Agreement will provide that the Underwriter will purchase all of the 2013 Certificates so offered if any are purchased. The Underwriter may offer and sell the 2013 Certificates to certain dealers (including dealers depositing 2013 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

The financial statements of the County as of June 30, 2012, and for its fiscal year then ended, which are included as Appendix C of this Official Statement, have been audited by the Auditor General of the State of Arizona, as stated in their opinion which appears in Appendix C. The County neither requested nor obtained the

consent of the Auditor General to include their report and the Auditor General has performed no procedures subsequent to rendering their opinion on the financial statements. The audited financial statements in Appendix C do not cover the most recent fiscal year and, therefore, may not represent the current financial condition of the County.

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 2013 Certificates.

The County has approved and authorized the distribution and use of this Official Statement.

By _____
Chairman, Board of Supervisors

By _____
County Administrator

APPENDIX A

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 2012 population of 990,380. 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

	Pima County	City of Tucson	State of Arizona
2012 Estimate (a)	990,380	523,471	6,498,569
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, 2012 (released December 2012) 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 (the "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 Pima 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 of Arizona.

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 360,900 persons were employed, on average (not including the agricultural industry), in the County in 2012. 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 from 2008 through 2010, but has shown signs of stabilizing and growth in 2011 and 2012, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2008-2012

Industry	2008	2009	2010	2011	2012
Goods Producing					
Construction	24,700	18,300	16,800	16,400	16,400
Manufacturing	27,200	25,100	24,000	23,400	23,300
Service Providing					
Trade, Transportation and Utilities	62,700	58,200	56,600	57,700	57,700
Information	5,300	4,700	4,300	4,200	4,300
Financial Activities	17,200	17,500	17,600	18,800	18,900
Professional and Business Services	51,400	47,100	45,700	46,700	48,200
Education and Health Services	57,100	58,500	58,300	59,800	61,000
Leisure and Hospitality	40,400	38,700	38,100	39,100	40,400
Other Services	15,700	14,700	14,300	12,500	12,700
Government	79,800	79,100	78,200	76,800	78,000
Total Wage & Salary Employment	381,500	361,900	353,900	355,400	360,900

Source: U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

The average unemployment rate for the County in 2012 was 7.3%. The average annual unemployment rates for 2011 and 2010 were 8.4% and 9.4%, 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 decreased in 2011 and 2012.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2012	429,167	33,581	7.3%	8.3%	8.1%
2011	426,406	39,207	8.4%	9.4%	8.9%
2010	433,795	45,259	9.4%	10.4%	9.6%
2009	441,966	43,817	9.0%	9.8%	9.3%
2008	446,651	26,725	5.6%	6.0%	5.8%

(a) Data shown in table 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 2012.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	10,681
Raytheon Missile Systems	Military & Defense	10,500
State of Arizona	Government	9,061
Davis-Monthan Air Force Base	Military & Defense	8,566
Wal-Mart Stores Inc.	Retailers	7,300
Tucson Unified School District	Education	6,674
U.S. Army Intelligence Center and Fort Huachuca	Military & Defense	6,198
Pima County	Government	6,170
U.S. Customs & Border Protection/ U.S. Border Patrol	Government	6,000
The University of Arizona Health Network	Health Care	5,594
Freeport-McMoRan Copper & Gold Inc.	Mining & Agriculture	5,068
Carondelet Health Network	Health Care	4,635
City of Tucson	Government	4,541
Tohono O'odham Nation	Government	4,350
Fry's Food Stores	Restaurants & Food Distribution	3,100
TMC HealthCare	Health Care	2,904
Corrections Corp. of America (CCA)	Other	2,482
Pima Community College	Higher Education	2,386
Asarco LLC	Mining and Agriculture	2,348
Afni Inc.	Call Centers, Business Services & Staffing	2,198

Source: *The Star 200*, The Arizona Daily Star (April 2012).

Non-Governmental Employment

From 2008 through 2010, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. During that time, average non-governmental employment in the County fell by approximately 26,000 jobs, or approximately 8.6%. In 2011 and 2012, employment figures for all categories showed signs of either growth or stabilization, with overall employment up 1.9%, in comparison to the 2010 figures.

The average annual employment in service-providing categories in 2012 was 243,200. 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 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 approximately 78,000 in 2012. The State and Davis-Monthan Air Force Base 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 2,500 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 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, and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircrafts. 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 in 2012 was 23,300, representing 6.5% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since 2008, but has shown signs of stabilization in 2012. Since 2008, average manufacturing employment fell by approximately 3,900 jobs, or approximately 14.3%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2012:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2012 Employment
IBM Corp.*	Manufacturing & Research	1,350
Ventana Medical Systems Inc.	Manufacturing & Research	1,070
Bombardier Aerospace	Aerospace & Aircraft	709
Honeywell Aerospace*	Aerospace & Aircraft	650
B/E Aerospace Inc.	Aerospace & Aircraft	500
Texas Instruments Inc.	Manufacturing & Research	370
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	336
Sargent Aerospace & Defense	Aerospace & Aircraft	275
FLSmidth Krebs	Manufacturing & Research	267
Universal Avionics Systems Corp.	Aerospace & Aircraft	242

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2012).

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. Among the companies operating "twin plants" in Tucson and Nogales are General Electric, Samsonite, Motorola, Acco, Moen Faucets and Masterlock. 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, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 688 convention bookings with 222,102 convention delegates visited the Tucson area in fiscal year 2011-12, the most recent data available. In the Tucson area, the Bureau estimated that there were approximately 197 hotels and resorts with 16,727 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 $1.37 billion in calendar year 2011, a slight increase from tourism-related expenditures in calendar year 2010. In calendar year 2012, tourists in the County spent approximately $1.44 billion, an increase of 5.33% 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 2008 through 2012.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2012	$1,443	$10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871

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 10,681 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 2012 were estimated at 40,223 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 2011-12 was 59,303 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 and Drug Stores, Bashas' Inc., Walgreen Co., Safeway Stores Inc., Home Depot, Albertsons-Osco and Crosstown Traders.

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% (not including a temporary 1.0% tax). 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 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline slowed to 2.20% and in calendar year 2011, retail sales in the County increased by 7.8% from the prior year. As indicated by the following table, retail sales increased by 5.6% in 2012.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
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%)
2008	7,263,583,414	(7.14%)

(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, 2012, there were 18 institutions with 193 offices in the County, with a deposit balance of approximately $12.152 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2012	$12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000
2008	11,215,000,000

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 2,100 in 2012.

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. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

TABLE 9
Cash Receipts From Agricultural Marketing
(Total Crops and Livestock)
Pima County

Year	Receipts
2011	$89,334,000
2010	71,595,000
2009	62,422,000
2008	71,663,000
2007	73,400,000

Source: *Arizona Agricultural Statistics,* September 2012.

APPENDIX B

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 Constitution 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 2012-13 fiscal year was $516,422,727. The County's expenditures for the 2012-13 fiscal year are anticipated to be under the limit. The County's 2013-14 fiscal year expenditure limitation is $527,442,812, and the County anticipates that its expenditures for such year will be under 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 beginning in 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 taxable value of property 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.

The information which follows under the heading "Ad Valorem Taxes" summarizes the assessment, levy and collection process as it currently exists. It is expected that numerous statutory changes will be required in order to implement this voter-approved constitutional amendment. It is uncertain when or if such additional changes will be made and what form such changes will take if enacted.

General

Arizona (the "State" or "Arizona") property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting primarily of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the limited full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts. The County does not currently levy its primary tax to the maximum allowed under the law.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are unlimited.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owner's 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 valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2009 through 2013 for each class of property are set forth below.

Property Tax Assessment Ratios
2009 through 2013

Property Classification (a)	2009	2010	2011	2012	2013
Mining, Utility, Commercial and Industrial (b)	22.0%	21.0%	20.0%	20.0%	19.5%
Agriculture and Vacant Land (b)	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 (c)	18.0%	17.0%	17.0%	15.0%	15.0%

(a) Additional classes of property exist, but seldom amount to a significant portion of a governmental entity's total valuation.

(b) For each of the tax years 2011, 2012 and 2013, full cash values up to $67,268, $68,079 and $133,868, respectively, on commercial, industrial and agricultural personal property are 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. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20.0% thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18.0% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15.0% 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.

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

From time to time, bills have been introduced in the Arizona Legislature to reduce the property tax assessment ratios on various classes of property and such bills may be introduced in the current or future legislative sessions. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County.

Delinquent Tax Procedures

The property taxes due to the County are billed, along with State and other taxes, ordinarily in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month unless the full year's taxes are paid by December 31. After the close of the tax collection period, the County Treasurer 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 tax lien is reoffered for sale from time to time until such time as the taxes, penalties and interest put on the lien is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

It should be noted that 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 be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest 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 a 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 the 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 would be stayed pursuant to the Bankruptcy Code.

While the 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 a 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 post bankruptcy petition tax collections becomes uncertain.

Property Valuations

The following table lists various property valuations for the County for the current fiscal year and preliminary valuations for fiscal year 2013-14, which reflect a decline in valuation as shown.

Valuations for 2012-13 Fiscal Year

Estimated Actual Valuation (a)	$67,389,331,666
Net Secondary Assessed Valuation	8,171,211,922
Net Primary Assessed Valuation	8,073,937,734

Estimated Valuations for 2013-14 Fiscal Year (b)

Net Secondary Assessed Valuation	$7,623,691,280
Net Primary Assessed Valuation	7,559,235,262

(a) Actual full cash value net of estimated value of property exempt from taxation.
(b) Estimated valuations for the 2013-14 fiscal year provided by the Pima County Assessor. Valuations for the 2013-14 fiscal year are not official until approved by the Board of Supervisors on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors.

Source: *2012 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2012 Abstract of the Assessment Roll*, Arizona Department of Revenue; and *2013 Planning Abstract of Values*, Pima County Department of Finance and Risk Management, Budget Division.

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

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation (a)	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
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%
2008-09	9,594,861,519	79,245,821,370	12.11%

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *Abstract of the Assessment Roll*, Arizona Department of Revenue; *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
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%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%

Source: *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	2012-13 Net Secondary Assessed Valuation	As Percent of County's 2012-13 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$179,262,189	2.19%
Phelps Dodge Corporation	Mining	142,418,548	1.74%
Asarco Incorporated	Mining	83,778,094	1.03%
Southwest Gas Corporation	Utility	61,718,147	0.76%
Qwest Corporation	Telecommunications	53,224,503	0.65%
Trico Electric Co-Op Incorporated	Utility	22,132,791	0.27%
DND Neffson Company	Shopping Mall	17,998,093	0.22%
Northwest Hospital LLC	Healthcare	17,723,236	0.22%
Wal-Mart Stores Incorporated	Retail	15,580,807	0.19%
Verizon Wireless	Telecommunications	14,290,781	0.17%
		$608,127,189	7.44%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. 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 to 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 six 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
2012-13	$324,785,757	(c)	(c)	$182,384,915	56.16%
2011-12	335,466,625	$323,013,333	96.29%	334,920,700	99.84
2010-11	352,275,617	335,747,500	95.31	346,920,223	98.48
2009-10	353,593,620	338,592,132	95.76	351,788,227	99.44
2008-09	322,901,974	309,375,563	95.81	321,859,597	99.66
2007-08	305,699,225	294,220,625	96.25	304,703,860	99.67

(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 the first day of October 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 becomes due the first day of March and is 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 March 31, 2013 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
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
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674

Source: *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 2012-13)	**$8,171,211,922**
15% Constitutional Limitation	1,225,681,788
Net Direct General Obligation Bonds Outstanding	456,145,000
Unused 15% Limitation	$ 769,536,788

General Obligation Bonded Debt Outstanding (a)

The following chart lists the outstanding general obligation bonded debt of the County.

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Balance Outstanding
01-15-03	$50,000,000	Various Improvements	7-1-03/13	3.900%	$ 3,750,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	32,660,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	35,635,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	62,295,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	71,250,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	38,000,000
12-02-09	113,535,000	Various Improvements/ Refunding	7-1-10/24	3.579%	84,255,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	52,075,000
06-13-12	76,225,000	Various Improvements/ Refunding	7-1-13/27	3.311%	76,225,000
Total General Obligation Bonded Debt Outstanding					$ 456,145,000

(a) Does not include approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 pursuant to a separate official statement.

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	
2013	$49,175,000	$16,974,169	$66,149,169
2014	41,775,000	15,360,956	57,135,956
2015	37,015,000	13,886,156	50,901,156
2016	38,045,000	12,560,288	50,605,288
2017	39,710,000	11,207,081	50,917,081
2018	37,410,000	9,734,606	47,144,606
2019	40,745,000	8,330,231	49,075,231
2020	38,940,000	6,855,344	45,795,344
2021	35,275,000	5,439,619	40,714,619
2022	36,735,000	4,097,519	40,832,519
2023	24,525,000	2,607,019	27,132,019
2024	15,480,000	1,573,613	17,053,613
2025	8,355,000	912,063	9,267,063
2026	8,735,000	533,413	9,268,413
2027	4,225,000	137,313	4,362,313

(a) Does not include approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 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	2012-13 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	$56,271,814,583	None	100%	None	$0.0000
Pima County	**8,171,211,922**	**$456,145,000(h)**	**100%**	**$456,145,000(h)**	**5.1602 (b)**
Pima County Flood Control District (c)	7,244,629,122	None	100%	None	0.2635
Elementary School Districts	366,458,665	16,000,000	100%	16,000,000	2.0607 (d)
Unified School Districts	7,785,454,018	578,720,000	100%	578,720,000	6.2713 (d)
Cities and Towns	4,629,486,505	209,071,010	100%	209,071,010	0.9362 (d)
Pima County Community College District	8,171,211,922	3,280,000	100%	3,280,000	1.1741
Total				$1,263,216,010	

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Jurisdiction	2012-13 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$56,271,814,583	None	None
Pima County	8,171,211,922	$456,145,000(h)	$5.1602 (b)
Pima County Flood Control District (c)	7,244,629,122	None	0.2635
Pima County Community College District	8,171,211,922	3,280,000	1.1741
Elementary School Districts:			
San Fernando ESD #35	1,521,446	None	4.0331
Empire ESD #37	8,049,979	None	1.2484
Continental ESD #39	320,207,916	16,000,000	1.5729
Redington ESD #44	1,398,244	None	5.9198
Altar Valley ESD #51	35,281,080	None	6.4355
Unified School Districts:			
Tucson USD #1	3,264,316,779	268,420,000	7.3187
Marana USD #6	766,417,621	46,245,000	5.5863
Flowing Wells USD #8	208,197,581	22,370,000	5.9778
Amphitheater USD #10	1,482,678,329	83,035,000	5.5539
Sunnyside USD #12	447,030,726	22,165,000	6.3154
Tanque Verde USD #13	184,878,059	13,370,000	4.1538
Ajo USD #15	20,065,919	None	3.5338
Catalina Foothills USD #16	585,344,020	30,345,000	4.7472
Vail USD #20	452,490,744	47,605,000	5.9120
Sahuarita USD #30	372,866,553	45,165,000	5.5183
Indian Oasis Baboquivari USD #40	1,167,687	None	0.0000
Cities and Towns:			
City of Tucson	3,377,401,416	209,071,010	1.2639
City of South Tucson	23,716,054	None	2.7640
Town of Marana	435,484,019	None	0.0000
Town of Oro Valley	592,761,968	None	0.0000
Town of Sahuarita	200,123,048	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 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the

entire 50-year repayment period, which commenced October l, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) 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 $0.4717, the $0.3460 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0447 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.

Jurisdiction	Authorized But Unissued General Obligation Bonds
Pima County	$28,681,000 (1)
Amphitheater Unified School District No. 10	81,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Marana Unified School District No. 6	16,825000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	73,325,000

(1) Net of approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 pursuant to a separate official statement.

(g) Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.

(h) Does not include approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 pursuant to a separate official statement.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

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.

		As Percent of County's 2012-13	
	Per Capita Net Debt (Pop. @ 990,380) (a)	**Secondary Assessed Valuation ($8,171,211,922)**	**Est. Actual Valuation ($67,389,331,666)**
Net Direct General Obligation Bonded Debt ($456,145,000)	$ 460.58	5.58%	0.68%
Net Direct and Overlapping General Obligation Bonded Debt ($1,263,216,010)	$1,275.49	15.46%	1.87%

(a) Source: U.S. Census Bureau.

Street and Highway Revenue Bonded Debt Outstanding

The following chart indicates the outstanding street and highway bonds of the County.

Date of Issue	Original Amount	Purpose	Maturity Dates	Remaining Balance Outstanding
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/13	$2,670,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	36,865,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	17,770,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,400,000
12-02-09	23,420,000	Street & Highway Improvements/ Refunding	7-1-13/24	23,420,000
05-30-12	32,945,000	Street & Highway Improvements/ Refunding	7-1-13/27	32,945,000
Total Street and Highway Revenue Bonds Outstanding				$138,070,000

Sewer Revenue Debt Outstanding

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	Remaining Maturity Dates	Balance Outstanding
05-01-04	$25,770,000	Refunding	7-1-05/15	$10,405,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	14,542,414
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	38,770,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	73,580,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	16,715,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	6,626,732
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	165,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	29,840,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/16	183,935,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	128,795,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$668,209,146

(a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").

(b) 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 two lease purchase agreements outstanding. The County department benefited by the agreement and the scheduled payments on the agreement over the past five fiscal years appears below.

	Fiscal Year (in Thousands)				
County Department	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Clerk of Superior Court	$82	$131	$111	$37	-
Environmental Quality	-	-	-	-	$298
Fiscal Year Total	$82	$131	$111	$37	$298

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

The following table indicates the outstanding and to be outstanding certificates of participation of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 1,220,000
10-01-03	27,525,000	Refunding	1-1-05/18	12,335,000
05-01-07	30,320,000	New Money	7-1-08/22	22,505,000
02-04-10	20,000,000	New Money	6-1-11/19	16,225,000
Total Certificates of Participation Outstanding				$52,285,000
Plus: The 2013 Certificates offered herein				92,960,000*
Less: Certificates to be Refunded				(13,555,000)
Total Certificates of Participation to be Outstanding				$131,690,000*

Retirement Plans

The County contributes to four separate defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to "Note 9 - Retirement Plans" of Appendix F hereto for a more detailed description of these plans and the County contributions to the various plans.

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/web/FinancialReports.do. The effect of the increase in ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to ASRS, are projected to increase in future years.

The board for the ASRS has adopted contribution rates for fiscal years 2012 and 2013. For the year ended June 30, 2012, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent retirement and 0.24 percent long-term disability) of the members' annual covered payroll. The County was also required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll. For fiscal year 2013, the rate, including retirement and long-term disability, was increased to 11.14 percent for the County and to 11.14 percent for employees.

Legislation enacted by the State in 2012 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 study committee that will review the feasibility and cost to changing the current defined benefit plan to a defined contribution plan.

The ASRS has reported increases in its unfunded liabilities. The effect of the increase in the ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to the ASRS, are projected to increase in future years.

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 assessed at http://www.psprs.com/sys_psprs/ Annual Reports/cato_annual_rpts_psprs.htm. The effect of the increase in the PSPRS's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the PSPRS, cannot be determined at this time.

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 EORP may be accessed at: http://www.psprs.com/sys_eorp/Annual_reports/cato_Annual_rpts_CORP.htm. The effect of the increase in the EORP's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the EORP, cannot be determined at this time.

For the year ended June 30, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 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 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 percent of covered payroll. Active CORP members were required by statues to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

The Elected Officials Retirement Plan (EORP) (and the PSPRS as it relates to County Attorney Investigators) are relatively insignificant to the County's financial picture.

New Reporting Requirements. Government Accounting Standards Board adopted Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 will also require that the cost-sharing employer's pension expense component include its proportionate share of the plan's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. The new reporting requirements imposed by GASB 68 will change the financial statements of the County, but what the specific effect will be is unknown at this time.

Other Post Employment Benefits

In fiscal year 2007-08, the County implemented Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), which 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. Plan benefits covered by GASB 45 must be recognized as current costs over the working lifetime of employees, and to the extent such costs are not pre-funded, the reporting of such costs as a financial statement liability.

The County has, in the past, offered its retired employees, their spouses and survivors continuing access to health care insurance through the County's health plan until they reach an age covered by Medicare, a benefit that was discontinued effective July 1, 2010. Participating retirees were required to pay 100% of applicable health care

insurance premiums. The County makes no payments for OPEB costs for such retirees, but for fiscal year 2007-08 the County reported an implicit rate subsidy described in Note 10 of the 2007-08 Comprehensive Annual Financial Report. For fiscal year 2008-09, the County did not report any OPEB liability because the County determined that, to the degree GASB 45 applied, any OPEB liability would not be material. Because the program was discontinued as of July 1, 2010, the County had no OPEB costs for fiscal year 2009-10, or for subsequent years unless the program is reinstituted.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES (a)
(In $000)

	Actual				
	2007-08	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Revenues by Source:					
Property Taxes	$381,862	$396,241	$423,443	$421,623	$407,711
Special Assessments	556	441	536	330	245
Licenses and Permits	7,710	6,989	7,791	8,494	8,155
Intergovernmental	312,634	292,236	296,004	308,219	327,939
Charges for Services	58,890	55,346	60,376	54,491	56,881
Fines and Forfeits	6,480	6,283	8,443	6,786	10,249
Interest Income	14,218	5,335	4,612	1,723	2,286
Miscellaneous	21,752	22,414	17,442	14,162	24,796
Total Revenues	804,102	785,285	818,647	815,828	838,262
Expenditures by Fund:					
General	460,537	462,276	426,361	429,182	445,798
Special Revenues	218,307	196,677	195,926	204,612	217,139
Debt Service	76,764	121,091	108,092	96,484	104,324
Capital Projects	139,539	146,334	162,306	153,203	149,612
Total Expenditures	895,147	926,378	892,685	883,481	916,873
Excess of Revenues Over (Under) Expenditures	(91,045)	(141,093)	(74,038)	(67,653)	(78,611)
Other Financing Sources (Uses):					
Premium on bonds	1,964	675	1,909	3,276	7,349
Proceeds of Long-Term Debt	175,000	109,400	156,955	75,000	109,170
Payment to Escrow Agent	-	-	(32,361)	-	(33,013)
Gain on Investment	312	-	-	-	-
Operating Transfers In (Out)	714	4,867	445	4,708	26,010
Capital Leases	-	-	-	-	894
Sale of General Fixed Assets	27	876	1,118	59	1,938
Total Other Financing Sources (Uses)	178,017	115,818	128,066	83,043	112,348
Net Change in Fund Balance	86,972	(25,275)	54,028	15,390	33,737
Beginning Fund Balance, as restated	230,660	317,577	292,247	346,270	361,730
Changes in Reserve for Inventory	(55)	(55)	4	43	(55)
Changes in Reserve for Prepaids	-	-	(9)	27	(27)
Ending Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

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				
	2007-08	**2008-09**	**2009-10 (b)**	**2010-11**	**2011-12**
General					
Reserved	$ 5,415	$ 4,363	$ -	$ -	$ -
Unreserved	35,438	35,803	-	-	-
Designated	29,536	-	-	-	-
Nonspendable	-	-	4,089	3,315	2,720
Restricted	-	-	522	336	333
Committed	-	-	-	-	-
Assigned	-	-	3,093	357	118
Unassigned	-	-	73,837	73,547	77,596
	70,389	**40,166**	**81,541**	**77,555**	**80,767**
Special Revenue					
Reserved	4,699	5,255	-	-	-
Unreserved	77,451	81,196	-	-	-
Designated	-	4,925	-	-	-
Nonspendable	-	-	2,011	2,011	1,550
Restricted	-	-	82,957	94,567	105,468
Committed	-	-	15,305	37,978	10,264
Assigned	-	-	3,221	4,368	16,682
Unassigned	-	-	(5,793)	(9,180)	(9,013)
	82,150	**91,376**	**97,701**	**129,744**	**124,951**
Debt Service					
Reserved	12,395	33,842	-	-	-
Unreserved	-	-	-	-	-
Assigned	-	-	40,868	35,903	28,298
	12,395	**33,842**	**40,868**	**35,903**	**28,298**
Capital Projects					
Reserved	-	42	-	-	-
Unreserved	152,643	126,821	-	-	-
Nonspendable	-	-	18	12	-
Restricted	-	-	124,830	112,668	157,688
Committed	-	-	1,487	6,639	7,234
Assigned	-	-	52	-	-
Unassigned	-	-	(227)	(791)	(3,553)
	152,643	**126,863**	**126,160**	**118,528**	**161,369**
Total Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

(b) During the year ended June 30, 2010, the County adopted early implementation of the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN GENERAL FUND BALANCE (a)
(In $000)

	Actual					Estimated
	2007-08	**2008-09**	**2009-10 (b)**	**2010-11**	**2011-12**	**2012-13 (c)**
Revenues by Source:						
Property Taxes	$268,493	$281,749	$304,441	$301,493	$291,647	$281,955
Licenses and Permits	2,971	2,747	2,738	2,681	2,696	2,747
Intergovernmental	148,158	131,966	128,927	122,952	127,029	130,300
Charges for Services	32,307	35,330	40,356	35,361	39,117	31,874
Fines and Forfeits	5,020	4,720	7,011	5,344	5,213	5,774
Interest Income	3,343	1,084	1,198	418	621	528
Miscellaneous	8,314	7,099	4,868	4,722	12,659	7,769
Total Revenues	468,606	464,695	489,539	472,971	478,982	460,947
Expenditures:						
Current						
General Government	192,839	184,434	184,606	186,193	197,190	198,445
Public Safety	118,623	121,704	117,378	116,573	123,235	129,039
Health	2,906	2,767	2,702	2,792	2,919	3,774
Welfare	106,502	115,481	87,089	90,572	94,292	98,780
Culture & Recreation	16,325	15,580	14,671	14,183	15,195	17,186
Education & Econ. Opport.	17,418	16,368	13,996	12,949	12,967	12,485
Debt Service:						
Principal	3,115	3,510	3,635	3,800	-	-
Interest	2,805	2,426	2,281	2,113	-	-
Miscellaneous	4	6	3	7	-	-
Total Expenditures	460,537	462,276	426,361	429,182	445,798	459,709
Excess of Revenues Over (Under) Expenditures	8,069	2,419	63,178	43,789	33,184	1,238
Other Financing Sources (Uses):						
Sale of General Fixed Assets	-	371	204	11	1,608	-
Operating Transfers In (Out)	4,760	(33,013)	(22,007)	(47,786)	(31,580)	(35,228)
Total Other Financing Sources (Uses):	4,760	(32,642)	(21,803)	(47,775)	(29,972)	(35,228)
Net Change in Fund Balance	12,829	(30,223)	41,375	(3,986)	3,212	(33,990)
Beginning Fund Balance, as restated	57,560	70,389	40,166	81,541	77,555	80,767
Ending Fund Balance	$70,389	$40,166	$81,541	$77,555	$80,767	$46,777

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).
(c) Reflects estimated amounts based on actual data through February 28, 2013, as provided by the County's Finance and Risk Management Department. The information presented constitutes "forward looking statements" which must be read with an abundance of caution and may not be realized or may not occur in the future.

APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR PIMA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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, 2012. 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

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 one component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.47%	2.06%	0.36%	0.90%
School Reserve Fund	0.10%	0.03%	0.46%	0.52%
Self-Insurance Trust	2.74%	4.30%	0.14%	0.00%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.98%	99.84%	68.83%	63.51%
Development Services	0.29%	0.11%	2.71%	3.73%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	99.84%	100.00%	97.82%	98.82%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.43%	0.37%	1.00%	1.81%
School Reserve Fund	0.34%	0.11%	1.26%	1.43%
Development Services	0.60%	0.51%	2.10%	2.68%
Self-Insurance Trust	10.22%	25.29%	6.85%	3.83%

Those financial statements were audited by other auditors whose reports thereon 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 of material misstatement. An audit includes

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examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our 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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 11 through 29, the Budgetary Comparison Schedule on pages 81 and 82, and the Schedule of Agent Retirement Plans' Funding Progress on page 83 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 inquires, 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.

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. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, 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.

In accordance with *Government Auditing Standards*, we will also 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* and should be considered in assessing the results of our audit.

Debbie Davenport
Auditor General

December 18, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2012 and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

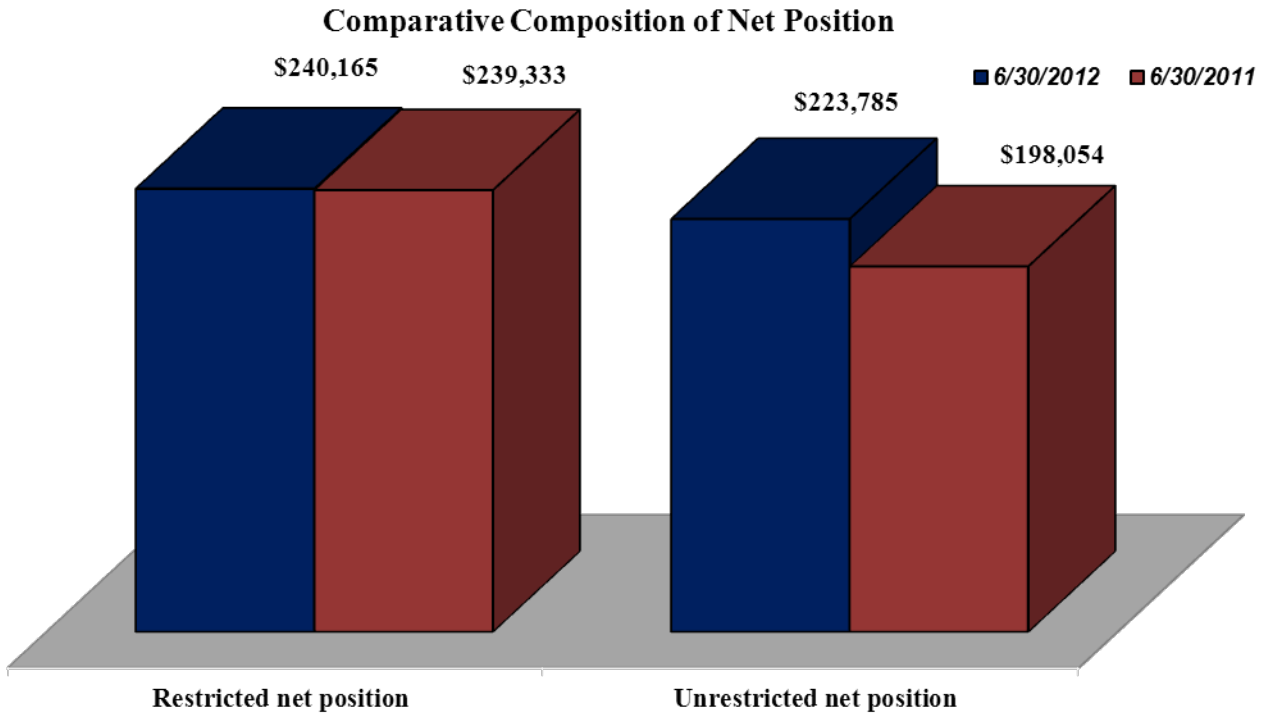
FINANCIAL HIGHLIGHTS

- At June 30, 2012, the net position for the County increased $125 million from the prior year. Increases were experienced in all net asset categories, with a $98 million increase in net investment in capital assets, an increase of $1 million in restricted net position and an increase of $26 million in unrestricted net position.

- Assets of the County exceeded its liabilities by $2,274, an increase of 5.8% from the prior year. Of this amount, $223,785 is available for general government expenditures (unrestricted net position). Unrestricted net position increased by $25,731 from last year, or approximately 13%.

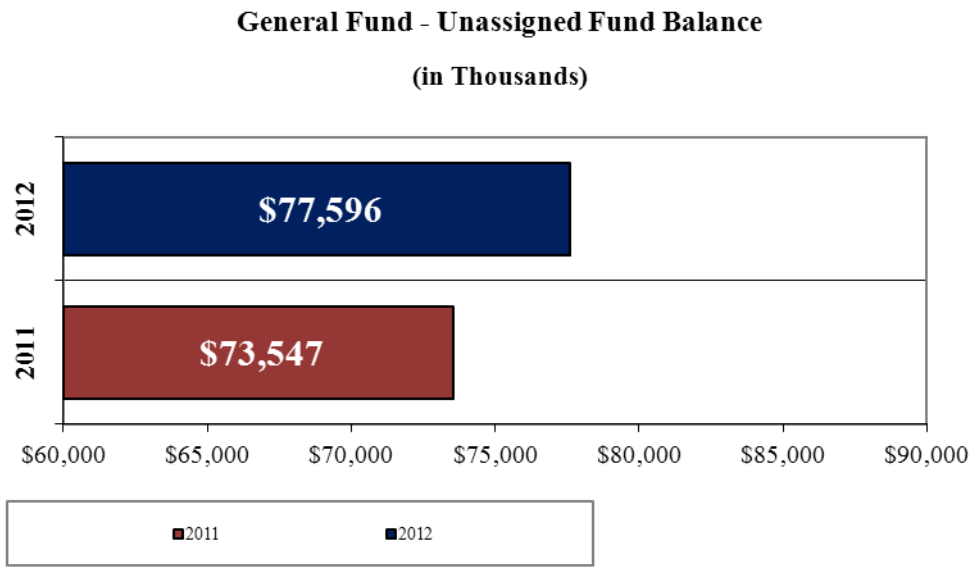
- $240,165 is restricted for specific purposes (restricted net position), and $1,810 is net investment in capital assets.

The chart below presents the composition of restricted and unrestricted net position for the current and prior years:



- General Fund revenues increased by $6,011 from the prior year while expenditures increased by $16,616.

- The General Fund unassigned fund balance increased to $77,596, from $73,547 in the prior year. The unassigned fund balances comprise 96% of the total fund balance of $80,767.



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, liabilities, and deferred inflows with the difference between them 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*) from 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 Pima Health System & Services, Regional Wastewater Reclamation, Development Services, and the County's downtown parking garages.

Discretely presented component units are included in the basic financial statements. They consist of two legally separate entities 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 Pima County Sports and Tourism Authority (S&TA) is also reported as a discrete component unit. S&TA is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public.

The government-wide financial statements can be found on pages 31-33.

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 34-37. The combining statements for non-major governmental funds can be found on pages 86-89.

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 certain health care services, including medical and long-term health care, 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 risk management, automotive fleet maintenance and operations, printing services, telecommunications, wireless and IT network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, most of the assets, deferred outflows, liabilities, and deferred inflows 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. Regional Wastewater Reclamation and Pima Health System & Services operations are considered to be major funds 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 38-41. The combining statements for other enterprise and internal service funds can be found on pages 105-112.

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 42-43.

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 46-79.

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 81-83.

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 86-116.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $2,274 at June 30, 2012. The following table shows condensed information for the Schedule of Assets, Liabilities and Net Position:

Table 1

Schedule of Assets, Liabilities, and Net Position
At June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$596,855	$529,767	$246,415	$226,442	$843,270	$756,209
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,809,998	1,718,730	1,092,477	905,710	2,902,475	2,624,440
Total assets	$2,406,853	2,248,497	1,338,892	1,132,152	3,745,745	3,380,649
Current and other liabilities	120,443	71,038	42,655	51,975	163,098	123,013
Long-term liabilities	716,370	715,013	592,539	393,678	1,308,909	1,108,691
Total liabilities	836,813	786,051	635,194	445,653	1,472,007	1,231,704
Net position						
Net investment in capital assets	1,245,227	1,136,033	564,561	575,525	1,809,788	1,711,558
Restricted	167,498	161,807	72,667	77,526	240,165	239,333
Unrestricted	157,315	164,606	66,470	33,448	223,785	198,054
Total net position	$1,570,040	$1,462,446	$703,698	$686,499	$2,273,738	$2,148,945

Assets

Current and other assets increased by $87,061 mainly due to an increase in Cash and Cash Equivalents, $91,543.

Capital assets increased by $278,035 primarily due to the following:

- An increase of $221,970 in construction in progress, with $45,340 for governmental activities and $176,630 for business-type activities.
- Capitalization of software, $20,614, resulted in a net increase in Equipment of $23,224 in the governmental activities and an accompanying decrease of $2,799 for business-type activities.

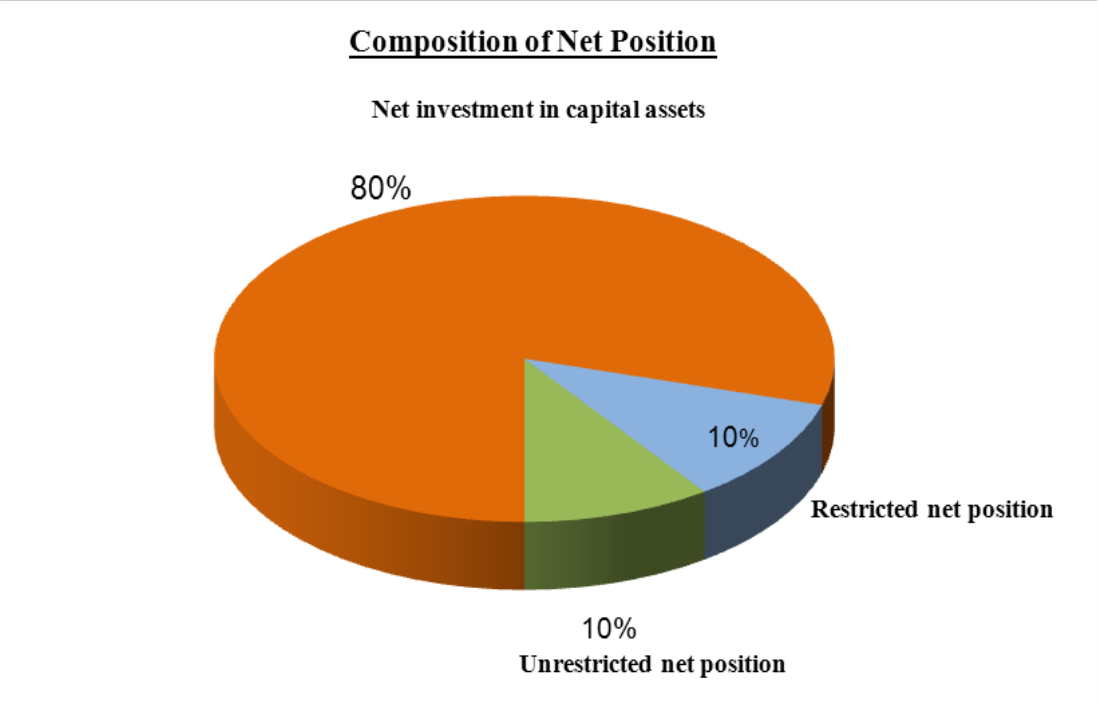
Total liabilities for the primary government increased by $240,303. Current liabilities increased $40,085 mainly due to an overall increase in accounts payable, with accounts payable for governmental activities increasing $47,119 and accounts payable for business-type activities increasing by $10,815.

Net position

The largest portion of the County's net position reflects its 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, 2012, net investment in capital assets totaled $1,809,788, comprising approximately 79.6% of total net position. 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. The $98,230 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are 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.

Unrestricted net position for the primary government increased $25,731 mainly due to an increase in business-type activities of 99% ($33,022), specifically; the Regional Wastewater Reclamation Fund had an increase in its unrestricted net position of 120% from $25,652 to $56,462.

The table below provides the composition of net position for the County as of June 30, 2012.



Restricted net position represent resources that are subject to external restrictions on how they may be used. As of June 30, 2012, restricted net position totaled $240,165 and comprised approximately 10% of total net position. This represents an $832 increase in restricted net position 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, 2012, unrestricted net position totaled $223,785 and comprised approximately 10% of total net position.

Governmental activities

The following table shows details of the changes in net position for governmental activities:

Table 2

Governmental Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 66,904	$ 60,077	$ 6,827	11.4%
Operating grants and contributions	143,388	136,472	6,916	5.1%
Capital grants and contributions	47,528	65,030	(17,502)	-26.9%
Total program revenues	257,820	261,579	(3,759)	-1.4%
General revenues:				
Property taxes	394,963	416,985	(22,022)	-5.3%
State-shared taxes	116,660	111,804	4,856	4.3%
Investment earnings	3,416	2,153	1,263	58.7%
Other general revenues	43,072	33,336	9,736	29.2%
Total general revenues	558,111	564,278	(6,167)	-1.1%
Total revenues	815,931	825,857	(9,926)	-1.2%
Expenses:				
General government	223,005	218,843	4,162	1.9%
Public safety	150,349	146,395	3,954	2.7%
Highways and streets	69,183	73,348	(4,165)	-5.7%
Sanitation	7,224	6,208	1,016	16.4%
Health	47,248	36,475	10,773	29.5%
Welfare	94,409	90,521	3,888	4.3%
Culture and recreation	61,900	67,063	(5,163)	-7.7%
Education and economic opportunity	55,126	56,626	(1,500)	-2.6%
Amortization	805	(2,626)	3,431	-130.7%
Interest on long-term debt	24,776	26,079	(1,303)	-5.0%
Total expenses	734,025	718,932	15,093	2.1%
Excess before transfers	81,906	106,925	(25,019)	-23.4%
Transfers in	25,688	4,650	21,038	452.4%
Change in net position	107,594	111,575	(3,981)	-3.6%
Ending net position	$ 1,570,040	$ 1,462,446	$ 107,594	7.4%

Ending net position for governmental activities increased by $107,594, a 7.4% increase. This year's change in net position decreased by $3,981 from last year, primarily due to a decrease in overall revenues of $9,926 and an increase in expenses of $15,093.

Factors affecting the $9,926 decrease in revenues from governmental activities:

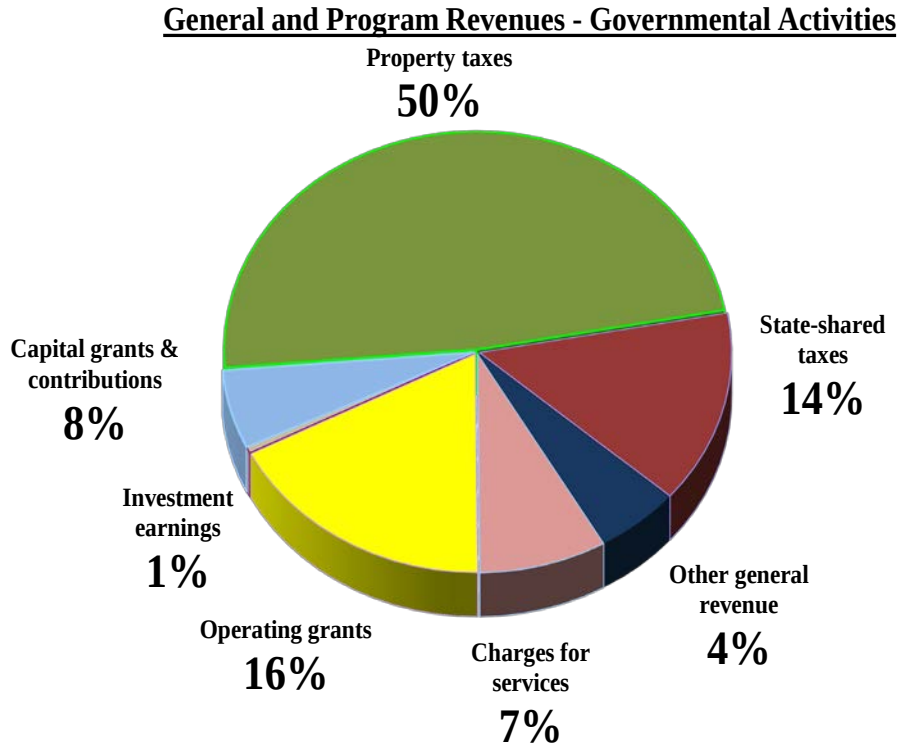
- Revenue from capital grants and contributions decreased by $17,502 in Highway and Streets Activity. This is primarily from a decrease in ARRA Stimulus revenue, $4,071, a decrease in State Revenue of $6,232 and a decrease of $10,348 in Capital Contributions.

Total expenses for governmental activities were $734,025, up 2.1% or $15,093 compared to the previous year's total of $718,932. Factors contributing to the increase in expenses:

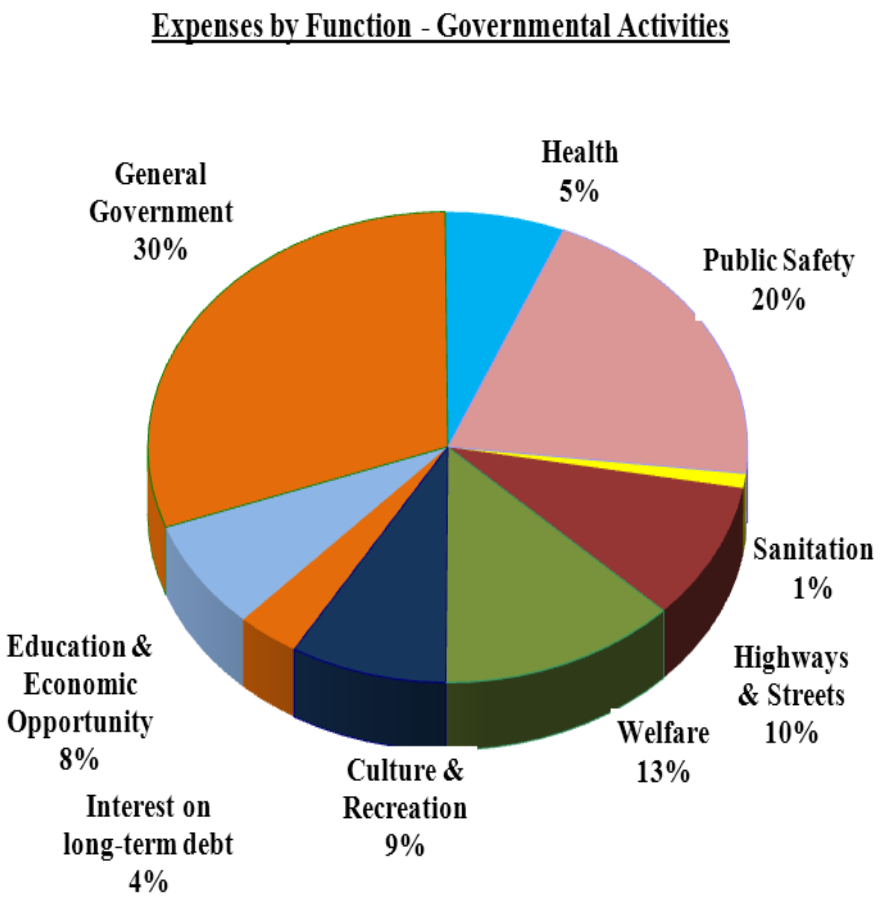
- Health expenses increased by $10,772, of which $7,603 was related to a grant called Communities Putting Prevention to Work which was awarded at $15 million. This grant was predominantly awarded to funding partners in fiscal year 2012.

The increase in the Transfers in line item of $21,038 was due to an equity transfer of $26,436 from Pima Health System & Services to Other Special Revenue Fund.

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 72% of the County's revenues.



The chart below presents expenses by function as a percentage to total expenses by function for governmental activities:



Each expense by function as a proportion to total expenses by function for governmental activities 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.

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. Change in net position for business-type activities added $17,199 or 2.5% to the County's $124,793 change in total net position for the year ended June 30, 2012. The following table shows changes in net position for business-type activities:

Table 3

Business-type Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 221,479	$ 363,421	$ (141,942)	-39.1%
Operating grants and contributions	1,275	4,691	(3,416)	-72.8%
Capital grants and contributions	2,676	4,192	(1,516)	-36.2%
Total program revenues	225,430	372,304	(146,874)	-39.5%
General revenues:				
Investment earnings	1,001	900	101	11.2%
Other general revenues	1,903	2,681	(778)	-29.0%
Total general revenues	2,904	3,581	(677)	-18.9%
Total revenues	228,334	375,885	(147,551)	-39.3%
Expenses:				
Regional Wastewater Reclamation	117,774	113,495	4,279	3.8%
Pima Health System & Services	58,773	200,305	(141,532)	-70.7%
Development Services	6,912	6,982	(70)	-1.0%
Parking Garages	1,988	1,538	450	29.3%
Total expenses	185,447	322,320	(136,873)	-42.5%
Excess before transfers	42,887	53,565	(10,678)	-19.9%
Transfers in (out)	(25,688)	(4,650)	(21,038)	452.4%
Change in net position	17,199	48,915	(31,716)	-64.8%
Beginning net position	686,499	637,584	48,915	7.7%
Ending net position	$ 703,698	$ 686,499	$ 17,199	2.5%

Key elements of the change in net position from business-type activities include:

- Primarily due to the closing of the Pima Health System & Service Enterprise Fund charges for services revenue decreased by $141,942 and Pima Heath System & Services Expenses decreased $141,532.

- The increase of $21,038 in the Transfers in (out) line is due to an equity transfer $26,436 from Pima Health System & Services to Other Special Revenue Fund.

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, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library and Stadium Districts). 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. At June 30, 2012, total fund balance of the General Fund was $80,767.

The net change in fund balance for the General Fund was $3,212. Revenues increased by $6,011. Property Taxes decreased by $9,846, while Intergovernmental revenues, Charges for services, and Miscellaneous revenues increased by $15,770.

- Property taxes decreased $9,846 primarily due to lower assessed property valuations with the tax rates remaining constant.

- Intergovernmental revenue increased by $4,077 due to increases in State Shared Sales Tax of $4,093.

- Service fee revenue increased by $3,756 primarily in two areas:
    - Correctional Housing Revenues of $1,772
    - Fees for Recording Documents of $779.

- Miscellaneous earnings increased by $7,937 of which $7,917 was Other Miscellaneous Revenue – Operating.

Expenditures for the General Fund increased by $16,616 primarily in two categories:

- The net increase in General Government expenditures of $10,997:
    - County Administrator expenditures increased by $5,129 primarily from a $1,586 increase in payments to other governments and agencies.

    - Superior Court expenditures increased by $3,463 primarily from increased payroll costs.

- There was an increase in Public Safety expenditures of $6,663, primarily as a result of the Sheriff Department purchasing a helicopter for $2,556, and Sheriff operations expenditures increasing $2,935.

Capital Projects Fund
Revenues for the Capital Projects Fund decreased by $3,530 and expenditures in capital outlay decreased by $3,591. The net change in fund balance was an increase of $42,841.

- Of the decrease in revenues, $3,147, can be attributed to intergovernmental revenues; Federal revenue decreased by $2,947 and State revenue decreased by $871.

- Expenditures decreased by $3,591 in capital outlay primarily from the decrease in expenditures relating to the construction of the Behavioral Health Pavilion, $20,506, with an increase of $15,584 in the Emergency Communications Systems expenditures.

The fund reported a $101,129 deficiency of revenues over expenditures. A net transfer in of $65,545 and that resulted in a net change in the fund balance of $42,841 for the Capital Projects Fund.

Debt Service Fund
The fund accounts for the accumulation of resources for and the payment of principal and interest of general long-term debt. At June 30, 2012, the net change in fund balance was a decrease of $7,605.

Secondary tax revenues remained relatively constant with a decrease of $3,160. Expenditures, mainly as a result of increased principal payments, increased $7,840 from last fiscal year.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were more than budgeted revenues by $18,734 and actual expenditures were less than budgeted expenditures by $45,856. 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.

Overview of all governmental funds

At June 30, 2012, the County's governmental funds reported combined fund balances of $395,385, an increase of $33,655 from the prior year. Approximately 16.4% of the combined fund balances, or $65,030, constitutes unassigned fund balance, which is available to meet the County's current and future needs.

The following table presents the amount of revenues from various sources and increases or (decreases) from the prior year:

Table 4

Governmental Funds Revenues Classified by Source For the Years Ended June 30, 2012 and 2011						
	2012		2011		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 407,711	48.6%	$ 421,623	51.7%	$ (13,912)	-3.3%
Special assessments	245	0.0%	330	0.1%	(85)	-25.8%
Licenses and permits	8,155	1.0%	8,494	1.0%	(339)	-4.0%
Intergovernmental	327,939	39.1%	308,219	37.8%	19,720	6.4%
Charges for services	56,881	6.8%	54,491	6.7%	2,390	4.4%
Fines and forfeits	10,249	1.2%	6,786	0.8%	3,463	51.0%
Interest	2,286	0.3%	1,723	0.2%	563	32.7%
Miscellaneous	24,796	3.0%	14,162	1.7%	10,634	75.1%
Total revenues	$ 838,262	100.0%	$ 815,828	100.0%	$ 22,434	2.7%

The following provides an explanation of revenues by source that changed significantly from the prior year:

- The $19,720 increase in intergovernmental revenue was due to a $18,798 increase in Other Governmental Funds.

- The $13,912 decrease in tax revenue is due to a $9,846 decrease in the General Fund revenue from decreased property values.

The following table presents expenditures by function compared to prior year amounts:

Table 5

Governmental Funds Expenditures by Function For the Years Ended June 30, 2012 and 2011						
	2012		2011		Variance	
Government Function	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 236,020	25.7%	$ 223,611	25.3%	$ 12,409	5.5%
Public safety	145,711	15.9%	136,709	15.5%	9,002	6.6%
Highways and streets	33,651	3.7%	34,614	3.9%	(963)	-2.8%
Sanitation	6,317	0.7%	5,375	0.6%	942	17.5%
Health	46,672	5.1%	36,511	4.1%	10,161	27.8%
Welfare	94,360	10.3%	90,572	10.3%	3,788	4.2%
Culture and recreation	52,103	5.7%	49,986	5.7%	2,117	4.2%
Education and economic opportunity	47,798	5.2%	50,432	5.7%	(2,634)	-5.2%
Capital outlay	149,612	16.3%	153,203	17.3%	(3,591)	-2.3%
Debt service:						
- Principal	78,688	8.6%	76,361	8.6%	2,327	3.0%
- Interest	24,762	2.7%	26,086	3.0%	(1,324)	-5.1%
- Miscellaneous	1,179	0.1%	21	0.0%	1,158	5514.3%
Total expenditures	$ 916,873	100.0%	$ 883,481	100.0%	$ 33,392	3.8%

Total expenditures in governmental funds increased during the year by $33,392, primarily due to the following:

- Health expenditures increased by $10,161 primarily from the Communities Putting Prevention to Work grant.

- Public safety expenditures increased by $9,002 due to the Sheriff's Department purchase of a helicopter, $2,556.

- General Government expenditures increased by $12,409 due to a $10,997 increase in the general fund.

Proprietary funds

The County's proprietary fund functions are contained in the enterprise and internal service funds. The enterprise funds of the County are Pima Health System & Services, Regional Wastewater Reclamation, Development Services, and Parking Garages. Pima Health System & Services contract with the Arizona Health Care Cost Containment System (AHCCCS) terminated on September 30, 2011. As a result, the fund was closed and year-end balances were transferred to the other governmental funds as of June 30, 2012. These business-type activities are accounted for in a similar fashion to private-sector businesses and the costs for services provided are expected to be covered either fully or in part by generated revenues, which include fees charged to external users.

The internal service funds consist of the Self-Insurance Trust Fund and Other Internal Service Funds, which are comprised of multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecommunications. The change in net position for all Internal Service Funds was $10,128, generated primarily from the operations of the Self Insurance Trust Fund.

The following table presents a comparison of this year's enterprise fund activities with the prior year:

Table 6

Enterprise Funds Schedule of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2012 and 2011				
			Variance	
	2012	2011	Amount	Percent
Operating revenues:				
Net patient services	$ 52,018	$ 205,814	$ (153,796)	-74.7%
Charges for services	153,128	137,838	15,290	11.1%
Other	1,387	2,821	(1,434)	-50.8%
Total net operating revenues	206,533	346,473	(139,940)	-40.4%
Operating expenses:				
Employee compensation	52,657	67,469	(14,812)	-22.0%
Medical claims	39,096	157,607	(118,511)	-75.2%
Operating supplies and services	10,158	8,986	1,172	13.0%
Utilities		5,845	(5,845)	-100.0%
Sludge and refuse disposal	1,553	1,438	115	8.0%
Repair and maintenance	6,819	7,611	(792)	-10.4%
Insurance premiums	-		-	100.0%
General and administrative	23,318	19,058	4,260	22.4%
Consultants and professional services	5,471	8,157	(2,686)	-32.9%
Depreciation and amortization	35,819	32,022	3,797	11.9%
Total operating expenses	174,891	308,193	(133,302)	-43.3%
Operating gain (loss)	31,642	38,280	(6,638)	-17.3%
Nonoperating revenues (expenses):				
Intergovernmental revenue	1,380	4,856	(3,476)	-71.6%
Investment earnings	1,001	952	49	5.1%
Sewer connection fees	16,507	19,624	(3,117)	-15.9%
Interest expense	(6,539)	(9,567)	3,028	-31.7%
Loss on disposal of capital assets	25	(596)	621	-104.2%
Amortization of deferred charges	(941)	(750)	(191)	25.5%
Claim and judgment contingency losses	(3,080)		(3,080)	100.0%
Premium tax	(1,112)	(4,099)	2,987	-72.9%
Total nonoperating revenues	7,241	10,420	(3,179)	-30.5%
Income (loss) before contributions and transfers	38,883	48,700	(9,817)	-20.2%
Capital contributions	2,571	4,027	(1,456)	-36.2%
Transfers in	1,475	866	609	70.3%
Transfers (out)	(27,163)	(5,516)	(21,647)	392.4%
Change in net position	$ 15,766	$ 48,077	$ (32,311)	-67.2%

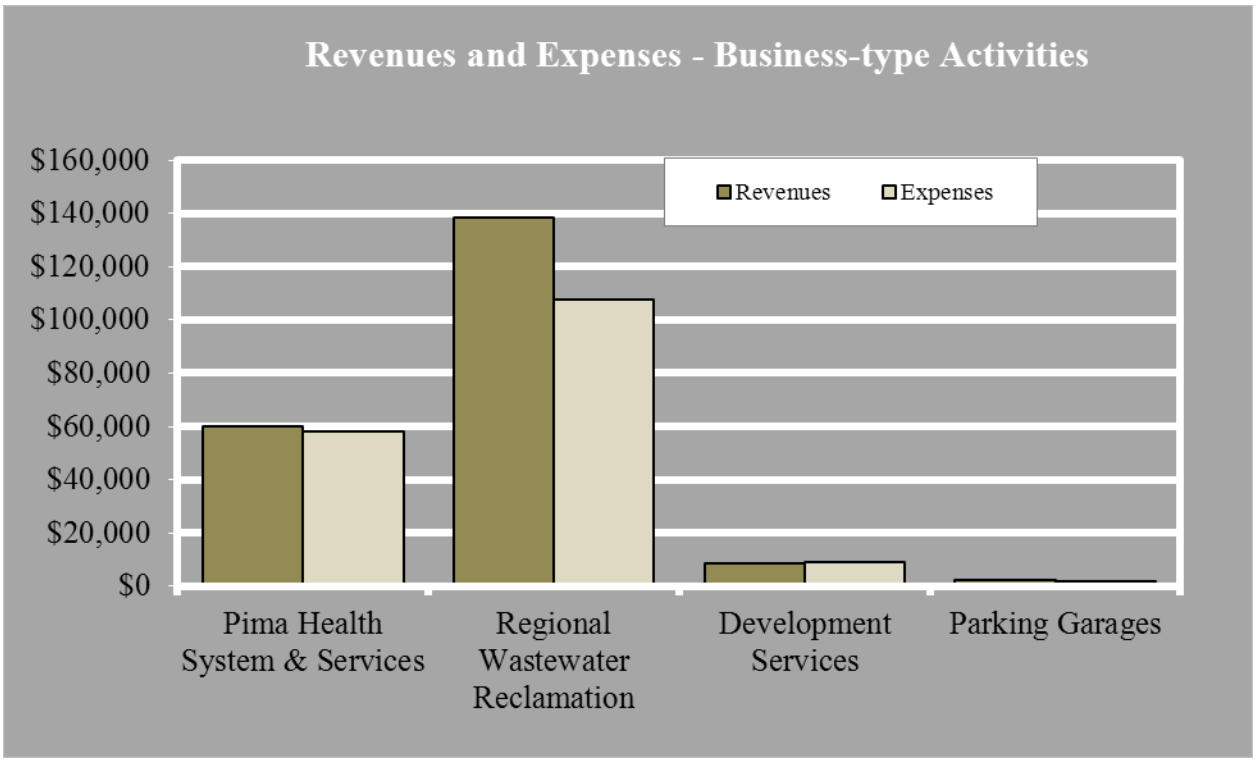
While net patient revenues from Pima Health System & Services decreased by $153,796, revenues continued to exceed operating expenses, generating an operating gain for all enterprise funds this year. Regional Wastewater Reclamation contributed approximately 96%, or $30,476 to the $31,642 operating gain for all enterprise funds.

- Charges for service revenue increased by $15,290 due primarily to a $9,853 increase in Regional Wastewater Reclamation Sewer utility service fees.

- Medical claims expense decreased $118,511 and employee compensation expense decreased $14,812 due to the termination of the AHCCCS contract with Pima Health System & Services

- Transfers in and transfers out are significantly more this year. This fiscal year, the transfer out of $26,436 from Pima Health System & Services to Other Special Revenue was due to the movement of equity from the Enterprise Fund to a new Other Special Revenue Fund**.** Last fiscal year, Pima Health System & Services transferred out $4,596 as an equity transfer to the General fund.

The chart below presents the revenues and expenses for business-type activities:



Capital Assets and Debt Administration

Capital Assets

The County's total net investment in capital assets as of June 30, 2012 amounted to $2,902 (net of accumulated depreciation), an increase of 10.6% ($278,035). Of this amount, $91,268 (32.8%) came from governmental activities and $186,767 (67.2%) came from business-type activities. The County's investment in capital assets consists of land, buildings, 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:

Table 7

Governmental and Business-type Activities Capital Assets For the Years Ended June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 467,661	$ 448,790	$ 15,409	$ 15,409	$ 483,070	$ 464,199
Construction in progress	248,317	202,977	342,111	165,481	590,428	368,458
Buildings and improvements	422,879	432,149	212,446	207,081	635,325	639,230
Infrastructure	607,049	593,946			607,049	593,946
Sewage conveyance systems			442,803	435,232	442,803	435,232
Equipment	64,092	40,868	79,708	82,507	143,800	123,375
Total	$ 1,809,998	$ 1,718,730	$ 1,092,477	$ 905,710	$ 2,902,475	$ 2,624,440

Major capital asset events during the current fiscal year included the following:

Governmental activities

- Construction in progress increased $45,340 or 22.3% compared to last fiscal year. Current major projects in progress include:
  - the Regional Public Safety Communication System
  - Pavement Preservation Program
  - Magee Rd Cortaro Farms Rd: Thornydale Rd to Mona Lisa
  - Justice Court/Municipal Court Complex
  - Magee Rd, Cortaro Farms Rd, Mona Lisa Rd to La Canada

- Equipment acquisitions increased $23,224, or 56.8%, due to the capitalization of the County's new financial reporting system, $20,614 and a helicopter by the Sheriff department for $2,590.

Business-type activities

- Construction in progress increased approximately $176,630, or 106.7%, mainly due to Regional Optimization Master Planning (ROMP) activities.

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 58-60.

Long-term Debt

Significant, comparative long-term debt entered into during the last two fiscal years is presented below:

Table 8

Long-Term Debt For the Years Ended June 30, 2012 and 2011		
	2012	**2011**
Bonds issued (at face value):		
General Obligation	$ 76,225	$75,000
Street and Highway Revenue (Transportation)	32,945	
Sewer Revenue		43,625
Sewer System Revenue Obligations	189,160	
Total	$ 298,330	$ 118,625

During the year, $76,225 of General Obligation Bonds were issued, which included $16,225 of General Obligations bonds issued to refund the 2003 Series (maturities 7/1/2014 through 7/1/2017) and $60,000 of new debt issued for the purpose of funding various capital projects in the County.

In addition, the County issued $32,945 in Street and Highway Revenue Bonds. Of the amount issued $18,425 was used for the improvement, construction, and reconstruction of streets and highways, $14,520 was used to partially refund the 2003 Series (maturities 7/1/2014 through 7/1/2018).

$189,160 of Sewer System Revenue Obligations were issued to finance additions and improvements to the sewage and conveyance systems.

The most recent ratings for Pima County's bonds and COPs are:

Table 9

Credit Ratings				
	Standard & Poor's		**Fitch Ratings**	
	Rating	**Date**	**Rating**	**Date**
Certificate of Participation (COPs)	A+	May-2012	AA-	Apr-2012
General Obligation	AA-	Apr-2012	AA	Apr-2012
Street and Highway Revenue	AA	Apr-2012	AA	Apr-2012
Sewer Bonds*	AA-	Nov-2012	AA	Nov-2012
Sewer Revenue Obligations	A+	Nov-2012	AA-	Nov-2012

* This excludes the 2012A Sewer Refunding bonds which have ratings equal to the Obligations

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is $1,267,242, 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 63-70

Economic Factors and Next Year's Budget

Primary property taxes

The recession continues to impact the local economy, primarily evident by decreasing market values of existing property. The primary net assessed value for fiscal year 2012-13 decreased $236 million or 2.84%. The contraction of the property tax base is expected to continue into fiscal year 2015-16 with the net assessed value projected to decline by more than 6%.

The tax rate for fiscal year 2012-13 will remain constant, resulting in a levy that is $8 million less than fiscal year 2011-12.

State shared revenues

An indication of increased consumer confidence is evident by positive projections of state shared sales tax revenue. Current projections indicate a $7.4 million increase in fiscal year 2012-13. Even with this positive projection however, it is still $13,286 less than the County received at its peak in fiscal year 2006-07.

Other revenues

General government revenues are expected to decrease by almost $6 million, primarily from $1 million decrease from Federal payments in lieu of property taxes and $4.9 million less from grant, enterprise and special revenue funds for central administrative support services.

University of Arizona Medical Center – South Campus

A two year agreement with the Arizona Board of Regents (ABOR) on behalf of the University Of Arizona College Of Medicine provides funding for the University of Arizona Medical Center – South Campus: $20 million in fiscal year 2010-11, $15 million in fiscal year 2011-12. The Board of Supervisor's have approved a second two year contract with ABOR with an annual funding of $15 million for each fiscal year.

Request 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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Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Position
June 30, 2012
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 504,113	$ 107,152	$ 611,265	$ 1,056
Property taxes receivable (net)	14,456		14,456	
Interest receivable	209	95	304	
Internal balances	(3,133)	3,133		
Due from other governments	62,462		62,462	
Accounts receivable (net)	6,499	15,343	21,842	5
Inventories	2,476	3,306	5,782	36
Prepaids	3,513	11	3,524	60
Other assets	3,206	5,133	8,339	
Restricted assets:				
Cash and cash equivalents	2,326	112,242	114,568	1,500
Loans receivable	728		728	
Capital assets not being depreciated:				
Land	467,661	15,409	483,070	
Construction in progress	248,317	342,111	590,428	
Capital assets being depreciated (net):				
Buildings and improvements	422,879	212,446	635,325	2,306
Sewage conveyance system		442,803	442,803	
Equipment	64,092	79,708	143,800	666
Infrastructure	607,049		607,049	
Total assets	2,406,853	1,338,892	3,745,745	5,629
Liabilities				
Accounts payable	65,710	35,317	101,027	205
Interest payable		365	365	
Contract retentions	1,991		1,991	
Employee compensation	47,542	4,840	52,382	
Due to other governments	3		3	
Deposits and rebates	2,484		2,484	27
Deferred revenues	2,713	2,133	4,846	
Noncurrent liabilities:				
Due within one year	74,713	26,995	101,708	
Due in more than one year	641,657	565,544	1,207,201	
Total liabilities	836,813	635,194	1,472,007	232
Net Position				
Net investment in capital assets	1,245,227	564,561	1,809,788	2,972
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	103,592		103,592	
Highways and streets	32,322		32,322	
Debt service		22,538	22,538	
Capital projects	30,224	31,680	61,904	
Regional wastewater		18,449	18,449	
Healthcare	1,360		1,360	
Unrestricted	157,315	66,470	223,785	2,425
Total net position	$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2012
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 223,005	$ 30,444	$ 28,533	$ 4,130
Public safety	150,349	12,047	9,303	5,561
Highways and streets	69,183	5,059	51,567	35,251
Sanitation	7,224	3,487	1,133	
Health	47,248	12,605	24,830	
Welfare	94,409		68	
Culture and recreation	61,900	2,254	403	261
Education and economic opportunity	55,126	1,008	27,551	2,325
Amortization - unallocated	805			
Interest on long-term debt	24,776			
Total governmental activities	734,025	66,904	143,388	47,528
Business-type activities:				
Regional Wastewater Reclamation	117,774	154,601		2,571
Pima Health System & Services	58,773	58,722	1,275	
Development Services	6,912	6,073		105
Parking Garages	1,988	2,083		
Total business-type activities	185,447	221,479	1,275	2,676
Total primary government	$ 919,472	$ 288,383	$ 144,663	$ 50,204
Component units:				
Sports & Tourism Authority	$ 59	$ 20	$ 1	
Southwestern Fair Commission	4,959	4,940	120	
Total component units	$ 5,018	$ 4,960	$ 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				
Governmental Activities	Business-type Activities	Total	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
$ (159,898)		$ (159,898)		General government
(123,438)		(123,438)		Public safety
22,694		22,694		Highways and streets
(2,604)		(2,604)		Sanitation
(9,813)		(9,813)		Health
(94,341)		(94,341)		Welfare
(58,982)		(58,982)		Culture and recreation
(24,242)		(24,242)		Education and economic opportunity
(805)		(805)		Amortization - unallocated
(24,776)		(24,776)		Interest on long-term debt
(476,205)		(476,205)		**Total governmental activities**
				Business-type activities:
	$ 39,398	39,398		Regional Wastewater Reclamation
	1,224	1,224		Pima Health System & Services
	(734)	(734)		Development Services
	95	95		Parking Garages
	39,983	39,983		**Total business-type activities**
(476,205)	39,983	(436,222)		**Total primary government**
				Component units:
			$ (38)	Sports & Tourism Authority
			101	Southwestern Fair Commission
			$ 63	**Total component units**
				General revenues:
280,585		280,585		Property taxes, levied for general purposes
19,991		19,991		Property taxes, levied for regional flood control district
29,015		29,015		Property taxes, levied for library district
65,372		65,372		Property taxes, levied for debt service
6,285		6,285		Hotel/motel taxes, levied for sports facility and tourism
1,608		1,608		Other taxes, levied for stadium district
93,123		93,123		Unrestricted share of state sales tax
23,537		23,537		Unrestricted share of state vehicle license tax
4,268		4,268		Grants and contributions not restricted to specific programs
8,235		8,235		Interest and penalties on delinquent taxes
3,416	1,001	4,417		Investment earnings
22,676	1,903	24,579	92	Miscellaneous
25,688	(25,688)			Transfers
583,799	(22,784)	561,015	92	Total general revenues and transfers
107,594	17,199	124,793	155	Change in net position
1,462,446	686,499	2,148,945	5,242	Net position at beginning of year
$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 3

Balance Sheet - Governmental Funds
June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 91,085	$ 181,519	$ 26,639	$ 123,579	$ 422,822
Property taxes receivable (net)	10,148		2,440	1,868	14,456
Interest receivable	73	21	16	81	191
Due from other funds	7,528	1,148	1,575	4,892	15,143
Due from other governments	21,513	11,018	11	29,808	62,350
Accounts receivable	1,903	1,046		3,122	6,071
Inventory	67			1,374	1,441
Prepaid expenditures	1,984			72	2,056
Loan receivable	669			59	728
Other assets				1,018	1,018
Restricted cash equivalents		2,281		45	2,326
Total assets	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 20,679	$ 29,136	$ 148	$ 12,787	$ 62,750
Medical claims payable				271	271
Contract retentions		1,980		11	1,991
Employee compensation	12,984	20		4,445	17,449
Due to other funds	543	1,901	77	12,515	15,036
Due to other governments	3				3
Deposits and rebates	199	2,281		4	2,484
Deferred revenues	19,795	346	2,158	10,934	33,233
Total liabilities	54,203	35,664	2,383	40,967	133,217
Fund balances:					
Nonspendable	2,720			1,550	4,270
Restricted	333	157,688		105,468	263,489
Committed		7,234		10,264	17,498
Assigned	118		28,298	16,682	45,098
Unassigned	77,596	(3,553)		(9,013)	65,030
Total fund balances	80,767	161,369	28,298	124,951	395,385
Total liabilities and fund balances	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2012
(in thousands)

Fund balances - total governmental funds		$ 395,385
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	$ 2,628,502	
Less accumulated depreciation	(840,418)	1,788,084
Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds		
Bonds payable	(603,093)	
Certificates of participation payable	(39,772)	
Loans and leases payable	(16,431)	
Unamortized deferred issuance costs reported as other assets	2,188	(657,108)
Some compensated absences are not due and payable shortly after June 30, 2012, and therefore are not reported in the governmental funds		
Employee compensation		(29,138)
Some liabilities are not due and payable shortly after June 30, 2012, and are therefore not reported in the governmental funds		
Landfill liability	(20,872)	
Pollution remediation liability	(805)	(21,677)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		30,521
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		63,973
Net position of governmental activities		$ 1,570,040

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 291,647		$ 66,148	$ 49,916	$ 407,711
Special assessments				245	245
Licenses and permits	2,696			5,459	8,155
Intergovernmental	127,029	$ 44,141	11	156,758	327,939
Charges for services	39,117	3,079		14,685	56,881
Fines and forfeits	5,213			5,036	10,249
Investment earnings	621	698	242	725	2,286
Miscellaneous	12,659	565		11,572	24,796
Total revenues	478,982	48,483	66,401	244,396	838,262
Expenditures:					
Current:					
General government	197,190			38,830	236,020
Public safety	123,235			22,476	145,711
Highways and streets				33,651	33,651
Sanitation				6,317	6,317
Health	2,919			43,753	46,672
Welfare	94,292			68	94,360
Culture and recreation	15,195			36,908	52,103
Education and economic opportunity	12,967			34,831	47,798
Capital outlay		149,612			149,612
Debt service - principal			78,390	298	78,688
- interest			24,762		24,762
- miscellaneous			1,172	7	1,179
Total expenditures	445,798	149,612	104,324	217,139	916,873
Excess (deficiency) of revenues over (under) expenditures	33,184	(101,129)	(37,923)	27,257	(78,611)
Other financing sources (uses):					
Capital leases				894	894
Premium on bonds			7,349		7,349
Proceeds-refunding debt			30,745		30,745
Payments to escrow agent			(33,013)		(33,013)
Face amount of long-term debt		78,425			78,425
Proceeds from sale of capital assets	1,608			330	1,938
Transfers in	5,190	65,677	25,237	45,820	141,924
Transfers (out)	(36,770)	(132)		(79,012)	(115,914)
Total other financing sources (uses)	(29,972)	143,970	30,318	(31,968)	112,348
Net change in fund balances	3,212	42,841	(7,605)	(4,711)	33,737
Fund balances at beginning of year	77,555	118,528	35,903	129,744	361,730
Changes in nonspendable fund balance:					
Change in inventory				(55)	(55)
Change in prepaids				(27)	(27)
Fund balances at end of year	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
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, 2012
(in thousands)

Net change in fund balances - total governmental funds		$ 33,737
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	$ 141,790	
Less current year depreciation	(58,595)	83,195
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 issuance costs, 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	(78,425)	
Premium on bonds	(7,349)	
Proceeds on refunding bonds	(30,745)	
Debt service - principal payments	78,688	
Payments to escrow agent	33,013	
Amendment to capital lease	(894)	
Deferred issuance costs	1,153	
Amortization expense	(805)	(5,364)
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		
Donations of capital assets	8,137	
Property tax revenues	4,234	
Intergovernmental	(18,688)	
Other	(1,550)	(7,867)
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	(803)	
Change in landfill liability	(928)	
Pollution remediation liability	228	
Net book value of capital asset disposals	(3,217)	
Other	(82)	(4,802)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		8,695
Change in net position of governmental activities		$ 107,594

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 7

Statement of Net Position - Proprietary Funds
June 30, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents		$ 99,491	$ 7,661	$ 107,152	$ 81,291
Restricted cash and cash equivalents		71,789		71,789	
Interest receivable		91	4	95	18
Due from other funds		44	3	47	218
Due from other governments					112
Accounts receivable (net)		15,198	145	15,343	428
Inventory		3,306		3,306	1,035
Prepaid expense		6	5	11	1,457
Total current assets		189,925	7,818	197,743	84,559
Noncurrent assets:					
Restricted cash and cash equivalents		40,453		40,453	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements		373,747	12,927	386,674	614
Sewage conveyance system		702,236		702,236	
Equipment		112,298	1,210	113,508	38,895
Less accumulated depreciation		(457,349)	(10,112)	(467,461)	(19,349)
Construction in progress		342,111		342,111	1,162
Total capital assets (net of accumulated depreciation)		1,086,684	5,793	1,092,477	21,914
Deferred financing costs		5,133		5,133	
Total noncurrent assets		1,132,270	5,793	1,138,063	21,914
Total assets		1,322,195	13,611	1,335,806	106,473
Liabilities					
Current liabilities:					
Accounts payable		34,994	323	35,317	2,689
Employee compensation		4,148	692	4,840	955
Interest payable		365		365	
Due to other funds		121		121	251
Deferred revenues		2,131	2	2,133	1
Current sewer revenue bonds and obligations payable		24,445		24,445	
Current portion of wastewater loans payable		2,550		2,550	
Current portion reported but unpaid losses					4,202
Current portion incurred but not reported losses					2,114
Total current liabilities		68,754	1,017	69,771	10,212
Noncurrent liabilities:					
Contracts and notes		15,365		15,365	
Sewer revenue bonds and obligations payable		525,930		525,930	
Wastewater loans payable		21,169		21,169	
Reported but unpaid losses					19,253
Incurred but not reported losses		3,080		3,080	9,828
Total noncurrent liabilities		565,544		565,544	29,081
Total liabilities		634,298	1,017	635,315	39,293
Net position					
Net investment in capital assets		558,768	5,793	564,561	21,914
Restricted for:					
Debt service		22,538		22,538	
Capital projects		31,680		31,680	
Regional wastewater reclamation		18,449		18,449	
Unrestricted		56,462	6,801	63,263	45,266
Total net position		$ 687,897	$ 12,594	700,491	$ 67,180

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.	3,207
Net position of business-type activities	$ 703,698

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, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:					
Net patient services	$ 52,018			$ 52,018	
Charges for services	6,704	$ 138,094	$ 8,330	153,128	$ 42,585
Other	1,182	166	39	1,387	407
Total net operating revenues	59,904	138,260	8,369	206,533	42,992
Operating expenses:					
Employee compensation	11,370	35,474	5,813	52,657	7,646
Medical claims	39,096			39,096	
Operating supplies and services	587	9,476	95	10,158	9,405
Sludge and refuse disposal		1,553		1,553	
Repair and maintenance	96	6,501	222	6,819	1,398
Incurred losses					2,209
Insurance premiums					4,619
General and administrative	6,655	14,212	2,451	23,318	3,707
Consultants and professional services	231	5,091	149	5,471	1,302
Depreciation	115	35,477	227	35,819	3,510
Total operating expenses	58,150	107,784	8,957	174,891	33,796
Operating income (loss)	1,754	30,476	(588)	31,642	9,196
Nonoperating revenues (expenses):					
Intergovernmental revenue	1,275		105	1,380	
Investment earnings	118	848	35	1,001	1,260
Sewer connection fees		16,507		16,507	
Interest expense	(20)	(6,519)		(6,539)	
Gain/(loss) on disposal of capital assets	342	(317)		25	(25)
Amortization of deferred charges		(941)		(941)	
Claim and judgment contingency losses		(3,080)		(3,080)	
Premium tax	(1,112)			(1,112)	
Total nonoperating revenues	603	6,498	140	7,241	1,235
Income (loss) before contributions and transfers	2,357	36,974	(448)	38,883	10,431
Capital contributions		2,571		2,571	19
Transfers in		475	1,000	1,475	
Transfers (out)	(26,436)	(709)	(18)	(27,163)	(322)
Change in net position	(24,079)	39,311	534	15,766	10,128
Net position at beginning of year	24,079	648,586	12,060	684,725	57,052
Net position at end of year	$	$ 687,897	$ 12,594	700,491	$ 67,180

Some amounts reported for business-type activities in the Statement of Activities are different because a portion of the net expense of certain internal service funds is reported with business-type activities.	1,433
Change in net position of business-type activities	$ 17,199

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided					$ 42,258
Cash received from customers for goods and services provided	$ 55,170	$ 140,575	$ 8,422	$ 204,167	
Cash received from miscellaneous operations	7,886	166		8,052	402
Cash payments to suppliers for goods and services	(61,250)	(26,849)	(1,454)	(89,553)	(14,962)
Cash payments to other funds for goods and services	(5,099)	(8,540)	(2,123)	(15,762)	(4,496)
Cash payments for incurred losses					(7,607)
Cash payments to employees for services	(12,449)	(35,366)	(4,996)	(52,811)	(6,597)
Net cash provided by (used for) operating activities	(15,742)	69,986	(151)	54,093	8,998
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(20)			(20)	
Cash transfers in from other funds			1,000	1,000	
Cash transfers out to other funds	(26,436)	(234)	(18)	(26,688)	(322)
Loans with other funds	(555)	(244)	(18)	(817)	306
Premium tax	(1,112)			(1,112)	
Intergovernmental revenues	2,347		105	2,452	
Net cash provided by (used for) noncapital financing activities	(25,776)	(478)	1,069	(25,185)	(16)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		189,160		189,160	
Principal paid on bonds and loans		(22,030)		(22,030)	
Interest paid on bonds and loans		(11,869)		(11,869)	
Proceeds from premium		21,682		21,682	
Sewer connection fees		16,203		16,203	
Proceeds from sale of capital assets	762			762	333
Purchase of capital assets		(199,105)		(199,105)	(7,158)
Net cash provided by (used for) capital and related financing activities	762	(5,959)		(5,197)	(6,825)
Cash flows from investing activities:					
Interest received on cash and investments	133	793	33	959	1,254
Net cash provided by investing activities	133	793	33	959	1,254
Net increase/ (decrease) in cash and cash equivalents	(40,623)	64,342	951	24,670	3,411
Cash and cash equivalents at beginning of year	40,623	147,391	6,710	194,724	77,880
Cash and cash equivalents at end of year	$	$ 211,733	$ 7,661	$ 219,394	$ 81,291

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	$ 1,754	$ 30,476	$ (588)	$ 31,642	$ 9,196
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	115	35,477	227	35,819	3,510
Other					158
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	2,976	2,481	4	5,461	(262)
Due from other governments	216		49	265	(71)
Inventory and other assets	91	527		618	(84)
Prepaid expense	78	30	72	180	(433)
Increase (decrease) in liabilities:					
Accounts payable	(19,854)	887	250	(18,717)	2,227
Due to other governments	(39)		(136)	(175)	
Reported but unpaid losses					(1)
Incurred but not reported losses					(5,397)
Other current liabilities	(1,079)	108	(29)	(1,000)	155
Net cash provided by (used for) operating activities	$ (15,742)	$ 69,986	$ (151)	$ 54,093	$ 8,998

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2012:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of $3,520. This contribution was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisors' approved connection fee credit agreement of $951. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $2. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $314.

Pima Health System & Services retired equipment with a net book value of $286.

Pima Health System & Services transferred equipment with a net book value of $134 to the County's general government.

Internal Service Funds received a capital contribution of $19.

Internal Service Funds sold capital assets with a net book value of $358.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2012
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 297,724	$ 57,450
Interest receivable	96	
Due from other governments		3,704
Total assets	$ 297,820	$ 61,154
Liabilities		
Employee compensation		$ 496
Due to other governments		38,700
Deposits and rebates		21,958
Total liabilities		$ 61,154
Net position		
Held in trust for pool participants	$ 297,820	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2012
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,608,930
Total contributions	2,608,930
Investment earnings	1,426
Total investment earnings	1,426
Total additions	2,610,356
Deductions	
Distributions to participants	2,710,812
Total deductions	2,710,812
Change in net position	(100,456)
Net position held in trust July 1, 2011	398,276
Net position held in trust June 30, 2012	$ 297,820

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Component Units
June 30, 2012
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total
Assets			
Cash and cash equivalents	$ 9	$ 1,047	$ 1,056
Accounts receivable (net)		5	5
Inventories		36	36
Prepaids		60	60
Restricted assets:			
Cash and cash equivalents		1,500	1,500
Capital assets (net):			
Buildings and improvements		2,306	2,306
Machinery and equipment		666	666
Total assets	9	5,620	5,629
Liabilities			
Accounts payable		205	205
Deposits and rebates		27	27
Total liabilities		232	232
Net Position			
Net investment in capital assets		2,972	2,972
Unrestricted	9	2,416	2,425
Total net position	$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012
(in thousands)

		Program Revenues		Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	S&TA	SFC	Total
Sports & Tourism Authority (S&TA)						
Operations	$ 59	$ 20	$ 1	$ (38)		$ (38)
Total S&TA	59	20	1	(38)		(38)
Southwestern Fair Commission (SFC)						
Operations	4,959	4,940	120		$ 101	101
Total SFC	4,959	4,940	120		101	101
Total component units	$ 5,018	$ 4,960	$ 121	(38)	101	63
General revenues:						
Miscellaneous					92	92
Total general revenues					92	92
Change in net position				(38)	193	155
Net position at beginning of year				47	5,195	5,242
Net position at end of year				$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

The accounting policies of Pima County (County) conform to U.S. generally accepted accounting principles (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB) and the regulatory requirements of the State of Arizona. A summary of the County's significant accounting policies follows.

During the year ended June 30, 2012, the County early implemented the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 modifies certain requirements for the inclusion of component units in the financial reporting entity. The County also early implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes criteria for reporting the consumption and acquisition of net position that is applicable to future reporting periods.

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 financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Each blended component described below provides a financial benefit and/or financial burden to the County. Therefore, data from these units are combined with data of the primary government. 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 Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The County Board of Supervisors is 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 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.

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Improvement Districts (SLIDs) are responsible for street lighting for specific regions of unincorporated Pima County. All budgetary and operational activities are administered by the Pima County Board of Supervisors and meet the criteria for a blended component unit. SLIDs are reported as a special revenue fund in these financial statements. Separate financial statements for the SLIDs 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.

The Pima County Sports and Tourism Authority (S&TA) is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public and to increase opportunities for amateur youth sports in Pima County. S&TA members are appointed and can be removed at any time by the Board of Supervisors. Based on these factors, and because S&TA does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, S&TA is reported as a separate component unit (discrete presentation) in these financial statements. Separate financial statements are unavailable for S&TA.

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 Accounting

Primary government:

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting with the exception of agency funds, which have no measurement focus. 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 imposed by the provider have been met.

Governmental funds in the fund-based 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 measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 30 days after year-end. Revenues that are collected after 30 days are reported as deferred revenues. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental, and charges for services. 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 post-closure care costs, and pollution remediation, which are

Note 1: Summary of Significant Accounting Policies (continued)

recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources. The County may fund certain programs by a combination of restricted, committed, assigned, and/or unassigned (general) revenues. When an expenditure/expense is incurred that can be paid from either restricted or unrestricted fund balances/net position, the County uses restricted fund balance/net position first. When an expenditure is incurred that can be paid from more than one category of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. 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.

Committed fund balances are self-imposed limitations set prior to the year-end closing. The Pima County Board of Supervisors is the highest level of decision making authority. Imposed limitations on the use of funds must be approved by the Board of Supervisors at a regular supervisory meeting. Any modifications and/or rescissions must also be approved by the board.

Assigned fund balances are limitations resulting from the intended use of funds. The Pima County Board of Supervisors and/or its representative, the County Administrator, can authorize the constraints for the specific purpose. Modifications or rescissions of the constraints can also be authorized 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.

The County does not have a formal minimum fund balance policy, however, all County funds' fund balances or net position are analyzed throughout the year and reserved as necessary during the budgetary appropriation process.

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

C. Basis of Presentation

The basic financial statements include both government-wide and fund-based financial statements. The government-wide statements focus on the County as a whole, while the fund-based statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide statements provide information about the primary government and its component units. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between thegovernmental and business-type activities of the County and between the County and its discretely presentedcomponent units. Governmental activities are financed primarily 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 for services (fines and forfeitures, licenses and permits, and special assessments);
- Operating grants and contributions; and
- Capital grants and contributions

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes levied or imposed by the County, are reported as general revenues. The net effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities.

Fund-based 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-based 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 non-major funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary funds are financed mainly by fees and charges received from users of the services provided by the fund's operations. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and 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 for those required to be accounted for in another fund.

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.

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The County reports the following major enterprise funds:

Pima Health System and Services (**PHS&S**) provided payment for health care services including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid, home health services,

Note 1: Summary of Significant Accounting Policies (continued)

and long-term nursing care. The County's AHCCCS contracts terminated on September 30, 2011, and the Pima Health System and Services ceased operations. All residual balances of the fund were transferred to the other governmental funds at June 30, 2012.

Regional Wastewater Reclamation (**RWR**) accounts for the management and operation of wastewater treatment and water pollution control programs.

The County reports the following fund types:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.These funds account for fleet maintenance and operation, insurance, graphic services, and telecommunications services.

Investment Trust Funds account for assets held by the County Treasurer in an external investment pool and individual investment accounts for the benefit of outside jurisdictions.

Agency Funds account for the assets held by the County as an agent for individuals, private organizations, or other governmental units. The agency funds are custodial in nature and do not present results of operations.

D. Cash and Investments

Primary government:

For purposes of its statements of cash flows, the County considers only those highly liquid investments, with a maturity period of 3 months or less when purchased, to be cash equivalents. All investments are stated at fair value.

If an individual fund has a deficit balance in the amount on deposit with the County Treasurer at year-end, that balance is reclassified as an amount due to other funds.

E. Inventories and Prepaids

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 are offset by 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.

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 in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

Inventories of RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Note 1: Summary of Significant Accounting Policies (continued)

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

Prepaid expenses/expenditures are accounted for using the consumption method, except for the School Reserve Fund reported as an Other Governmental Fund, which uses the purchase 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, depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows (excluding component units):

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 units:

SFC capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets' estimated useful life, which range from 5 to 40 years.

H. Investment Earnings

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

Note 1: Summary of Significant Accounting Policies (continued)

I. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 240 hours of vacation depending upon years of service, but any vacation hours in excess of the maximum amount that are unused at their year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the government wide and proprietary fund financial statements in Employee Compensation.

Employees may accumulate up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Sick leave benefits do not vest with employees; however, 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. An estimate of those retirement payouts is accrued as a liability in the government-wide and proprietary fund financial statements in Employee Compensation. 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.

Note 2: Fund Balance Classifications

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Net Position:					
Nonspendable:					
Inventory	$ 67			$ 1,374	$ 1,441
Prepaid expenses	1,984			72	2,056
Loan receivable	669			59	728
Permanent fund principal				45	45
Total nonspendable	2,720			1,550	4,270
Restricted for:					
Capital Projects					
Streets and highways		$ 42,385			42,385
Other		78,481			78,481
Justice Court Complex		22,651			22,651
Judicial activities				34,367	34,367
Flood Control District		14,171		9,712	23,883
Health				9,792	9,792
Law enforcement				4,385	4,385
Library District				15,217	15,217
Parks and recreation				17	17
School reserve				508	508
Social services				3,186	3,186
Streets and highways				22,877	22,877
Tire fund				1,214	1,214
Other purposes	333			4,193	4,526
Total restricted	333	157,688		105,468	263,489
Committed to:					
School reserve				414	414
Sports promotion (Stadium)				4,440	4,440
Other purposes		7,234		5,410	12,644
Total committed		7,234		10,264	17,498
Assigned to:					
Debt service reserve			$ 28,298		28,298
Judicial activities	114				114
Health				805	805
Parks and recreation	4			1,648	1,652
Landfill				1,890	1,890
School reserve				1,130	1,130
Other purposes				11,209	11,209
Total assigned	118		28,298	16,682	45,098
Unassigned:	77,596	(3,553)		(9,013)	65,030
Total Net Position	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

Note 3: Cash and Investments

Primary Government

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; bonds or other evidences of indebtedness of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute; and bonds of any county municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax pledged for all payments on the obligations. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States.

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 must be rated within the top three ratings by a nationally recognized rating agency.

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.

Deposits—At June 30, 2012, the carrying amount of the County's deposits was $57,136 and the bank balance was $66,485.

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, 2012, $1,977 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3: Cash and Investments (continued)

Investments—At June 30, 2012, the County's investments consisted of $552,258 invested in marketable securities and $471,556 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, 2012, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 38,545
Corporate bonds	A-/A3	S&P / Moody's	376,649
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,204
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	AA+/Aaa	S&P / Moody's	5,099
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,175
		Marketable securities	499,254
State Treasurer Investment Pool 5	AAAf/S1+	S&P	234,756
State Treasurer Investment Pool 500	Unrated		72,529
State Treasurer Investment Pool 7	Unrated		164,271
	State Treasurer's Investment Pool		471,556
Total			$ 970,810

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 $1,023,814 of investments, $541,083, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Freddie Mac discount notes, 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. At June 30, 2012, the County had investments in the Federal Home Loan Bank with a fair value of $52,582 or 5.1% of total investments.

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.

Note 3: Cash and Investments (continued)

As of June 30, 2012, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 234,756	0.07
State Treasurer Investment Pool 500	72,529	7.36
State Treasurer Investment Pool 7	164,271	0.08
Commercial paper	38,545	0.17
Corporate bonds	376,649	1.72
Federal Farm Credit Bank	15,204	2.40
Federal Home Loan Bank	52,582	1.67
Freddie Mac (Federal Home Loan Mortgage Corp)	5,099	0.48
U.S. Treasury Notes	53,004	1.14
Money market mutual fund	11,175	0.14
Total	$ 1,023,814	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits, and investments:	$ 57	$ 57,136	$ 1,023,814	$ 1,081,007

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 504,113	$ 107,152	$ 297,724	$ 57,450	$ 966,439
Restricted cash and cash equivalents	2,326	112,242			114,568
Total	$ 506,439	$ 219,394	$ 297,724	$ 57,450	$ 1,081,007

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 idle 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.

Note 3: Cash and Investments (continued)

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.

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 38,550	0.1-0.2%	07/12-11/12	$ 38,545
Corporate bonds	358,606	0.4-7.3%	08/12-03/17	376,649
Federal Farm Credit Bank	15,000	0.5-1.7%	10/13-12/15	15,204
Federal Home Loan Bank	52,250	0.3-3.1%	08/12-05/16	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	5,000	4.1%	12/12	5,099
U.S. Treasury Notes	51,290	1.1-3.9%	08/12-07/14	53,004
State Treasurer Investment Pool 5	76,601	N/A	N/A	76,601
Deposits	19,605	N/A	N/A	19,605
Interest Receivable	96	N/A	N/A	96
Total assets				$ 637,385

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	$ 503,836
External participants	133,549
Total assets	637,385
Total liabilities	
Total net position held in trust	$ 637,385
Statement of Changes in Net Position	
Total additions	$ 7,353,082
Total deductions	(7,321,183)
Net increase	31,899
Net position held in trust:	
July 1, 2011	605,486
June 30, 2012	$ 637,385

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 187			$ 16,951	$ 1	$ 17,139
State of Arizona:						
Taxes and shared revenues	20,083	$ 1,733		7,720		29,536
Grants and contributions				3,305	3	3,308
Other Cities:						
Reimbursement for services	995	802	$ 11	1,544	88	3,440
Other governments:						
Reimbursement for services	248	8,483		288	20	9,039
Total due from other governments fund based statements	$ 21,513	$ 11,018	$ 11	$ 29,808	$ 112	$ 62,462

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011 (as reclassified)*	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 448,790	$ 19,813	$ (942)	$ 467,661
Construction in progress	202,977	122,018	(76,678)	248,317
Total capital assets not being depreciated	651,767	141,831	(77,620)	715,978
Capital assets being depreciated:				
Buildings and improvements	601,905	9,342	(7,522)	603,725
Infrastructure	1,155,494	47,894	(321)	1,203,067
Equipment	118,810	34,871	(6,686)	146,995
Total capital assets being depreciated	1,876,209	92,107	(14,529)	1,953,787
Less accumulated depreciation for:				
Buildings and improvements	(169,797)	(16,373)	5,324	(180,846)
Infrastructure	(561,651)	(34,688)	321	(596,018)
Equipment	(77,798)	(11,044)	5,939	(82,903)
Total accumulated depreciation	(809,246)	(62,105)	11,584	(859,767)
Total capital assets being depreciated, net	1,066,963	30,002	(2,945)	1,094,020
Governmental activities capital assets, net	$ 1,718,730	$ 171,833	$ (80,565)	$ 1,809,998

Note 5: Capital Assets (continued)

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,409			$ 15,409
Construction in progress	165,481	$ 215,835	$ (39,205)	342,111
Total capital assets not being depreciated	180,890	215,835	(39,205)	357,520
Capital assets being depreciated:				
Buildings and improvements	369,351	20,202	(2,879)	386,674
Infrastructure	681,720	21,149	(633)	702,236
Equipment	110,063	5,339	(1,894)	113,508
Total capital assets being depreciated	1,161,134	46,690	(5,406)	1,202,418
Less accumulated depreciation for:				
Buildings and improvements	(162,270)	(14,624)	2,666	(174,228)
Infrastructure	(246,488)	(13,264)	319	(259,433)
Equipment	(27,556)	(7,931)	1,687	(33,800)
Total accumulated depreciation	(436,314)	(35,819)	4,672	(467,461)
Total capital assets being depreciated, net	724,820	10,871	(734)	734,957
Business-type activities capital assets, net	$ 905,710	$ 226,706	$ (39,939)	$ 1,092,477

* At July 1, 2011, the general government buildings, improvements, and infrastructure of $40 and $104, respectively were reclassified to equipment.

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	10,203
Public safety		9,981
Highways and streets		29,711
Sanitation		1,119
Health		687
Welfare		85
Culture and recreation		5,938
Education and economic opportunity		871
Internal service funds		3,510
Total governmental activities depreciation expense	$	62,105
Business-type activities:		
Pima Health System & Services	$	115
Parking Garages		218
Regional Wastewater Reclamation		35,477
Development Services		9
Total business-type activities depreciation expense	$	35,819

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,017	$ 366		$ 5,383
Equipment	2,417	171	$ (45)	2,543
Total capital assets being depreciated	7,434	537	(45)	7,926
Less accumulated depreciation for:				
Buildings and improvements	(2,857)	(220)		(3,077)
Equipment	(1,738)	(184)	45	(1,877)
Total accumulated depreciation	(4,595)	(404)	45	(4,954)
Total capital assets being depreciated, net	2,839	133		2,972
SFC capital assets, net	$ 2,839	$ 133		$ 2,972

Note 6: Claims, Judgments, and Risk Management

Risk Management and Claims Liability

The County is exposed to various risks 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. Claims against the County are accounted for in the Self Insurance Trust Fund (the Fund), an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental, unemployment, and dental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Unemployment and dental losses are based on claims that have been submitted but not yet paid by the Fund. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Fund except for environmental, unemployment, and dental losses are reported at their present value using an expected future investment yield assumption of four percent.

The Fund is liable for any single general or automobile liability claim up to $2,500, per occurrence; workers' compensation 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 Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

Payment of unemployment and dental 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 Fund. With the exception of environmental, dental, 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 dental and unemployment losses are based on actual claims paid.

The claims liability of $35,397 reported in the Fund at June 30, 2012, is based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	2012	2011
Claims liabilities - beginning	$ 40,795	$ 38,378
Current-year claims and changes in estimates	2,209	9,099
Claims payment	(7,607)	(6,682)
Claims liabilities balance - ending	$ 35,397	$ 40,795

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.

Note 6: Claims, Judgments, and Risk Management (continued)

Pollution Remediation

The County has estimated and reported an environmental liability of $805 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.

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2012.

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Governmental activities:					
General obligation bonds	$ 452,750	$ 76,225	$ 72,830	$ 456,145	$ 49,175
Plus unamortized deferred amount	3,106	3,689	1,383	5,412	400
Total general obligation bonds	455,856	79,914	74,213	461,557	49,575
Transportation revenue bonds	131,410	32,945	26,285	138,070	12,055
Plus unamortized deferred amount	(35)	3,660	159	3,466	73
Total transportation revenue bonds	131,375	36,605	26,444	141,536	12,128
Certificates of participation	46,895		8,165	38,730	3,875
Plus unamortized deferred amount	1,340		298	1,042	23
Total certificates of participation	48,235		8,463	39,772	3,898
Capital leases payable:					
Jail capital lease	18,565		2,230	16,335	2,780
Less unamortized deferred amount	(790)		(290)	(500)	(282)
Other capital leases		894	298	596	298
Total capital leases	17,775	894	2,238	16,431	2,796
Reported but unpaid losses (Note 6)	23,456	2,209	2,210	23,455	4,202
Incurred but not reported losses (Note 6)	17,339		5,397	11,942	2,114
Landfill closure and post-closure care costs (Note 8)	19,944	928		20,872	
Pollution remediation (Note 6)	1,033		228	805	
Total governmental activities long-term liabilities	$ 715,013	$ 120,550	$ 119,193	$ 716,370	$ 74,713

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 182,430		$ 13,120	$ 169,310	$ 14,895
Plus unamortized deferred amount	2,352		640	1,712	
Total revenue bonds payable	184,782		13,760	171,022	14,895
Sewer revenue obligations	165,000	$ 189,160	5,225	348,935	9,550
Plus unamortized deferred amount	11,849	21,683	3,114	30,418	
Total revenue obligations payable	176,849	210,843	8,339	379,353	9,550
Regional Wastewater Reclamation (RWR) loans payable	27,404		3,685	23,719	2,550
Less unamortized deferred amount	(14)		(14)		
Total loans payable	27,390		3,671	23,719	2,550
Contracts and notes	4,657	12,049	1,341	15,365	
Incurred but not reported losses		3,080		3,080	
Total business-type activities long-term liabilities	$ 393,678	$ 225,972	$ 27,111	$ 592,539	$ 26,995

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

(Payments made from property tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2012, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $7,697 from the May 20, 1997, $66,318 from the May 18, 2004, and $4,666 from the May 16, 2006 bond elections remain unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	50,000	4.00%	2013	$ 3,750
Series of 2004	65,000	3.00 - 5.00%	2013-19	32,660
Series of 2005	65,000	3.50 - 5.00%	2013-20	35,635
Series of 2007	95,000	3.00 - 4.50%	2013-21	62,295
Series of 2008	100,000	3.50 - 4.00%	2013-22	71,250
Series of 2009	75,000	3.00 - 4.13%	2013-23	38,000
Series of 2009A	90,000	3.00 - 4.00%	2013-24	73,435
Series of 2009A Refunding	23,535	3.00 - 3.50%	2013-16	10,820
Series of 2011	75,000	2.00 - 5.00%	2013-26	52,075
Series of 2012A	60,000	1.00 - 4.00%	2013-27	60,000
Series of 2012B Refunding	16,225	2.00 - 3.00%	2013-17	16,225
G.O. bonds outstanding				456,145
Plus unamortized deferred amount:				5,412
		Total G.O. bonds outstanding		$ 461,557

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 49,175	$ 16,974
2014	41,775	15,361
2015	37,015	13,886
2016	38,045	12,560
2017	39,710	11,207
2018 - 2022	189,105	34,457
2023 - 2027	61,320	5,764
Total	$ 456,145	$ 110,209

REFUNDED GENERAL OBLIGATION BONDS

In 2012, the County defeased $15,850 of General Obligation Bonds, Series 2003 by issuing $16,225 of General Obligation Bonds that have an average life of 3.54 years and an average interest rate of 2.355%. This refunding transaction resulted in an economic gain of $875 and a reduction in debt service payments of $910. 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. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 General Obligation Refunded Bonds	$ 15,850

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, $89,375 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	35,000	4.00%	2013	2,670
Series of 2005	51,200	3.50 - 5.00%	2013-20	36,865
Series of 2007	21,000	3.25 - 4.75%	2013-22	17,770
Series of 2008	25,000	3.25 - 4.50%	2013-22	24,400
Series of 2009	15,000	3.00 - 4.00%	2013-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2013-24	8,420
Series of 2012	18,425	3.00 - 5.00%	2013-27	18,425
Series of 2012 Refunding	14,520	4.00 - 5.00%	2013-18	14,520
Transportation bonds outstanding				138,070
Plus unamortized deferred amount:				3,466
Total transportation bonds outstanding				$ 141,536

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 12,055	$ 5,537
2014	12,425	4,969
2015	12,910	4,488
2016	13,430	3,983
2017	14,050	3,372
2018 - 2022	59,985	8,743
2023 - 2027	13,215	1,116
Total	$ 138,070	$ 32,208

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $138,070 in transportation revenue bonds issued between 2003 and 2012. 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 2027. Annual principal and interest payments on the bonds are expected to require approximately 96 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $170,278. Principal and interest paid for bonds in the current year and total net highway user revenues were $15,940 and $13,499, respectively.

REFUNDED TRANSPORTATION BONDS

In 2012, the County defeased $15,270 of Transportation Bonds, Series 2003, by issuing $14,520 of Transportation Bonds that have an average life of 4.18 years and an average interest rate of 4.195%. The proceeds of the new bonds were placed in an irrevocable trust to provide for legal defeasance of the refunded debt on July 1, 2013. This refunding transaction was performed primarily to restructure outstanding debt in order to align projected future revenues with corresponding debt service requirements and resulted in a reduction in debt service payments of $1,167 and an economic gain of $1,106. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 Transportation Refunded Bonds	$ 15,270

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.

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2012.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2007A	$ 28,765	4.25 - 5.00%	2013-22	$ 22,505
Series of 2010	20,000	3.00 - 5.25%	2013-19	16,225
Certificates of participation outstanding				38,730
Plus unamortized deferred amount:				1,042
Total certificates of participation outstanding				$ 39,772

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 3,875	$ 1,766
2014	4,020	1,627
2015	4,170	1,472
2016	4,345	1,297
2017	4,570	1,074
2018 - 2022	17,750	2,269
Total	$ 38,730	$ 9,505

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates, and increased the County's obligation under the lease agreement. The County has also entered into capital leases for heavy equipment for use at its landfill sites. The outstanding balance as of June 30, 2012, for these leases totaled $596. The net book value of assets acquired through capital leases consists of $15,908 of buildings and $867 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2012.

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2013	$ 2,780	$ 647	$ 298	
2014	2,485	511	298	
2015	2,605	399		
2016	2,710	293		
2017	2,820	181		
2018	2,935	62		
	$ 16,335	$ 2,093	$ 596	

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, LOANS, AND OBLIGATIONS

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, 2012, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2004 Refunding	25,770	4.60 - 5.50%	2013-15	$ 10,405
Series of 2007	50,000	3.75 - 5.00%	2013-26	38,770
Series of 2008	75,000	4.00 - 5.00%	2013-23	73,580
Series of 2009	18,940	3.25 - 4.25%	2013-24	16,715
Series of 2011 Refunding	43,625	2.00 - 5.00%	2013-16	29,840
Sewer revenue bonds outstanding				169,310
Plus unamortized deferred amount:				1,712
Total sewer revenue bonds outstanding				$ 171,022

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 14,895	$ 7,347
2014	16,765	6,661
2015	17,555	5,882
2016	15,950	5,057
2017	11,250	4,354
2018 - 2022	65,300	14,260
2023 - 2026	27,595	2,086
Total	$ 169,310	$ 45,647

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 Ina Road and Roger 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.

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Series of 2011B	189,160	1.00 - 5.00%	2013-26	183,935
Sewer revenue obligations outstanding				348,935
Plus unamortized deferred amount:				30,418
Total sewer revenue obligations outstanding				$ 379,353

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 9,550	$ 17,028
2014	11,935	16,646
2015	12,330	16,169
2016	12,850	15,596
2017	25,915	14,984
2018 - 2022	149,710	54,785
2023 - 2026	126,645	14,609
Total	$ 348,935	$ 149,817

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into loan agreements (1996 to provide funds for the defeasance of prior sewer revenue bonds, and 2004 which was 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.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2012
1996 Loans payable	$ 11,313	3.19%	2013	$ 1,105
2004 Loans payable	19,967	1.81%	2013-24	15,518
2009 Loans payable	8,002	0.96%	2013-24	7,096
		Total loans payable		$ 23,719

The following schedule details loans payable debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 2,550	$ 687
2014	1,489	622
2015	1,535	576
2016	1,581	529
2017	1,629	480
2018 - 2022	8,922	1,613
2023 - 2026	6,013	278
Total	$ 23,719	$ 4,785

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future user charges, net of specified operating expenses, to repay $169,310 in sewer revenue bonds issued between 2004 and 2011, $23,719 in sewer revenue loans issued between 1996 and 2009, and $348,935 in sewer revenue obligations issued in 2010 and 2011. 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 2026. Annual principal and interest payments on the bonds and obligations are expected to require approximately 42 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 9 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $214,957. Total principal and interest remaining to be paid on the loans is $28,504. Total principal and interest remaining to be paid on the obligations is $498,752. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $39,586, $4,069, and $80,142, 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, 2012, 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.

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, 2012, is as follows:

Net assessed valuation		$ 8,448,282
Debt limit (15% of net assessed valuation):		1,267,242
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 456,145	
Less fund balance in debt service fund available for payment of general obligation bond principal	(22,602)	433,543
Legal debt margin available		$ 833,699

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 $20,872 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 $5,608 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, 2012; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2012	Estimated Remaining Service Life
Ajo	71%	38 Years
Sahuarita	51%	30 Years
Tangerine	95%	5 Years

The County plans to fund the estimated closure and post-closure care costs with proceeds of general obligation bonds and with solid waste tipping fees.

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 $10,596 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

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).** The **EORP** and the **PSPRS** 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 retiree's 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.

Note 9: Pensions and Other Post Employment Benefits (continued)

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 employees of the State of Arizona's Departments of Corrections and Juvenile Corrections and County employees whose primary duties require direct inmate contact. 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.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by contacting the applicable plan.

ASRS	PSPRS and CORP
3300 N. Central Ave Phoenix, AZ 85012 (602) 240-2000 or (800) 621-3778	3010 East Camelback Road Suite 200 Phoenix, AZ 85016-4416 (602) 255-5575

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, 2012, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 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, 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. For the year ended June 30, 2011, the County contributed 9.85 percent (9.01 percent for retirement, .59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2010, the County contributed 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll.

Note 9: Pension and Other Post Employment Benefits (continued)

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30, 2012			
2012	$ 21,290	$ 1,359	$ 518
2011	$ 21,774	$ 1,426	$ 604
2010	$ 20,234	$ 1,601	$ 970

Agent plans

For the year ended June 30, 2012, active **PSPRS** members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 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 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 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 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 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 multi-year 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 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 that are 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 all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2012 contribution requirements, are as follows:

Note 9: Pension and Other Post Employment Benefits (continued)

	PSPRS	CORP
Actuarial valuation date	June 30, 2010	June 30, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	26 Years for unfunded actuarial accrued liability, 20 years for excess	26 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value	7-year Smoothed market value

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2012, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/Healthcare cost	$ 8,445	$ 638	$ 2,076	$ 288
Contributions made	$ 8,699	$ 384	$ 2,218	$ 146

Note 9: Pension and Other Post Employment Benefits (continued)

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for FY 2012, FY 2011 and FY 2010 is as follows:

Plan	Year Ended June 30	Annual Pension/ Healthcare Cost	Percentage of Annual Cost Contributed	Net Pension/ Healthcare Obligation
PSPRS				
Pension	2012	$ 8,445	103%	
Health insurance	2012	$ 638	60%	$ 254
Pension	2011	$ 8,303	103%	
Health insurance	2011	$ 624	63%	$ 232
Pension	2010	$ 8,761	102%	
Health insurance	2010	$ 591	75%	$ 151
CORP				
Pension	2012	$ 2,076	107%	
Health insurance	2012	$ 288	51%	$ 142
Pension	2011	$ 1,824	108%	
Health insurance	2011	$ 282	50%	$ 140
Pension	2010	$ 1,943	102%	
Health insurance	2010	$ 232	79%	$ 49

Funded Status

The funded status of the plans, as of the most recent valuation date of June 30, 2012, 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.

Note 9: Pension & Other Post Employment Benefits (continued)

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability	$ 268,903	$ 7,325	$ 83,526	$ 3,161
Actuarial value of assets	$ 149,085	0	$ 51,797	0
Unfunded actuarial accrued liability (funding excess)	$ 119,818	$ 7,325	$ 31,729	$ 3,161
Funded ratio	55.4 %	0 %	62.0 %	0 %
Covered payroll	$ 31,920	$ 31,920	$ 21,743	$ 21,743
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	375.4 %	22.9 %	145.9 %	14.5 %

	PSPRS	CORP
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 percentage of pay closed	Level percentage of pay closed
Remaining amortization period	24 Years for unfunded , 20 years for overfunded	24 Years for unfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market	7-year smoothed market

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 from:

Amounts recorded as due to:	General	Capital Projects	Debt Service	Other Governmental	RWR	Internal Services	Total
General		$ 12		$ 7,408	$ 77	$ 31	$ 7,528
Capital Projects	$ 130		$ 77	680	$ 44	217	1,148
Debt Service		1,575					1,575
Other Governmental	412	50		4,427		3	4,892
RWR	1	43					44
Other Enterprise		3					3
Internal Services		218					218
Total	$ 543	$ 1,901	$ 77	$ 12,515	$ 121	$ 251	$ 15,408

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	Other Governmental	PHS&Services	RWR	Other Enterprise	Internal Services	Total
General			$ 5,190					$ 5,190
Capital Projects	$ 8,815		56,512		$ 96		$ 254	65,677
Debt Service	7,420		16,792	$ 326	613	$ 18	68	25,237
Other Governmental	19,535		175	26,110				45,820
RWR		$ 132	343					475
Other Enterprise	1,000							1,000
Total	$ 36,770	$ 132	$ 79,012	$ 26,436	$ 709	$ 18	$ 322	$ 143,399

Note 11: Construction and Other Significant Commitments

At June 30, 2012, Pima County had the following major contractual commitments related to Facilities Management; General Government; Natural Resources, Parks and Recreation; Pima Health System and Services; Regional Flood Control; Regional Wastewater Reclamation; and Transportation.

Facilities Management
At June 30, 2012, the Pima County Facilities Management Department had construction contractual commitments of $42,025 and other contractual commitments related to service contracts of $6,525. Funding for these expenditures will be provided from general fund revenues.

General Government
At June 30, 2012, Pima County had contractual commitments related to service contracts for Community Development and Neighborhood Conservation Department of $11,051, Office of Court Appointed Counsel of $55,324 and, Institutional Health of $63,593. Procurement Department had construction contractual commitments of $95,429 and other contractual commitments related to service contracts of $3,851. Sheriff Department had contractual commitments related to construction contracts of $3,275 and other related contractual commitments related to service contracts of $8,960. Funding for these expenditures will be provided from general fund revenues.

Natural Resources, Parks and Recreation
At June 30, 2012, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $14 and other contractual commitments related to services of $20,032. Funding for these expenditures will be provided from general obligation bonds.

Pima Health System & Services
At June 30, 2012, Pima County had contractual commitments related to service contracts for Pima Health System & Services of $18,922. Funding for these expenses will be primarily provided from federal and state funding sources.

Regional Flood Control
At June 30, 2012, the Regional Flood Control fund had construction contractual commitments of $790 and other contractual commitments related to service contracts of $7,196. Funding for these expenditures will be primarily from tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2012, the Regional Wastewater Reclamation Enterprise Fund had construction contractual commitments of $77,916 and other contractual commitments related to service contracts of $30,958. Funding for these expenses will be primarily from Sewer Revenue Obligations and related fees.

Transportation
At June 30, 2012, the Pima County Transportation Department had construction contractual commitments of $37,415 and other contractual commitments related to service contracts of $21,481. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Note 12: Subsequent Event

Sewer System Revenue Obligations – On December 1, 2012 the RWR will issue Series 2012A Obligations in the amount of $150,000 to provide funds for the construction of improvements and extensions to the sewer system of the County.

Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. Payments will be made from user charges received in the Regional Wastewater Reclamation Enterprise Fund.

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APPENDIX D

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, collectively, the 2013A Certificates and the 2013B Certificates.

"2013A Certificates" shall mean $79,915,000* principal amount of Certificates of Participation, Series 2013A, 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.

"2013B Certificates" shall mean $13,045,000* principal amount of Refunding Certificates of Participation, Series 2013B, 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.

"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 2013 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 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.

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* Preliminary, subject to change.

"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 Stated 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.

"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.

"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.

"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 and the Third Amendment and as subsequently amended from time to time.

"Lease Payment" shall mean all payments required to he 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 and the Adult Detention Center.

"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 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 2013 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 2013 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 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.

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 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 Corporation 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 and the Third 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, 2022, 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 default described in 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 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 Untied 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, 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 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, 2023, provided that in no event shall the Ground Lease terminate before the termination of the Lease.

Title to the Public Works 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.

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APPENDIX E

FORM OF SPECIAL COUNSEL OPINION

[Closing Date]

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 $79,915,000* aggregate principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and $13,045,000* aggregate principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 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 and a Third Supplement to Trust Agreement, dated as of May 1, 2013 (collectively, the "Trust Agreement"), between Pima County, Arizona (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, dated as of June 1, 2009, a Second Amendment to Lease-Purchase, dated as of February 1, 2010 and a Third Amendment to Lease-Purchase, dated as of May 1, 2013 (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 proceeding relating to the execution and delivery of the 2013 Certificates, the County Documents, copies of the executed certificate of the first maturity of each series of the 2013 Certificates, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

The 2013 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.

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* Preliminary, subject to change.

3. The 2013 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 2013 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 the Lease Agreement and received by the owners of the 2013 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 (the "Code"), 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 2013 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 2013 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 2013 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 2013 Certificates.

The rights of the owners of the 2013 Certificates and the enforceability of the 2013 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 2013 Certificates has concluded on this date.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$79,915,000*
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION, SERIES 2013A

$13,045,000*
PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B

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 $79,915,000* principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and $13,045,000* principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and together with the 2013A Certificates, 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 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.

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* Preliminary, subject to change.

"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.

"MSRB" means the Municipal Securities Rulemaking Board.

"Listed Event" means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

"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/Final Official Statement. The base CUSIP Number of the Certificates is 721664. The Final Official Statement relating to the Certificates is dated _____, 2013.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, 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.

5. 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.

6. 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 Bond 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.

7. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend the Undertaking, and any provision of the 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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 Management Director

Date: _____, 2013

[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, 2014. 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.

APPENDIX G

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 2013 Certificates. The 2013 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 Bond certificate will be issued for each maturity of the 2013 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 2013 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Certificates on DTC's records. The ownership interest of each actual purchaser of each 2013 Certificate ("Beneficial Owner") is in turn to be recorded on the 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 Certificates are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2013 Certificates, except in the event that use of the book-entry system for the 2013 Certificates is discontinued.

To facilitate subsequent transfers, all 2013 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 2013 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 2013 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013 Certificates are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2013 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of 2013 Certificates may wish to ascertain that the nominee holding the 2013 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 2013 Certificates unless authorized by a Direct Participant in accordance with DTC's 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 2013 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2013 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 Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2013 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, Bond 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, Bond 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 2013 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 2013 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 2013 CERTIFICATES; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2013 CERTIFICATES; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the 2013 Certificates, as nominee for DTC, references herein to "Owner" or registered owners of the 2013 Certificates (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2013 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.

So long as Cede & Co. is the registered Owner of the 2013 Certificates, as nominee for DTC, references herein to "Owner" or registered owners of the 2013 Certificates (other than under the captions "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2013 Certificates.

When reference is made herein 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.

$80,175,000
CERTIFICATES OF PARTICIPATION,
SERIES 2013A
Evidencing a Proportionate
Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

$12,705,000
REFUNDING CERTIFICATES
OF PARTICIPATION,
SERIES 2013B
Evidencing a Proportionate
Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

CERTIFICATE PURCHASE CONTRACT

May 7, 2013

Pima County, Arizona
130 West Congress Street
Tucson, Arizona 85701

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

The undersigned, on behalf of RBC Capital Markets, LLC (the "Underwriter"), offers to enter into this Certificate Purchase Contract (this "Contract") with Pima County, Arizona (the "County"), and U.S. Bank National Association, as trustee (including, as applicable, in its capacity as "Lessor" as hereinafter described, the "Trustee"), which, upon written acceptance of this offer, will be binding upon the County, the Trustee and the Underwriter. This offer is made subject to written acceptance hereof by the County and the Trustee before 11:59 p.m., Mountain Standard Time, on the date indicated above, and,

if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the County and the Trustee at any time prior to the acceptance hereof. Unless the context otherwise indicates, any capitalized term not defined in this Contract shall have the meaning assigned to it in the Trust Agreement described in Section 1 hereof or in the Official Statement described in Section 3 hereof.

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 the Trustee to execute, sell and deliver to the Underwriter all, of the $80,175,000 principal amount of Certificates of Participation, Series 2013A and $12,705,000 principal amount of Refunding Certificates of Participation, Series 2013B (both series together, the "Certificates") evidencing proportionate ownership interests in the Lease Payments to be made by the County.

(b) Inasmuch as this purchase and sale represents a negotiated transaction, (i) the transaction contemplated by this Contract is an "arm's length," commercial transaction between the County and the Underwriter in which the Underwriter is acting solely on its behalf, not as agent but as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the County; (ii) the Underwriter 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 Underwriter is acting solely in its capacity as underwriter for its own account; (iv) the only obligations the Underwriter has to the County or the Trustee with respect to the transaction contemplated hereby expressly are set forth in this Contract and (v) the County has consulted its own legal, accounting, tax and other advisors, as applicable, to the extent deemed appropriate.

(c) The principal amount of the Certificates to be issued, the dated date thereof and the maturities, extraordinary redemption provisions and interest rates 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, and a Third Supplement to Trust Agreement, to be dated as of May 1, 2013 (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 adopted on September 11, 2012, as amended on December 18, 2012 (as so amended, the "Resolution"). The proceeds of the sale of the Certificates will be used as provided in the Trust Agreement.

(e) The purchase price of the Certificates shall be $98,407,019.60. The purchase price represents the aggregate of: (1) the aggregate par amount of the Certificates of $92,880,000.00; (2) plus the original issue premium on the Certificates of $6,167,891.60 and less the compensation of the Underwriter of $640,872.00. Based on the initial offering prices to the public of the Certificates as reflected on the inside cover page of the Final Official Statement (as hereafter defined), the Underwriter anticipates receiving compensation of $640,872.00. The Underwriter shall also be reimbursed for its expenses as set forth in Section 9 of this Contract.

(f) 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, and a Third Amendment to Lease Agreement, to be dated as of May 1, 2013 (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.

2. Public Offering. The Underwriter shall make a *bona fide* public offering of all of the Certificates at a price not to exceed the public offering prices or yields set forth on the inside cover page of the Final Official Statement and may subsequently change such offering prices or 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 prices lower or yields higher than the public offering prices or yields stated on the cover of the Final Official Statement.

3. The Official Statement.

(a) The Certificates shall be offered for sale pursuant to a final Official Statement, dated the date hereof (the "Final Official Statement"), with respect to the Certificates. On behalf of the County and for purposes of the hereinafter described Rule, the Preliminary Official Statement, dated April 26, 2013 (the "Preliminary Official Statement"), with respect to the Certificates, was prepared for use in connection with the public offering, sale and distribution of the Certificates by the Underwriter and is "deemed final" as of its date, except for the omission of such information permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The County ratifies, approves and confirms in all respects the use of the Preliminary Official Statement in connection with the public offering and sale of the Certificates. Collectively, the Final Official Statement and the

Preliminary Official Statement are hereinafter called the "Official Statement."

(b) The County authorizes the Final 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 Final 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.

(c) If, after the date of this Contract to and including the date the Underwriter is no longer required to provide the Final 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 Final Official Statement is available to any person from the Municipal Securities Rulemaking Board, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Certificates), if the County becomes aware of any fact or event which might or would cause the Final 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 Final 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 Final 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 Final Official Statement so that the statements in the Final 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 Final Official Statement will comply with law. (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 date of the Closing.) If such notification shall be subsequent to the hereinafter described 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 Final Official Statement.

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 a political subdivision of the State of Arizona (the "State") duly created, organized and existing under the laws of the State and has full legal right, power and authority and at the date of the Closing will have full legal right, power and authority (i) to enter into and execute and deliver the Resolution, the Trust Agreement, the Lease, a Ground Lease, dated as of June 1, 2008 (the "Ground Lease"), by and between the County and the Trustee, this Contract and the Undertaking (as defined in Section 7(j)(2) hereof) (such documents referred to in this clause (i) hereinafter collectively referred to as the "County Documents"), (ii) to approve, execute and authorize the use and distribution of the Official Statement and (iii) to carry out and consummate file transactions contemplated by the County Documents and the Official Statement, and the County has complied, and will at the date of the Closing 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 will 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; 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 Resolution 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 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 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) Except as otherwise disclosed in the Official Statement, 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 overtly 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 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 issuance 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.

(g) 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.

(h) Unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Contract, at all times subsequent to the acceptance of the County hereof during the period up to and including the date of the Closing, the Official Statement (excluding information under the headings "TAX MATTERS," "RATINGS" and "UNDERWRITING" and in Appendix G) 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.

(i) If the Official Statement is supplemented or amended pursuant to paragraph (c) 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 date of the Closing, 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.

(j) 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.

(k) 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.

(l) The financial statements of, and other financial information regarding, the County in the Official Statement (i) 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 accounting principles ("GAAP") and (ii) have been prepared in accordance with GAAP consistently applied throughout the periods covered (except as otherwise disclosed in the notes to such financial statements).

(m) Except as otherwise disclosed in the Official Statement, since June 30, 2012, 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 is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business.

(n) Prior to the Closing, and to the extent this provision would otherwise be enforceable pursuant to applicable law, 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.

(o) The County is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which has or could be expected to have a material adverse effect on the financial condition or operations of the County, except as described in the Official Statement.

(p) Except as disclosed in the Official Statement, the County is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the County, would have a materially adverse effect on the financial condition of the County or on the Leased Property, and except as disclosed in the Official Statement, the County is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which has or could be expected to have a material adverse effect on the financial condition, operations or prospects of the County or the ability of the County to comply with all the requirements set forth in the Official Statement, the Resolution or the County Documents.

(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 the County 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 date of the Closing.

(s) The County shall execute and deliver prior to Closing, and in time for the Closing to occur at its specified time, the documents required to cause the Certificates to be eligible for deposit with DTC (as hereinafter defined) or other securities depositories.

(t) 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. Representations of the Trustee/Lessor. The Trustee (including in its capacity as the Lessor) represents and warrants to and covenants with, as applicable, the Underwriter that:

(a) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America and has full power and authority to (i) acquire and hold title to the Leased Property and (ii) execute and deliver and perform its obligations under this Contract, the Certificates, the Lease, the Ground Lease and the Trust Agreement (such documents referred to in this clause (ii) 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.

(b) The Trustee has by proper corporate action duly authorized (i) the acquisition of title to the Leased Property and (ii) the execution and delivery of, and the due performance of its obligations under the Trustee Documents.

(c) 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.

(d) 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 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.

(e) The execution and delivery by the Trustee of the Trustee Documents and the compliance by the Trustee with the provisions hereof and 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.

(f) There is no litigation, action, suit or proceeding pending or threatened by or before any court, administrative agency, arbitrator or governmental body that challenges (i) the authority of the Trustee, its officers or its employees to acquire the Leased Property, (ii) the proper authorization, execution and delivery of the Trustee Documents, (iii) the assignment of its rights under the Lease, or (iv) the ability of the Trustee to otherwise perform its obligations under the Trustee Documents and to carry out the transactions contemplated hereby and thereby.

(g) The representations and warranties of the Trustee set forth in the Trustee Documents are, and as of the date of the Closing will be, true, accurate and complete.

6. Closing. At 8:00 a.m., Mountain Standard Time, on May 22, 2013, or at such other time and date as may be mutually agreed upon, the County will cause to be delivered to the Underwriter (the "Closing") through the facilities of The Depository Trust Corporation, New York, New York ("DTC"), or at such other place as may be mutually agreed upon, the Certificates in definitive form (all of the Certificates to be printed, duly executed, in the form of one Certificate per maturity representing the full amount of such maturity, and bearing CUSIP numbers (provided, however, that lack of said CUSIP numbers shall not relieve the Underwriter from its obligations under this Contract to purchase the Certificates)), together with the other documents hereinafter mentioned. The Underwriter will accept such delivery and pay the purchase price therefor by check or by wire transfer or other funds which are immediately available funds on the

date of the Closing payable to the Trustee on behalf of the County. The Certificates will be made available for checking at DTC or some other mutually agreeable place two business days prior to the Closing and will be delivered as registered Certificates in the name of Cade & Co., as the nominee of DTC.

7. Closing Conditions. The Underwriter has entered into this Contract in reliance upon the representations, warranties and agreements of the County and the Trustee 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 date of the Closing. 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 and the Trustee contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing.

(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 it prior to or at the date of the Closing.

(c) At the time of the Closing, (i) the County 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 Final 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 for the Underwriter (as hereinafter defined) 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.

(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 Final 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 Final Official Statement.

(f) At the date of the Closing, 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 and the Resolution, 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 Final Official Statement, and each supplement or amendment thereto, if any;

(2) A Continuing Disclosure Undertaking of the County (the "Undertaking") which satisfies the requirements of section (b)(5)(i) of the Rule and which is substantially in the form set forth in the Preliminary Official Statement with such changes as may be agreed to in writing by the Underwriter;

(3) The approving opinion of Special Counsel with respect to the Certificates, in substantially the form attached to the Preliminary Official Statement and a letter from Special Counsel, dated the date of the Closing and addressed to the Underwriter, permitting the Underwriter to rely upon such opinion of Special Counsel as well as all other opinions delivered by Special Counsel to the Trustee in connection with the execution and delivery of the Certificates;

(4) A supplemental opinion of Special Counsel dated the date of the Closing and 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 statements and information contained in the Final Official Statement on the cover page thereof, under the headings entitled "INTRODUCTORY STATEMENT," "THE 2013 CERTIFICATES," "PLAN OF FINANCE - 2013A Certificates" and "- 2013B Certificates," "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 C, D and E thereto, insofar as such statements and information summarize 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 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 that 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 date of the Closing and addressed to the Underwriter and Special Counsel, substantially in the forms attached hereto as the Exhibit hereto;

(6) An opinion of Greenberg Traurig, LLP, "Counsel for the Underwriter," dated the date of the Closing and addressed to the Underwriter, in such form satisfactory to the Underwriter;

(7) A certificate, dated the date of the Closing, of appropriate representatives of the County to the effect that, to the best knowledge, information and belief of those executing the certificate, (i) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (ii) except as otherwise described in the Final 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 as Appendix F to the Preliminary Official Statement and the Final Official Statement were true and correct as of June 30, 2012, and the other financial statements and other financial statistical data included in the Preliminary Official Statement and the Final Official Statement are true and correct as of the date of such certificate and (v) no event affecting the County has occurred since the date of the Final Official

Statement which should be disclosed in the Final 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 Final 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 Final Official Statement, did not, and, as of the date of the Closing, 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 date of the Closing, 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 date of the Closing, 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 issuance thereunder of the Certificates.

(10) Evidence satisfactory to the Underwriter that the Certificates have been rated "A+" and "AA-" by Standard & Poor's Financial Services LLC and Fitch Ratings, respectively, and that both such ratings are in effect as of the date of the Closing (collectively, the "Ratings").

(11) A certificate or certificates, dated the date of the Closing, of an authorized officer of the Trustee that (i) the representations and warranties of the Trustee contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (ii) that the Trustee has full power and authority to (A) exercise corporate trust powers in the State, (B) execute and deliver the Certificates and (C) execute and deliver, or acknowledge, as the case may be, and to perform its obligations under, the Trustee Documents; (iii) that the Trustee has by proper corporate action duly authorized the execution and delivery, or acknowledgement, 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; and (iv) that the execution and delivery, or acknowledgement, of the Trustee Documents by the Trustee and its compliance with terms thereof does not contravene any provision of any order, decree, writ or injunction known to the Trustee, or the Articles of Association or Bylaws of the Trustee, or result in breach of or default under, or require consent under any agreement, indenture or other instrument to which the Trustee is a patty or by which it is bound.

(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) Specimen Certificates.

(15) Evidence of insurance or Qualified Self-Insurance required by the Lease to be maintained on the Leased Property.

(16) 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 date of the Closing, 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 date of the Closing 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 or the Trustee 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 and the Trustee shall not be under any further obligation hereunder, except that the respective obligations of the Underwriter set forth in Section 9(c) hereof shall continue in full force and effect.

8. 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 Department 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 and 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 tact 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) or the rating of the Insurer or

(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.

9. Expenses.

(a) The County will pay, but solely from the proceeds of the Certificates, (i) the cost of the preparation, printing and distribution of the Preliminary Official Statement and the Final Official Statement (including any amendments or supplements thereto); (ii) the cost of preparation, printing and signing of the Certificates and the costs of depositing the Certificates with DTC; (iii) the fees and disbursements of Special Counsel, counsel to the Trustee and Counsel for the Underwriter; (iv) the initial fees and disbursements of U.S. Bank National Association, as the Trustee and the lessor pursuant to the Lease, provided, however, that the County shall be responsible for all other fees and disbursements of the Trustee and such lessor; (v) fees and expenses incurred by the County or the Underwriter for the Ratings and (vi) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses incurred by the Underwriter in connection with the issuance of the Certificates.

(b) The Underwriter will pay (i) all advertising expenses in connection with the public offering of the Certificates and (ii) except as provided above, 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 unreasonable 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 for the Underwriter) reasonably incurred by the Underwriter in connection with this Contract or the offering contemplated hereunder from any source legally available to it for such purpose.

(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.

10. Cancellation. To the extent applicable by provision of law, all parties acknowledge that this Contract is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein.

11. 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

12. Parties in Interest. This Contract as heretofore specified shall constitute the entire agreement among 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 and the Trustee 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.

13. 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.

14. Choice of Law. This Contract shall be governed by and construed in accordance with the law of the State.

15. 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.

16. Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

17. 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.

18. 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.

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 at ..2:45 P..M. Mountain
Standard Time this .7th day of
.May, 2013

PIMA COUNTY, ARIZONA

By.....
Name: Thomas Burke
Title: Finance and Risk Management Director

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By.....
Its: Assistant Vice President.....

330398506.3-5/2/2013

Schedule to

Certificate Purchase Contract

$80,175,000 CERTIFICATES OF PARTICIPATION, SERIES 2013A Evidencing a Proportionate Interest of Owners thereof in Lease Payments to be Made by PIMA COUNTY, ARIZONA, As Lessee	$12,705,000 REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B 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

Maturity (December 1)	Principal Amounts Maturing	Interest Rates	Yield
	Series 2013A Certificates		
2013	$34,645,000	1.50%	0.21%
2014	21,335,000	2.00	0.44
2015	6,790,000	5.00	0.56
2016	2,045,000	5.00	0.79
2017	2,210,000	5.00	1.05
2018	2,690,000	5.00	1.36
2019	2,880,000	5.00	1.71
2020	2,265,000	5.00	1.96
2021	2,540,000	5.00	2.22
2022	2,775,000	5.00	2.43
	Series 2013B Certificates		
2013	$2,330,000	1.50%	0.25%
2014	2,420,000	3.00	0.48
2015	2,520,000	5.00	0.56
2016	2,650,000	5.00	0.79
2017	2,785,000	5.00	1.05

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 A

FORM OF OPINION OF PIMA COUNTY ATTORNEY'S OFFICE

[Date of the Closing]

RBC Capital Markets, LLC
Phoenix, Arizona

Re: Pima County, Arizona Certificates of Participation, Series 2013A and Refunding Certificates of Participation, Series 2013B

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, and a Third Amendment to Lease Agreement, dated as of May 1, 2013 (as so amended, the "Lease-Purchase Agreement"), between the County, as lessee, and U.S. Bank National Association, as lessor (the "Lessor"); a Ground Lease, dated as of June 1, 2008 (the "Ground Lease"), between the County and the 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, and a Third Supplement to Trust Agreement, dated as of May 1, 2013 (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 hereof (the "Certificate Purchase Contract"), among the County, the Trustee and RBC Capital Markets, LLC. The Lease-Purchase Agreement, the Ground Lease, 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 September 11, 2012, as amended on December 18, 2012 (as so amended, the "Authorizing Resolution"). We have examined the transcript of proceedings relating to the execution and delivery of the Lease-Purchase Agreement, the Ground Lease, 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 Ground Lease, the Trust Agreement, the Undertaking, the Depository Trust Agreement and the Certificate Purchase Contract, that:

1. The authorization, approval and execution of the Lease-Purchase Agreement, the Ground Lease, the Trust Agreement, the Undertaking and 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 Ground Lease, 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 Ground Lease, 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 Ground Lease, 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 Ground Lease, 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 Ground Lease, 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 Ground Lease, 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 Sanders (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 related 2013 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 2013 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 tax aspects, see "TAX MATTERS" herein.

PIMA COUNTY, ARIZONA

$80,175,000
CERTIFICATES OF PARTICIPATION, SERIES 2013A
Evidencing a Proportionate Interest of Owners thereof in Lease Payments to be Made by PIMA COUNTY, ARIZONA, As Lessee

$12,705,000
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B
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**

The securities being offered hereby consist of Certificates of Participation, Series 2013A (the "2013A Certificates") and Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 Certificates") 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, and a Third Amendment to Lease-Purchase Agreement, to be dated as of May 1, 2013 (the original as so amended and 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, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2013 Certificates are being executed and delivered under 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, and a Third Supplement to Trust Agreement, to be dated as of May 1, 2013 (the original as so supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County. Initially, the 2013 Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2013 Certificates. Purchases of beneficial interests in the 2013 Certificates will be made in book-entry-only form in amounts of $5,000 of principal of a series maturing on a specified date or any integral multiple thereof. Purchasers will not receive certificates representing the ownership interest in the 2013 Certificates purchased by them. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

Interest represented by the 2013 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, 2013, until maturity or prior redemption, and principal with respect to the 2013 Certificates will be payable annually in accordance with the schedule set forth on the inside front cover. So long as the 2013 Certificates are registered in the name of DTC, or its nominee, payments of the principal and interest with respect to the 2013 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 2013 Certificates, as described herein.

The 2013 Certificates will not be subject to optional redemption, but will be subject to extraordinary redemption prior to maturity as more fully described herein. See "THE 2013 CERTIFICATES - Redemption Provisions" herein.

The 2013 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County, (ii) refund the Certificates to be Refunded (as defined herein), and (iii) pay costs associated with the execution and delivery of the 2013 Certificates. See "PLAN OF FINANCE" herein.

The 2013 Certificates, together with $16,225,000 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 2013 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 2013 Certificates are offered when, as and if certain conditions are satisfied and subject to the legal opinion of Squire Sanders (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 2013 Certificates will be available for delivery through the facilities of DTC, on or about May 22, 2013.

RBC CAPITAL MARKETS

May 7, 2013

$80,175,000
CERTIFICATES OF PARTICIPATION,
SERIES 2013A
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)
2013	$34,645,000	1.500%	0.210%	DB3
2014	21,335,000	2.000%	0.440%	DC1
2015	6,790,000	5.000%	0.560%	DD9
2016	2,045,000	5.000%	0.790%	DE7
2017	2,210,000	5.000%	1.050%	DF4
2018	2,690,000	5.000%	1.360%	DG2
2019	2,880,000	5.000%	1.710%	DH0
2020	2,265,000	5.000%	1.960%	DJ6
2021	2,540,000	5.000%	2.220%	DK3
2022	2,775,000	5.000%	2.430%	DL1

$12,705,000
REFUNDING CERTIFICATES OF
PARTICIPATION, SERIES 2013B
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)
2013	$2,330,000	1.500%	0.250%	DM9
2014	2,420,000	3.000%	0.480%	DN7
2015	2,520,000	5.000%	0.560%	DP2
2016	2,650,000	5.000%	0.790%	DQ0
2017	2,785,000	5.000%	1.050%	DR8

(a) Copyright 2013, American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for information only. None of the County, the Underwriter or their counsel takes responsibility for the accuracy of such numbers.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ray Carroll

Ally Miller

Richard Elías

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C.H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

SPECIAL COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

TRUSTEE

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page, the inside cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the 2013 Certificates identified on the cover 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 2013 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 2013 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 2013 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 2013 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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PIMA COUNTY, ARIZONA

$80,175,000
CERTIFICATES OF PARTICIPATION, SERIES 2013A
Evidencing a Proportionate Interest of Owners thereof in
Lease Payments to be Made by
PIMA COUNTY, ARIZONA, As Lessee

$12,705,000
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B
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 $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, together with the 2013A Certificates, the "2013 Certificates").

Certain capitalized terms used herein but not defined elsewhere are defined under "SUMMARY OF LEGAL DOCUMENTS - Certain Definitions" in Appendix D hereto.

The 2013 Certificates, together with $16,225,000 outstanding principal amount of Certificates of Participation, Series 2010 (the "2010 Certificates") and any Additional Certificates (hereafter defined) 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 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 a Third Amendment to Lease-Purchase Agreement, to be dated as of May 1, 2013 (the "Third Amendment" and, together with the Original Lease-Purchase Agreement, the First Amendment, the Second Amendment, and as subsequently amended, the "Lease"), between U.S. Bank National Association, as trustee under the Trust Agreement, as lessor (the "Trustee"), and Pima County, Arizona, as lessee (the "County"). 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, the legal services building of the County, a 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, 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 parking garage portion of the Leased Property (the "Ground Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2013 Certificates are being executed and delivered under 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 a Third Supplement to Trust Agreement, to be dated as of May 1, 2013 (the "Third Supplement" and, together with the Original Trust Agreement, the First Supplement, the Second Supplement, and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County.

The 2013 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County, (ii) refund the Certificates to be Refunded (as described below under "PLAN OF FINANCE"), previously executed and delivered pursuant to a Trust Agreement, dated as of February 1, 1997 (as thereafter supplemented, the "1997 Trust Agreement") between the County and U.S. Bank National Association, as trustee thereunder (in such capacity, the "1997 Trustee"), and (iii) pay costs associated with the execution and delivery of the 2013 Certificates. See "PLAN OF FINANCE" herein. Fee title to the Sellable Leased Property will

be held by the Trustee and, a ground leasehold interest pursuant to a Ground Lease, dated as of June 1, 2008 (the "Ground Lease"), between the County and the Trustee has been transferred to 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 a portion of 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 primarily consist of expansion and upgrades to the County's sewer system facilities and fleet services facilities, but may include other capital project purposes. See "PLAN OF FINANCE – The Improvements" herein. None of the Improvements will be part of the Leased Property.

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 2013 Certificates, from funds available under the Trust Agreement or 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 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 (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 2013 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 2013 Certificates will be made only to beneficial owners, through participants in the DTC system. Beneficial interests in the 2013 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 2013 CERTIFICATES - Redemption Provisions – *Extraordinary Redemption*" herein and "SUMMARY OF LEGAL DOCUMENTS – LEASE – Insurance" in Appendix D hereto.

This Official Statement contains descriptions of the 2013 Certificates, the Trust Agreement, the Ground Lease and the Lease. The descriptions of the 2013 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 2013 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 2013 CERTIFICATES

General Provisions

The 2013 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 2013 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, commencing on December 1, 2013 (each, an "Interest Payment Date").

The 2013 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 for DTC. The Trustee shall treat Cede & Co., as the registered Owner, as the absolute owner of the 2013 Certificates for all purposes, including making payments and sending notices. So long as Cede & Co. is the registered Owner of the 2013 Certificates, as nominee for DTC, references herein to "Owners" or registered owners of the 2013 Certificates (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of such 2013 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 2013 Certificate will be payable at the designated office of the Trustee. Interest represented by each 2013 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 2013 Certificates for another form of payment.

Redemption Provisions

No Optional Redemption. The 2013 Certificates will not be subject to optional redemption prior to maturity.

Extraordinary Redemption. The 2013 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 2013 Certificates are called for redemption, the maturities of the 2013 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 2013 Certificates are called for redemption, notice thereof identifying the 2013 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. See Appendix G – "BOOK-ENTRY-ONLY SYSTEM."

All of the 2013 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, interest and redemption premium, if any, of all Outstanding 2013 Certificates when the same becomes due and payable, or (ii) at or before maturity of all Outstanding 2013 Certificates, deposits money or Defeasance Obligations with the Trustee which, together with other available funds, are sufficient to pay the principal, interest and redemption premium, if any, of all Outstanding 2013 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 2013 Certificates will terminate, except for the obligation of the Trustee to make payment on the 2013 Certificates. (See "SUMMARY OF LEGAL DOCUMENTS - TRUST AGREEMENT - Defeasance" in Appendix D hereto.)

PLAN OF FINANCE

2013A Certificates

The proceeds received by the Trustee from the sale of the 2013A 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 2013A Certificates, will be paid by the Trustee to the County to refinance the Trustee's original acquisition of the portion of the Leased Property from the County comprising the below-described Pima County Public Works Building of Leased Property, the Legal Services Building Portion of Leased Property and the Ground Leased Property.

The County intends to use such amounts paid by the Trustee to pay costs of the Improvements described below, none of which is part of the Leased Property.

2013B Certificates

The proceeds received by the Trustee from the sale of the 2013B 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 2013B Certificates, will be used to make a payment to the 1997 Trustee to refund and redeem the following certificates (the "Certificates to be Refunded") and to discharge the 1997 Trust Agreement. In consideration for providing funds for such purpose, the 1997 Trustee will convey to the Trustee fee title to the below-described Adult Detention Center Portion of Leased Property, which will constitute additional Leased Property under the Trust Agreement and the Lease.

Issue (Dated Date)	Refunding Certificates of Participation	Original Principal Amount	Maturity Dates to be Refunded (January 1)	Principal Amount Being Refunded	Redemption Date	Redemption Premium on Bonds Being Refunded	CUSIP (a) (Base No.)
9-1-1999	Series 1999	$4,875,000	2014	$1,220,000	7/1/2013	0.00%	721664
10-1-2003	Series 2003	27,525,000	2014 through 2018	12,335,000	7/1/2013	0.00%	721664

(a) See footnote (a) to the inside cover page.

The Leased Property

The Leased Property consists of the following:

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 Adult Detention Center was the leased security for the Certificates to be Refunded and will be conveyed to the Trustee and added as a part of the Leased Property simultaneously with the execution and delivery of the 2013 Certificates.) 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 lock-up facilities for the County. The County's estimate of the replacement value of the Adult Detention Center is $53.96 million.

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
2012	1,802	2007	2,008
2011	1,640	2006	2,028
2010	1,636	2005	2,009
2009	1,826	2004	1,739
2008	1,913	2003	1,539

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, 2023, but 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.

The County's estimate of the replacement value of the Public Works Building and Parking Garage (excluding the portion leased by the YMCA) is $35.58 million.

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. The County's estimate of the replacement value of the Legal Services Building is $29.69 million.

Pursuant to the Lease, the Trustee will lease back to the County the Leased Property, which does not include the Improvements. Policies of title insurance, in an aggregate amount of $110 million, will be in effect upon execution and delivery of the 2013 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 approximately: (i) $60,000,000 of various projects to expand and improve the County's existing sewer system facilities; (ii) $21,300,000 of various projects for the County's Fleet Services operations; and (iii) $3,000,000 of various projects of the County's Facilities Management Department. 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". **The Improvements are not and will not ever 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 the following sources for making the Lease Payments which are available for such purpose pursuant to annual appropriation by the Board of Supervisors of the County.

- For Lease Payments associated with $60 million of Improvements for various wastewater related projects, monies from the County's Wastewater Enterprise Fund.

- For Lease Payments associated with $21.3 million of Improvements for various Fleet Services operations, monies from the County's Fleet Services Fund, an internal fund of the County comprised of monies deposited to such fund by various departments and agencies of the County for Fleet Services.

- For all other Lease Payments, generally from monies from the County's General Fund.

See "SOURCE OF PAYMENTS OF THE CERTIFICATES" and "SECURITY FOR THE CERTIFICATES."

SOURCES OF PAYMENT OF THE CERTIFICATES

Under the terms of the Trust Agreement, the 2013 Certificates will be payable on a parity with the 2010 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, 2013, 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 - Limitation 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, 2022, 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 Ground 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 Ground 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 - Limitation 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 2013 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 2013 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 2013 Certificates involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective 2013 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 2013 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 Ground 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 Arizona Revised Statutes 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 Financings 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 of Supervisors of the County 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 of Supervisors of the County.

Squire Sanders (US) LLP, Special Counsel with respect to the execution and delivery of the 2013 Certificates ("Special Counsel"), will not render an opinion with respect to the tax-exempt status of payments made to Owners of the 2013 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 2013 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 2013 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 2013 Certificates are Outstanding, there will be no assurance that after such termination 2013 Certificates may be transferred by a 2013 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 Ground Leased Property will be sufficient to pay in full the 2013 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 Ground 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 estimated sources and uses of funds derived from the sale of the 2013 Certificates are as follows:

Sources of Funds	
Par Amount of 2013 Certificates	$92,880,000.00
Premium	6,167,891.60
Total Sources	$99,047,891.60
Uses of Funds	
2013 Acquisition Fund (a)	$84,300,000.00
Redemption of Certificates to be Refunded	13,840,205.00
Costs of Issuance (Including Underwriter's Discount)	907,686.60
Total Uses	$99,047,891.60

(a) This amount will be withdrawn by the County from the Acquisition Fund established under the Trust Agreement upon execution and delivery of the 2013A Certificates. The County will use such amount to pay for the Improvements which are not part of the Leased Property. See "PLAN OF FINANCE – 2013A Certificates" 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.

Certificate Payment Date	Lease Payments on 2010 Certificates	2013 Certificates		Total Lease Payments on Certificates
		Principal	Interest (a)	
06/01/2013	$2,399,241			$2,399,241
12/01/2013	303,266	$36,975,000	$1,397,248	38,675,514
06/01/2014	2,433,266		1,053,400	3,486,666
12/01/2014	265,991	23,755,000	1,053,400	25,074,391
06/01/2015	2,465,991		803,750	3,269,741
12/01/2015	227,491	9,310,000	803,750	10,341,241
06/01/2016	2,507,491		571,000	3,078,491
12/01/2016	167,641	4,695,000	571,000	5,433,641
06/01/2017	2,567,641		453,625	3,021,266
12/01/2017	104,641	4,995,000	453,625	5,553,266
06/01/2018	2,629,641		328,750	2,958,391
12/01/2018	54,141	2,690,000	328,750	3,072,891
06/01/2019	2,679,141		261,500	2,940,641
12/01/2019		2,880,000	261,500	3,141,500
06/01/2020			189,500	189,500
12/01/2020		2,265,000	189,500	2,454,500
06/01/2021			132,875	132,875
12/01/2021		2,540,000	132,875	2,672,875
06/01/2022			69,375	69,375
12/01/2022		2,775,000	69,375	2,844,375

(a) The first interest payment date on the 2013 Certificates is December 1, 2013.

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 2013 Certificates, the Trust Agreement, or the Lease, or in any way contesting or affecting any authority for the execution and delivery of the 2013 Certificates, or the validity of the 2013 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 2013 Certificates, the Trust Agreement, or the Lease or any agreement, document, duty or covenant pertaining thereto.

The County has been cooperating fully with the U.S. Office of the Inspector General ("OIG") and the Inspector General of the Arizona Health Care Cost Containment System ("AHCCCS"), Arizona's Medicaid agency, since discovering that the County improperly billed AHCCCS for administration fees on vaccinations for a period of time beginning in 2005. The improper billing, which was inadvertent, ceased as soon as it was discovered, and the County has been accepted into OIG's Self-Disclosure Protocol program (SDP). Nevertheless, it is anticipated that the County will be required to pay some amount of civil penalties and damages under the state and federal false claims acts (31 U.S.C §§ 3729-3733 and A.R.S. § 36-2918). Federal and state authorities have not yet determined the amount of the penalty. It is anticipated that successful completion under the SDP will significantly mitigate the

amount of penalties assessed against the County and, in the opinion of County management, that such penalties will not be material to the County.

The County has been named as a defendant in several other lawsuits for which appropriate representatives of the County believe either that the County 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 2013 Certificates will be sold with the understanding that the County will furnish the Underwriter with an approving opinion of Squire Sanders (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 2013 Certificates under Arizona law and on the exclusion of the interest portion related to the 2013 Certificates from gross income for purposes of calculating federal income taxes and of the exemption of that interest portion from State of Arizona income taxes. (See "TAX MATTERS" herein.) Fees of Special Counsel will be paid from 2013 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 Sanders (US) LLP, Special Counsel, under existing law: (i) the portion of each Lease Payment made by the County pursuant to the Lease and denominated as and comprised of interest pursuant to the Lease (the "Interest Portion") 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. 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 proposes. 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 2013 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 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 2013 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 Leased Property in a manner that would cause the Lease, if such Leased Property 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 2013 Certificates. After the date of execution and delivery of the 2013 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 2013 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 2013 Certificates. Special Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2013 Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a 2013 Certificates 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 2013 Certificates ends with the execution and delivery of the 2013 Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the owners of the 2013 Certificates regarding the tax status of the Interest Portion 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 2013 Certificates, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the 2013 Certificates 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 2013 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 2013 Certificates.

Prospective purchasers of the 2013 Certificates upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the 2013 Certificates at other than their original issuance, should also 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 2013 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 2013 Certificates will not have an adverse effect on the tax status of the Interest Portion or the market value or marketability of the 2013 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 2013 Certificates should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of the Interest Portion for federal and state income tax purposes for all or certain taxpayers. In such event, the market value of the 2013 Certificates may be adversely affected and the ability of holders to sell their 2013 Certificates in the secondary market may be reduced. The 2013 Certificates are not subject to special mandatory redemption, and the interest rates on the 2013 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 2013 Certificates ("Premium Certificates") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond 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 bond 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 bond 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 cover 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 bond premium properly amortizable in any period with respect to the Premium Certificates and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Financial Services LLC ("S&P") will assign the 2013 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 2013 Certificates.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of holders of the 2013 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, 2014 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices"). The Annual Reports and 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 - "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 - "CONTINUING DISCLOSURE UNDERTAKING."

These covenants have been made in order to assist the underwriters of the 2013 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 2013 Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2013 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 2013 Certificates will be purchased by the Underwriter, at an aggregate purchase price of $98,407,019.60 ("Purchase Price"), pursuant to a certificate purchase contract (the "Certificate Purchase Agreement") entered into by the County, the Trustee and the Underwriter. If the 2013 Certificates are sold to produce the yields shown on the inside front cover, the Underwriter's compensation will be $640,872.00. The Certificate Purchase Agreement will provide that the Underwriter will purchase all of the 2013 Certificates so offered if any are purchased. The Underwriter may offer and sell the 2013 Certificates to certain dealers (including dealers depositing 2013 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

The financial statements of the County as of June 30, 2012, and for its fiscal year then ended, which are included as Appendix C of this Official Statement, have been audited by the Auditor General of the State of Arizona, as stated in their opinion which appears in Appendix C. The County neither requested nor obtained the consent of the Auditor General to include their report and the Auditor General has performed no procedures subsequent to rendering their opinion on the financial statements. The audited financial statements in Appendix C do not cover the most recent fiscal year and, therefore, may not represent the current financial condition of the County.

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 2013 Certificates.

The County has approved and authorized the distribution and use of this Official Statement.

By *\/s/ Ramón Valadez*
Chairman, Board of Supervisors

By *\/s/ C.H. Huckelberry*
County Administrator

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 2012 population of 990,380. 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

	Pima County	City of Tucson	State of Arizona
2012 Estimate (a)	990,380	523,471	6,498,569
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, 2012 (released December 2012) 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 (the "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 Pima 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 of Arizona.

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 360,900 persons were employed, on average (not including the agricultural industry), in the County in 2012. 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 from 2008 through 2010, but has shown signs of stabilizing and growth in 2011 and 2012, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2008-2012

Industry	2008	2009	2010	2011	2012
Goods Producing					
Construction	24,700	18,300	16,800	16,400	16,400
Manufacturing	27,200	25,100	24,000	23,400	23,300
Service Providing					
Trade, Transportation and Utilities	62,700	58,200	56,600	57,700	57,700
Information	5,300	4,700	4,300	4,200	4,300
Financial Activities	17,200	17,500	17,600	18,800	18,900
Professional and Business Services	51,400	47,100	45,700	46,700	48,200
Education and Health Services	57,100	58,500	58,300	59,800	61,000
Leisure and Hospitality	40,400	38,700	38,100	39,100	40,400
Other Services	15,700	14,700	14,300	12,500	12,700
Government	79,800	79,100	78,200	76,800	78,000
Total Wage & Salary Employment	381,500	361,900	353,900	355,400	360,900

Source: U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

The average unemployment rate for the County in 2012 was 7.3%. The average annual unemployment rates for 2011 and 2010 were 8.4% and 9.4%, 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 decreased in 2011 and 2012.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2012	429,167	33,581	7.3%	8.3%	8.1%
2011	426,406	39,207	8.4%	9.4%	8.9%
2010	433,795	45,259	9.4%	10.4%	9.6%
2009	441,966	43,817	9.0%	9.8%	9.3%
2008	446,651	26,725	5.6%	6.0%	5.8%

(a) Data shown in table 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 2012.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
University of Arizona	Higher Education	10,681
Raytheon Missile Systems	Military & Defense	10,500
State of Arizona	Government	9,061
Davis-Monthan Air Force Base	Military & Defense	8,566
Wal-Mart Stores Inc.	Retailers	7,300
Tucson Unified School District	Education	6,674
U.S. Army Intelligence Center and Fort Huachuca	Military & Defense	6,198
Pima County	Government	6,170
U.S. Customs & Border Protection/ U.S. Border Patrol	Government	6,000
The University of Arizona Health Network	Health Care	5,594
Freeport-McMoRan Copper & Gold Inc.	Mining & Agriculture	5,068
Carondelet Health Network	Health Care	4,635
City of Tucson	Government	4,541
Tohono O'odham Nation	Government	4,350
Fry's Food Stores	Restaurants & Food Distribution	3,100
TMC HealthCare	Health Care	2,904
Corrections Corp. of America (CCA)	Other	2,482
Pima Community College	Higher Education	2,386
Asarco LLC	Mining and Agriculture	2,348
Afni Inc.	Call Centers, Business Services & Staffing	2,198

Source: *The Star 200*, The Arizona Daily Star (April 2012).

Non-Governmental Employment

From 2008 through 2010, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. During that time, average non-governmental employment in the County fell by approximately 26,000 jobs, or approximately 8.6%. In 2011 and 2012, employment figures for all categories showed signs of either growth or stabilization, with overall employment up 1.9%, in comparison to the 2010 figures.

The average annual employment in service-providing categories in 2012 was 243,200. 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 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 approximately 78,000 in 2012. The State and Davis-Monthan Air Force Base 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 2,500 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 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, and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircrafts. 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 in 2012 was 23,300, representing 6.5% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since 2008, but has shown signs of stabilization in 2012. Since 2008, average manufacturing employment fell by approximately 3,900 jobs, or approximately 14.3%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2012:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2012 Employment
IBM Corp.*	Manufacturing & Research	1,350
Ventana Medical Systems Inc.	Manufacturing & Research	1,070
Bombardier Aerospace	Aerospace & Aircraft	709
Honeywell Aerospace*	Aerospace & Aircraft	650
B/E Aerospace Inc.	Aerospace & Aircraft	500
Texas Instruments Inc.	Manufacturing & Research	370
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	336
Sargent Aerospace & Defense	Aerospace & Aircraft	275
FLSmidth Krebs	Manufacturing & Research	267
Universal Avionics Systems Corp.	Aerospace & Aircraft	242

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2012).

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. Among the companies operating "twin plants" in Tucson and Nogales are General Electric, Samsonite, Motorola, Acco, Moen Faucets and Masterlock. 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, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 688 convention bookings with 222,102 convention delegates visited the Tucson area in fiscal year 2011-12, the most recent data available. In the Tucson area, the Bureau estimated that there were approximately 197 hotels and resorts with 16,727 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 $1.37 billion in calendar year 2011, a slight increase from tourism-related expenditures in calendar year 2010. In calendar year 2012, tourists in the County spent approximately $1.44 billion, an increase of 5.33% 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 2008 through 2012.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2012	$1,443	$10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871

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 10,681 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 2012 were estimated at 40,223 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 2011-12 was 59,303 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 and Drug Stores, Bashas' Inc., Walgreen Co., Safeway Stores Inc., Home Depot, Albertsons-Osco and Crosstown Traders.

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% (not including a temporary 1.0% tax). 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 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline slowed to 2.20% and in calendar year 2011, retail sales in the County increased by 7.8% from the prior year. As indicated by the following table, retail sales increased by 5.6% in 2012.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
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%)
2008	7,263,583,414	(7.14%)

(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, 2012, there were 18 institutions with 193 offices in the County, with a deposit balance of approximately $12.152 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2012	$12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000
2008	11,215,000,000

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 2,100 in 2012.

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. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

TABLE 9
Cash Receipts From Agricultural Marketing
(Total Crops and Livestock)
Pima County

Year	Receipts
2011	$89,334,000
2010	71,595,000
2009	62,422,000
2008	71,663,000
2007	73,400,000

Source: *Arizona Agricultural Statistics,* September 2012.

APPENDIX B

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 Constitution 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 2012-13 fiscal year is $516,422,727. The County's expenditures for the 2012-13 fiscal year are anticipated to be under the limit. The County's 2013-14 fiscal year expenditure limitation is $527,442,812, and the County anticipates that its expenditures for such year will be under 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 beginning in 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 taxable value of property 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. The legislature has enacted, and, as of April 5, 2013, the Governor has signed into law S1169, which makes statutory changes necessary to implement this voter-approved constitutional amendment. S1169 will become effective 90 days after the legislature adjourns the current legislative session, unless a sufficient petition seeking referendum of such legislation is submitted. The date of adjournment is unknown at this time. Other statutory changes may be enacted in the future.

The information which follows under the heading "Ad Valorem Taxes" summarizes the assessment, levy and collection process as it currently exists.

General

Arizona (the "State" or "Arizona") property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting primarily of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the limited full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts. The County does not currently levy its primary tax to the maximum allowed under the law.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are unlimited.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owner's 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 valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2009 through 2013 for each class of property are set forth below.

Property Tax Assessment Ratios
2009 through 2013

Property Classification (a)	2009	2010	2011	2012	2013
Mining, Utility, Commercial and Industrial (b)	22.0%	21.0%	20.0%	20.0%	19.5%
Agriculture and Vacant Land (b)	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 (c)	18.0%	17.0%	17.0%	15.0%	15.0%

(a) Additional classes of property exist, but seldom amount to a significant portion of a governmental entity's total valuation.

(b) For each of the tax years 2011, 2012 and 2013, full cash values up to $67,268, $68,079 and $133,868, respectively, on commercial, industrial and agricultural personal property are 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. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20.0% thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18.0% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15.0% 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.

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

From time to time, bills have been introduced in the Arizona Legislature to reduce the property tax assessment ratios on various classes of property and such bills may be introduced in the current or future legislative sessions. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County.

Delinquent Tax Procedures

The property taxes due to the County are billed, along with State and other taxes, ordinarily in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month unless the full year's taxes are paid by December 31. After the close of the tax collection period, the County Treasurer 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 tax lien is reoffered for sale from time to time until such time as the taxes, penalties and interest put on the lien is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

It should be noted that 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 be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest 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 a 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 the 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 would be stayed pursuant to the Bankruptcy Code.

While the 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 a 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 post bankruptcy petition tax collections becomes uncertain.

Property Valuations

The following table lists various property valuations for the County for the current fiscal year and preliminary valuations for fiscal year 2013-14, which reflect a decline in valuation as shown.

Valuations for 2012-13 Fiscal Year

Estimated Actual Valuation (a)	$67,389,331,666
Net Secondary Assessed Valuation	8,171,211,922
Net Primary Assessed Valuation	8,073,937,734

Estimated Valuations for 2013-14 Fiscal Year (b)

Net Secondary Assessed Valuation	$7,623,691,280
Net Primary Assessed Valuation	7,559,235,262

(a) Actual full cash value net of estimated value of property exempt from taxation.
(b) Estimated valuations for the 2013-14 fiscal year provided by the Pima County Assessor. Valuations for the 2013-14 fiscal year are not official until approved by the Board of Supervisors on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors.

Source: *2012 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2012 Abstract of the Assessment Roll*, Arizona Department of Revenue; and *2013 Planning Abstract of Values*, Pima County Department of Finance and Risk Management, Budget Division.

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

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation (a)	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
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%
2008-09	9,594,861,519	79,245,821,370	12.11%

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *Abstract of the Assessment Roll*, Arizona Department of Revenue; *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
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%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%

Source: *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	2012-13 Net Secondary Assessed Valuation	As Percent of County's 2012-13 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$179,262,189	2.19%
Phelps Dodge Corporation	Mining	142,418,548	1.74%
Asarco Incorporated	Mining	83,778,094	1.03%
Southwest Gas Corporation	Utility	61,718,147	0.76%
Qwest Corporation	Telecommunications	53,224,503	0.65%
Trico Electric Co-Op Incorporated	Utility	22,132,791	0.27%
DND Neffson Company	Shopping Mall	17,998,093	0.22%
Northwest Hospital LLC	Healthcare	17,723,236	0.22%
Wal-Mart Stores Incorporated	Retail	15,580,807	0.19%
Verizon Wireless	Telecommunications	14,290,781	0.17%
		$608,127,189	7.44%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. 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 to 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 six 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
2012-13	$324,785,757	(c)	(c)	$182,384,915	56.16%
2011-12	335,466,625	$323,013,333	96.29%	334,920,700	99.84
2010-11	352,275,617	335,747,500	95.31	346,920,223	98.48
2009-10	353,593,620	338,592,132	95.76	351,788,227	99.44
2008-09	322,901,974	309,375,563	95.81	321,859,597	99.66
2007-08	305,699,225	294,220,625	96.25	304,703,860	99.67

(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 the first day of October 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 becomes due the first day of March and is 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 March 31, 2013 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
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
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674

Source: *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 2012-13)	**$8,171,211,922**
15% Constitutional Limitation	1,225,681,788
Net Direct General Obligation Bonds Outstanding	456,145,000
Unused 15% Limitation	$ 769,536,788

General Obligation Bonded Debt Outstanding (a)

The following chart lists the outstanding general obligation bonded debt of the County.

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Balance Outstanding
01-15-03	$50,000,000	Various Improvements	7-1-03/13	3.900%	$ 3,750,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	32,660,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	35,635,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	62,295,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	71,250,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	38,000,000
12-02-09	113,535,000	Various Improvements/ Refunding	7-1-10/24	3.579%	84,255,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	52,075,000
06-13-12	76,225,000	Various Improvements/ Refunding	7-1-13/27	3.311%	76,225,000
Total General Obligation Bonded Debt Outstanding					$ 456,145,000

(a) Does not include approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 pursuant to a separate official statement.

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	
2013	$49,175,000	$16,974,169	$66,149,169
2014	41,775,000	15,360,956	57,135,956
2015	37,015,000	13,886,156	50,901,156
2016	38,045,000	12,560,288	50,605,288
2017	39,710,000	11,207,081	50,917,081
2018	37,410,000	9,734,606	47,144,606
2019	40,745,000	8,330,231	49,075,231
2020	38,940,000	6,855,344	45,795,344
2021	35,275,000	5,439,619	40,714,619
2022	36,735,000	4,097,519	40,832,519
2023	24,525,000	2,607,019	27,132,019
2024	15,480,000	1,573,613	17,053,613
2025	8,355,000	912,063	9,267,063
2026	8,735,000	533,413	9,268,413
2027	4,225,000	137,313	4,362,313

(a) Does not include approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 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	2012-13 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	$56,271,814,583	None	100%	None	$0.0000
Pima County	**8,171,211,922**	**$456,145,000(h)**	**100%**	**$456,145,000(h)**	**5.1602 (b)**
Pima County Flood Control District (c)	7,244,629,122	None	100%	None	0.2635
Elementary School Districts	366,458,665	16,000,000	100%	16,000,000	2.0607 (d)
Unified School Districts	7,785,454,018	601,650,000	100%	601,650,000	6.2713 (d)
Cities and Towns	4,629,486,505	209,071,010	100%	209,071,010	0.9362 (d)
Pima County Community College District	8,171,211,922	3,280,000	100%	3,280,000	1.1741
Total				$1,286,146,010	

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Jurisdiction	2012-13 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$56,271,814,583	None	None
Pima County	8,171,211,922	$456,145,000(h)	$5.1602 (b)
Pima County Flood Control District (c)	7,244,629,122	None	0.2635
Pima County Community College District	8,171,211,922	3,280,000	1.1741
Elementary School Districts:			
San Fernando ESD #35	1,521,446	None	4.0331
Empire ESD #37	8,049,979	None	1.2484
Continental ESD #39	320,207,916	16,000,000	1.5729
Redington ESD #44	1,398,244	None	5.9198
Altar Valley ESD #51	35,281,080	None	6.4355
Unified School Districts:			
Tucson USD #1	3,264,316,779	270,675,000	7.3187
Marana USD #6	766,417,621	46,245,000	5.5863
Flowing Wells USD #8	208,197,581	22,370,000	5.9778
Amphitheater USD #10	1,482,678,329	83,035,000	5.5539
Sunnyside USD #12	447,030,726	42,840,000	6.3154
Tanque Verde USD #13	184,878,059	13,370,000	4.1538
Ajo USD #15	20,065,919	None	3.5338
Catalina Foothills USD #16	585,344,020	30,345,000	4.7472
Vail USD #20	452,490,744	47,605,000	5.9120
Sahuarita USD #30	372,866,553	45,165,000	5.5183
Indian Oasis Baboquivari USD #40	1,167,687	None	0.0000
Cities and Towns:			
City of Tucson	3,377,401,416	209,071,010	1.2639
City of South Tucson	23,716,054	None	2.7640
Town of Marana	435,484,019	None	0.0000
Town of Oro Valley	592,761,968	None	0.0000
Town of Sahuarita	200,123,048	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 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the

entire 50-year repayment period, which commenced October l, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) 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 $0.4717, the $0.3460 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0447 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.

Jurisdiction	Authorized But Unissued General Obligation Bonds
Pima County	$28,681,000 (1)
Amphitheater Unified School District No. 10	81,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Marana Unified School District No. 6	16,825000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	52,650,000

(1) Net of approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 pursuant to a separate official statement.

(g) Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.

(h) Does not include approximately $50 million in principal amount of new money General Obligation Bonds the County plans to issue prior to the end of fiscal year 2013 pursuant to a separate official statement.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

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.

		As Percent of County's 2012-13	
	Per Capita Net Debt (Pop. @ 990,380) (a)	**Secondary Assessed Valuation ($8,171,211,922)**	**Est. Actual Valuation ($67,389,331,666)**
Net Direct General Obligation Bonded Debt ($456,145,000)	$ 460.58	5.58%	0.68%
Net Direct and Overlapping General Obligation Bonded Debt ($1,286,146,010)	$1,298.64	15.74%	1.91%

(a) Source: U.S. Census Bureau.

Street and Highway Revenue Bonded Debt Outstanding

The following chart indicates the outstanding street and highway bonds of the County.

Date of Issue	Original Amount	Purpose	Maturity Dates	Remaining Balance Outstanding
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/13	$2,670,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	36,865,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	17,770,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,400,000
12-02-09	23,420,000	Street & Highway Improvements/ Refunding	7-1-13/24	23,420,000
05-30-12	32,945,000	Street & Highway Improvements/ Refunding	7-1-13/27	32,945,000
Total Street and Highway Revenue Bonds Outstanding				$138,070,000

Sewer Revenue Debt Outstanding

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	Remaining Maturity Dates	Balance Outstanding
05-01-04	$25,770,000	Refunding	7-1-05/15	$10,405,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	14,542,414
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	38,770,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	73,580,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	16,715,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	6,626,732
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	165,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	29,840,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/16	183,935,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	128,795,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$668,209,146

(a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").

(b) 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 two lease purchase agreements outstanding. The County department benefited by the agreement and the scheduled payments on the agreement over the past five fiscal years appears below.

	Fiscal Year (in Thousands)				
County Department	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Clerk of Superior Court	$82	$131	$111	$37	-
Environmental Quality	-	-	-	-	$298
Fiscal Year Total	$82	$131	$111	$37	$298

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

The following table indicates the outstanding and to be outstanding certificates of participation of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 1,220,000
10-01-03	27,525,000	Refunding	1-1-05/18	12,335,000
05-01-07	30,320,000	New Money	7-1-08/22	22,505,000
02-04-10	20,000,000	New Money	6-1-11/19	16,225,000
Total Certificates of Participation Outstanding				$52,285,000
Plus: The 2013 Certificates offered herein				92,880,000
Less: Certificates to be Refunded				(13,555,000)
Total Certificates of Participation to be Outstanding				$131,610,000

Retirement Plans

The County contributes to four separate defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to "Note 9 - Retirement Plans" of Appendix F hereto for a more detailed description of these plans and the County contributions to the various plans.

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/web/FinancialReports.do. The effect of the increase in ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to ASRS, are projected to increase in future years.

The board for the ASRS has adopted contribution rates for fiscal years 2012 and 2013. For the year ended June 30, 2012, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent retirement and 0.24 percent long-term disability) of the members' annual covered payroll. The County was also required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll. For fiscal year 2013, the rate, including retirement and long-term disability, was increased to 11.14 percent for the County and to 11.14 percent for employees.

Legislation enacted by the State in 2012 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 study committee that will review the feasibility and cost to changing the current defined benefit plan to a defined contribution plan.

The ASRS has reported increases in its unfunded liabilities. The effect of the increase in the ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to the ASRS, are projected to increase in future years.

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 assessed at http://www.psprs.com/sys_psprs/_Annual_Reports/cato_annual_rpts_psprs.htm. The effect of the increase in the PSPRS's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the PSPRS, cannot be determined at this time.

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 EORP may be accessed at: http://www.psprs.com/sys_eorp/Annual_reports/cato_Annual_rpts_CORP.htm. The effect of the increase in the EORP's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the EORP, cannot be determined at this time.

For the year ended June 30, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 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 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 percent of covered payroll. Active CORP members were required by statues to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

The Elected Officials Retirement Plan (EORP) (and the PSPRS as it relates to County Attorney Investigators) are relatively insignificant to the County's financial picture.

New Reporting Requirements. Government Accounting Standards Board adopted Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 will also require that the cost-sharing employer's pension expense component include its proportionate share of the plan's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. The new reporting requirements imposed by GASB 68 will change the financial statements of the County, but what the specific effect will be is unknown at this time.

Other Post Employment Benefits

In fiscal year 2007-08, the County implemented Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), which 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. Plan benefits covered by GASB 45 must be recognized as current costs over the working lifetime of employees, and to the extent such costs are not pre-funded, the reporting of such costs as a financial statement liability.

The County has, in the past, offered its retired employees, their spouses and survivors continuing access to health care insurance through the County's health plan until they reach an age covered by Medicare, a benefit that was discontinued effective July 1, 2010. Participating retirees were required to pay 100% of applicable health care

insurance premiums. The County makes no payments for OPEB costs for such retirees, but for fiscal year 2007-08 the County reported an implicit rate subsidy described in Note 10 of the 2007-08 Comprehensive Annual Financial Report. For fiscal year 2008-09, the County did not report any OPEB liability because the County determined that, to the degree GASB 45 applied, any OPEB liability would not be material. Because the program was discontinued as of July 1, 2010, the County had no OPEB costs for fiscal year 2009-10, or for subsequent years unless the program is reinstituted.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES (a)
(In $000)

	Actual				
	2007-08	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Revenues by Source:					
Property Taxes	$381,862	$396,241	$423,443	$421,623	$407,711
Special Assessments	556	441	536	330	245
Licenses and Permits	7,710	6,989	7,791	8,494	8,155
Intergovernmental	312,634	292,236	296,004	308,219	327,939
Charges for Services	58,890	55,346	60,376	54,491	56,881
Fines and Forfeits	6,480	6,283	8,443	6,786	10,249
Interest Income	14,218	5,335	4,612	1,723	2,286
Miscellaneous	21,752	22,414	17,442	14,162	24,796
Total Revenues	804,102	785,285	818,647	815,828	838,262
Expenditures by Fund:					
General	460,537	462,276	426,361	429,182	445,798
Special Revenues	218,307	196,677	195,926	204,612	217,139
Debt Service	76,764	121,091	108,092	96,484	104,324
Capital Projects	139,539	146,334	162,306	153,203	149,612
Total Expenditures	895,147	926,378	892,685	883,481	916,873
Excess of Revenues Over (Under) Expenditures	(91,045)	(141,093)	(74,038)	(67,653)	(78,611)
Other Financing Sources (Uses):					
Premium on bonds	1,964	675	1,909	3,276	7,349
Proceeds of Long-Term Debt	175,000	109,400	156,955	75,000	109,170
Payment to Escrow Agent	-	-	(32,361)	-	(33,013)
Gain on Investment	312	-	-	-	-
Operating Transfers In (Out)	714	4,867	445	4,708	26,010
Capital Leases	-	-	-	-	894
Sale of General Fixed Assets	27	876	1,118	59	1,938
Total Other Financing Sources (Uses)	178,017	115,818	128,066	83,043	112,348
Net Change in Fund Balance	86,972	(25,275)	54,028	15,390	33,737
Beginning Fund Balance, as restated	230,660	317,577	292,247	346,270	361,730
Changes in Reserve for Inventory	(55)	(55)	4	43	(55)
Changes in Reserve for Prepaids	-	-	(9)	27	(27)
Ending Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

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				
	2007-08	**2008-09**	**2009-10 (b)**	**2010-11**	**2011-12**
General					
Reserved	$ 5,415	$ 4,363	$ -	$ -	$ -
Unreserved	35,438	35,803	-	-	-
Designated	29,536	-	-	-	-
Nonspendable	-	-	4,089	3,315	2,720
Restricted	-	-	522	336	333
Committed	-	-	-	-	-
Assigned	-	-	3,093	357	118
Unassigned	-	-	73,837	73,547	77,596
	70,389	**40,166**	**81,541**	**77,555**	**80,767**
Special Revenue					
Reserved	4,699	5,255	-	-	-
Unreserved	77,451	81,196	-	-	-
Designated	-	4,925	-	-	-
Nonspendable	-	-	2,011	2,011	1,550
Restricted	-	-	82,957	94,567	105,468
Committed	-	-	15,305	37,978	10,264
Assigned	-	-	3,221	4,368	16,682
Unassigned	-	-	(5,793)	(9,180)	(9,013)
	82,150	**91,376**	**97,701**	**129,744**	**124,951**
Debt Service					
Reserved	12,395	33,842	-	-	-
Unreserved	-	-	-	-	-
Assigned	-	-	40,868	35,903	28,298
	12,395	**33,842**	**40,868**	**35,903**	**28,298**
Capital Projects					
Reserved	-	42	-	-	-
Unreserved	152,643	126,821	-	-	-
Nonspendable	-	-	18	12	-
Restricted	-	-	124,830	112,668	157,688
Committed	-	-	1,487	6,639	7,234
Assigned	-	-	52	-	-
Unassigned	-	-	(227)	(791)	(3,553)
	152,643	**126,863**	**126,160**	**118,528**	**161,369**
Total Fund Balance	$317,577	$292,247	$346,270	$361,730	$395,385

Source: Pima County Finance and Risk Management Department.
(a) This table has not been subject to any separate audit procedures.
(b) During the year ended June 30, 2010, the County adopted early implementation of the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE (a)
(In $000)

	Actual					Estimated
	2007-08	2008-09	2009-10 (b)	2010-11	2011-12	2012-13 (c)
Revenues by Source:						
Property Taxes	$268,493	$281,749	$304,441	$301,493	$291,647	$281,955
Licenses and Permits	2,971	2,747	2,738	2,681	2,696	2,747
Intergovernmental	148,158	131,966	128,927	122,952	127,029	130,300
Charges for Services	32,307	35,330	40,356	35,361	39,117	31,874
Fines and Forfeits	5,020	4,720	7,011	5,344	5,213	5,774
Interest Income	3,343	1,084	1,198	418	621	528
Miscellaneous	8,314	7,099	4,868	4,722	12,659	7,769
Total Revenues	468,606	464,695	489,539	472,971	478,982	460,947
Expenditures:						
Current						
General Government	192,839	184,434	184,606	186,193	197,190	198,445
Public Safety	118,623	121,704	117,378	116,573	123,235	129,039
Health	2,906	2,767	2,702	2,792	2,919	3,774
Welfare	106,502	115,481	87,089	90,572	94,292	98,780
Culture & Recreation	16,325	15,580	14,671	14,183	15,195	17,186
Education & Econ. Opport.	17,418	16,368	13,996	12,949	12,967	12,485
Debt Service:						
Principal	3,115	3,510	3,635	3,800	-	-
Interest	2,805	2,426	2,281	2,113	-	-
Miscellaneous	4	6	3	7	-	-
Total Expenditures	460,537	462,276	426,361	429,182	445,798	459,709
Excess of Revenues Over (Under) Expenditures	8,069	2,419	63,178	43,789	33,184	1,238
Other Financing Sources (Uses):						
Sale of General Fixed Assets	-	371	204	11	1,608	-
Operating Transfers In (Out)	4,760	(33,013)	(22,007)	(47,786)	(31,580)	(35,228)
Total Other Financing Sources (Uses):	4,760	(32,642)	(21,803)	(47,775)	(29,972)	(35,228)
Net Change in Fund Balance	12,829	(30,223)	41,375	(3,986)	3,212	(33,990)
Beginning Fund Balance, as restated	57,560	70,389	40,166	81,541	77,555	80,767
Ending Fund Balance	$70,389	$40,166	$81,541	$77,555	$80,767	$46,777

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).
(c) Reflects estimated amounts based on actual data through February 28, 2013, as provided by the County's Finance and Risk Management Department. The information presented constitutes "forward looking statements" which must be read with an abundance of caution and may not be realized or may not occur in the future.

APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR PIMA COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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, 2012. 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

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 one component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.47%	2.06%	0.36%	0.90%
School Reserve Fund	0.10%	0.03%	0.46%	0.52%
Self-Insurance Trust	2.74%	4.30%	0.14%	0.00%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.98%	99.84%	68.83%	63.51%
Development Services	0.29%	0.11%	2.71%	3.73%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	99.84%	100.00%	97.82%	98.82%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.43%	0.37%	1.00%	1.81%
School Reserve Fund	0.34%	0.11%	1.26%	1.43%
Development Services	0.60%	0.51%	2.10%	2.68%
Self-Insurance Trust	10.22%	25.29%	6.85%	3.83%

Those financial statements were audited by other auditors whose reports thereon 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 of material misstatement. An audit includes

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examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our 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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 11 through 29, the Budgetary Comparison Schedule on pages 81 and 82, and the Schedule of Agent Retirement Plans' Funding Progress on page 83 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 inquires, 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.

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. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, 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.

In accordance with *Government Auditing Standards*, we will also 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* and should be considered in assessing the results of our audit.

Debbie Davenport
Auditor General

December 18, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2012 and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

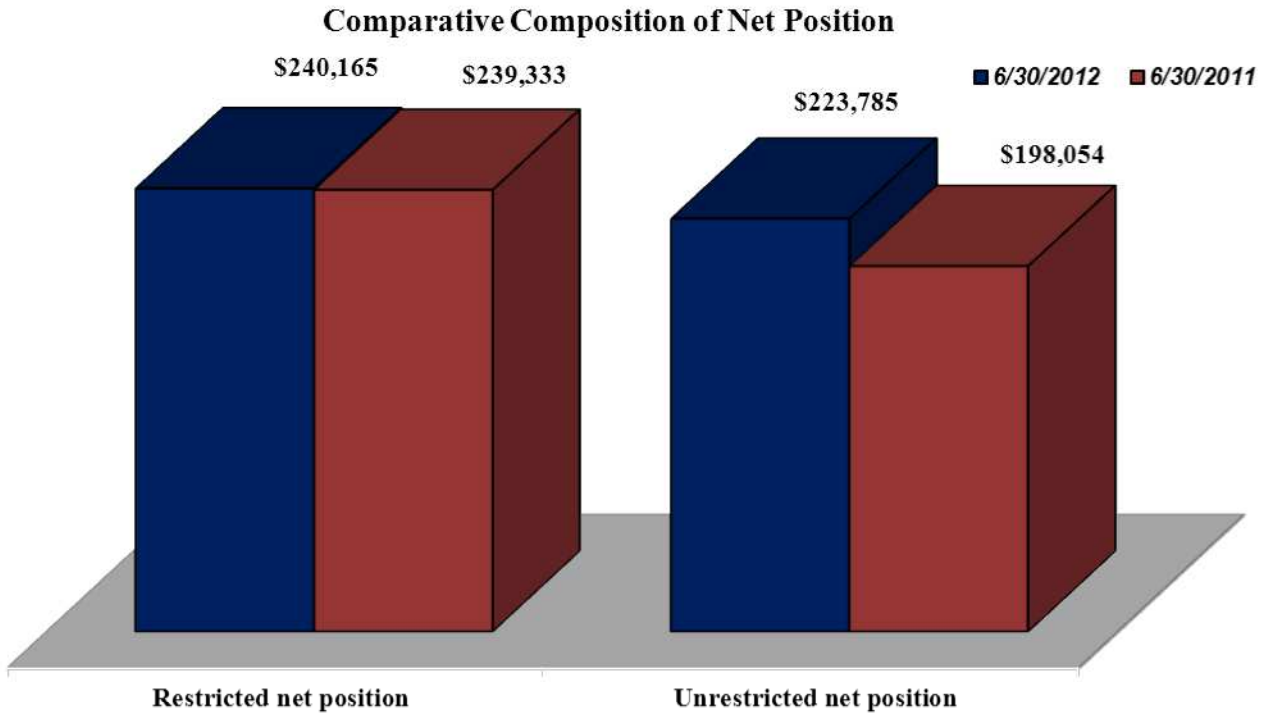
FINANCIAL HIGHLIGHTS

- At June 30, 2012, the net position for the County increased $125 million from the prior year. Increases were experienced in all net asset categories, with a $98 million increase in net investment in capital assets, an increase of $1 million in restricted net position and an increase of $26 million in unrestricted net position.

- Assets of the County exceeded its liabilities by $2,274, an increase of 5.8% from the prior year. Of this amount, $223,785 is available for general government expenditures (unrestricted net position). Unrestricted net position increased by $25,731 from last year, or approximately 13%.

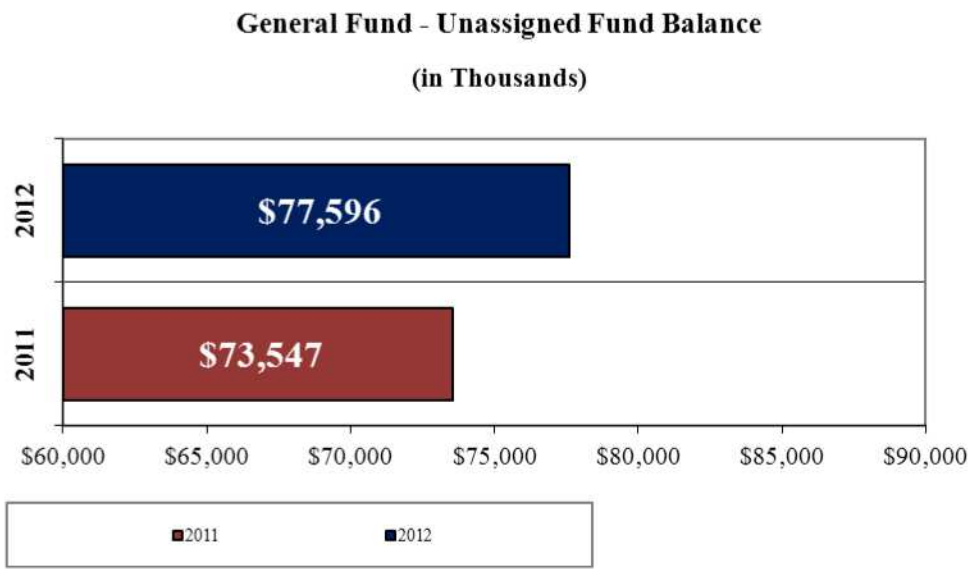
- $240,165 is restricted for specific purposes (restricted net position), and $1,810 is net investment in capital assets.

The chart below presents the composition of restricted and unrestricted net position for the current and prior years:



- General Fund revenues increased by $6,011 from the prior year while expenditures increased by $16,616.

- The General Fund unassigned fund balance increased to $77,596, from $73,547 in the prior year. The unassigned fund balances comprise 96% of the total fund balance of $80,767.



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, liabilities, and deferred inflows with the difference between them 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*) from 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 Pima Health System & Services, Regional Wastewater Reclamation, Development Services, and the County's downtown parking garages.

Discretely presented component units are included in the basic financial statements. They consist of two legally separate entities 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 Pima County Sports and Tourism Authority (S&TA) is also reported as a discrete component unit. S&TA is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public.

The government-wide financial statements can be found on pages 31-33.

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 34-37. The combining statements for non-major governmental funds can be found on pages 86-89.

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 certain health care services, including medical and long-term health care, 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 risk management, automotive fleet maintenance and operations, printing services, telecommunications, wireless and IT network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, most of the assets, deferred outflows, liabilities, and deferred inflows 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. Regional Wastewater Reclamation and Pima Health System & Services operations are considered to be major funds 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 38-41. The combining statements for other enterprise and internal service funds can be found on pages 105-112.

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 42-43.

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 46-79.

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 81-83.

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 86-116.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $2,274 at June 30, 2012. The following table shows condensed information for the Schedule of Assets, Liabilities and Net Position:

Table 1

Schedule of Assets, Liabilities, and Net Position
At June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$596,855	$529,767	$246,415	$226,442	$843,270	$756,209
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,809,998	1,718,730	1,092,477	905,710	2,902,475	2,624,440
Total assets	$2,406,853	2,248,497	1,338,892	1,132,152	3,745,745	3,380,649
Current and other liabilities	120,443	71,038	42,655	51,975	163,098	123,013
Long-term liabilities	716,370	715,013	592,539	393,678	1,308,909	1,108,691
Total liabilities	836,813	786,051	635,194	445,653	1,472,007	1,231,704
Net position						
Net investment in capital assets	1,245,227	1,136,033	564,561	575,525	1,809,788	1,711,558
Restricted	167,498	161,807	72,667	77,526	240,165	239,333
Unrestricted	157,315	164,606	66,470	33,448	223,785	198,054
Total net position	$1,570,040	$1,462,446	$703,698	$686,499	$2,273,738	$2,148,945

Assets

Current and other assets increased by $87,061 mainly due to an increase in Cash and Cash Equivalents, $91,543.

Capital assets increased by $278,035 primarily due to the following:

- An increase of $221,970 in construction in progress, with $45,340 for governmental activities and $176,630 for business-type activities.
- Capitalization of software, $20,614, resulted in a net increase in Equipment of $23,224 in the governmental activities and an accompanying decrease of $2,799 for business-type activities.

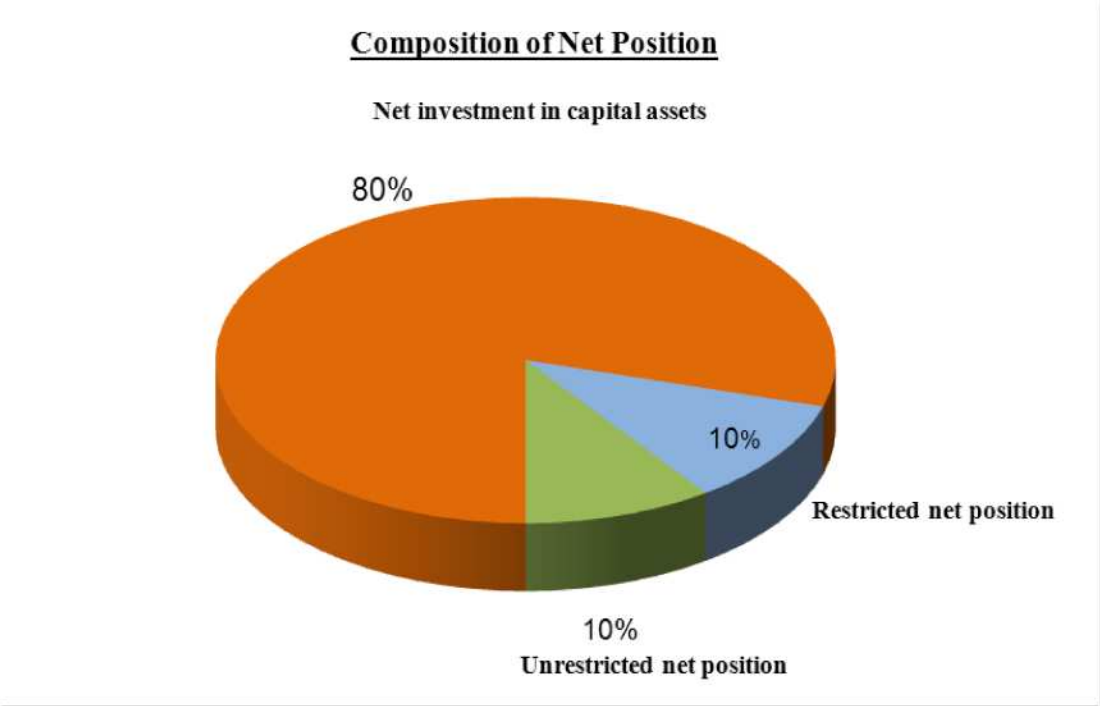
Total liabilities for the primary government increased by $240,303. Current liabilities increased $40,085 mainly due to an overall increase in accounts payable, with accounts payable for governmental activities increasing $47,119 and accounts payable for business-type activities increasing by $10,815.

Net position

The largest portion of the County's net position reflects its 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, 2012, net investment in capital assets totaled $1,809,788, comprising approximately 79.6% of total net position. 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. The $98,230 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are 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.

Unrestricted net position for the primary government increased $25,731 mainly due to an increase in business-type activities of 99% ($33,022), specifically; the Regional Wastewater Reclamation Fund had an increase in its unrestricted net position of 120% from $25,652 to $56,462.

The table below provides the composition of net position for the County as of June 30, 2012.



Restricted net position represent resources that are subject to external restrictions on how they may be used. As of June 30, 2012, restricted net position totaled $240,165 and comprised approximately 10% of total net position. This represents an $832 increase in restricted net position 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, 2012, unrestricted net position totaled $223,785 and comprised approximately 10% of total net position.

Governmental activities

The following table shows details of the changes in net position for governmental activities:

Table 2

Governmental Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 66,904	$ 60,077	$ 6,827	11.4%
Operating grants and contributions	143,388	136,472	6,916	5.1%
Capital grants and contributions	47,528	65,030	(17,502)	-26.9%
Total program revenues	257,820	261,579	(3,759)	-1.4%
General revenues:				
Property taxes	394,963	416,985	(22,022)	-5.3%
State-shared taxes	116,660	111,804	4,856	4.3%
Investment earnings	3,416	2,153	1,263	58.7%
Other general revenues	43,072	33,336	9,736	29.2%
Total general revenues	558,111	564,278	(6,167)	-1.1%
Total revenues	815,931	825,857	(9,926)	-1.2%
Expenses:				
General government	223,005	218,843	4,162	1.9%
Public safety	150,349	146,395	3,954	2.7%
Highways and streets	69,183	73,348	(4,165)	-5.7%
Sanitation	7,224	6,208	1,016	16.4%
Health	47,248	36,475	10,773	29.5%
Welfare	94,409	90,521	3,888	4.3%
Culture and recreation	61,900	67,063	(5,163)	-7.7%
Education and economic opportunity	55,126	56,626	(1,500)	-2.6%
Amortization	805	(2,626)	3,431	-130.7%
Interest on long-term debt	24,776	26,079	(1,303)	-5.0%
Total expenses	734,025	718,932	15,093	2.1%
Excess before transfers	81,906	106,925	(25,019)	-23.4%
Transfers in	25,688	4,650	21,038	452.4%
Change in net position	107,594	111,575	(3,981)	-3.6%
Ending net position	$ 1,570,040	$ 1,462,446	$ 107,594	7.4%

Ending net position for governmental activities increased by $107,594, a 7.4% increase. This year's change in net position decreased by $3,981 from last year, primarily due to a decrease in overall revenues of $9,926 and an increase in expenses of $15,093.

Factors affecting the $9,926 decrease in revenues from governmental activities:

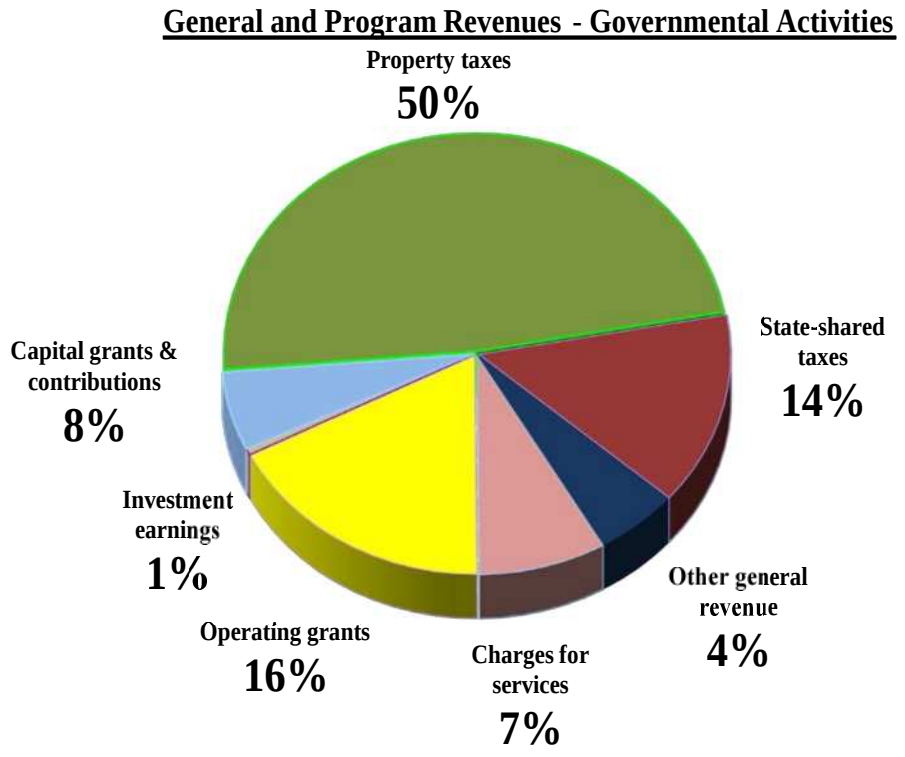
- Revenue from capital grants and contributions decreased by $17,502 in Highway and Streets Activity. This is primarily from a decrease in ARRA Stimulus revenue, $4,071, a decrease in State Revenue of $6,232 and a decrease of $10,348 in Capital Contributions.

Total expenses for governmental activities were $734,025, up 2.1% or $15,093 compared to the previous year's total of $718,932. Factors contributing to the increase in expenses:

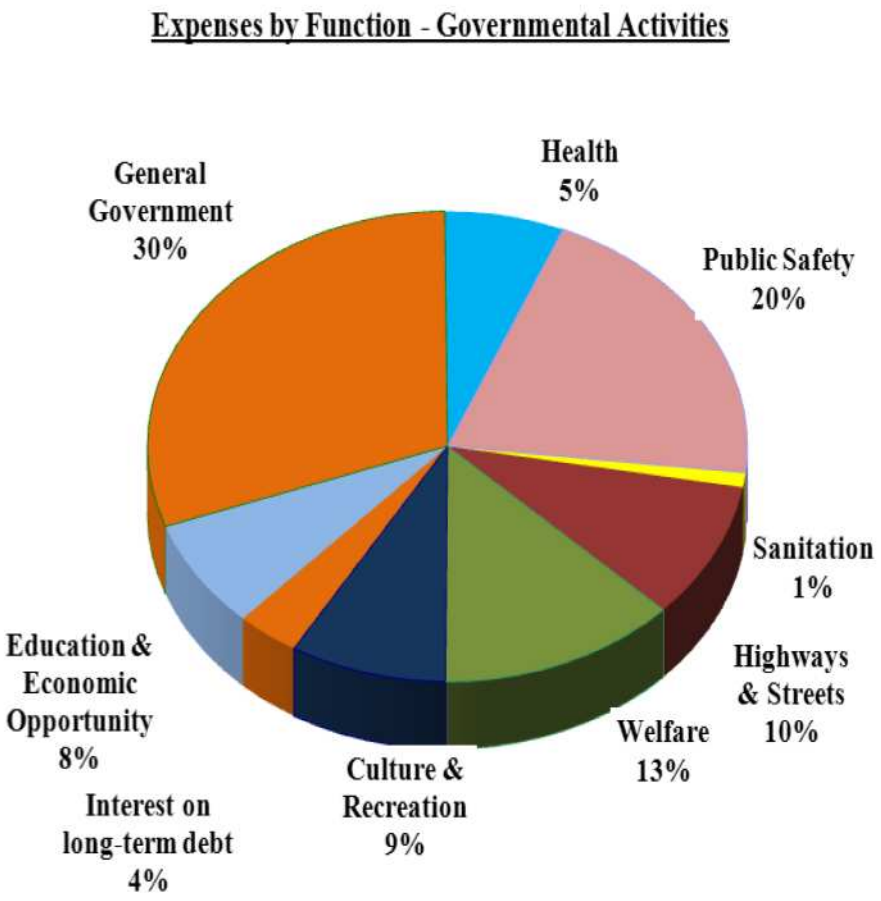
- Health expenses increased by $10,772, of which $7,603 was related to a grant called Communities Putting Prevention to Work which was awarded at $15 million. This grant was predominantly awarded to funding partners in fiscal year 2012.

The increase in the Transfers in line item of $21,038 was due to an equity transfer of $26,436 from Pima Health System & Services to Other Special Revenue Fund.

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 72% of the County's revenues.



The chart below presents expenses by function as a percentage to total expenses by function for governmental activities:



Each expense by function as a proportion to total expenses by function for governmental activities 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.

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. Change in net position for business-type activities added $17,199 or 2.5% to the County's $124,793 change in total net position for the year ended June 30, 2012. The following table shows changes in net position for business-type activities:

Table 3

Business-type Activities
Schedule of Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 221,479	$ 363,421	$(141,942)	-39.1%
Operating grants and contributions	1,275	4,691	(3,416)	-72.8%
Capital grants and contributions	2,676	4,192	(1,516)	-36.2%
Total program revenues	225,430	372,304	(146,874)	-39.5%
General revenues:				
Investment earnings	1,001	900	101	11.2%
Other general revenues	1,903	2,681	(778)	-29.0%
Total general revenues	2,904	3,581	(677)	-18.9%
Total revenues	228,334	375,885	(147,551)	-39.3%
Expenses:				
Regional Wastewater Reclamation	117,774	113,495	4,279	3.8%
Pima Health System & Services	58,773	200,305	(141,532)	-70.7%
Development Services	6,912	6,982	(70)	-1.0%
Parking Garages	1,988	1,538	450	29.3%
Total expenses	185,447	322,320	(136,873)	-42.5%
Excess before transfers	42,887	53,565	(10,678)	-19.9%
Transfers in (out)	(25,688)	(4,650)	(21,038)	452.4%
Change in net position	17,199	48,915	(31,716)	-64.8%
Beginning net position	686,499	637,584	48,915	7.7%
Ending net position	$ 703,698	$ 686,499	$ 17,199	2.5%

Key elements of the change in net position from business-type activities include:

- Primarily due to the closing of the Pima Health System & Service Enterprise Fund charges for services revenue decreased by $141,942 and Pima Heath System & Services Expenses decreased $141,532.

- The increase of $21,038 in the Transfers in (out) line is due to an equity transfer $26,436 from Pima Health System & Services to Other Special Revenue Fund.

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, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library and Stadium Districts). 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. At June 30, 2012, total fund balance of the General Fund was $80,767.

The net change in fund balance for the General Fund was $3,212. Revenues increased by $6,011. Property Taxes decreased by $9,846, while Intergovernmental revenues, Charges for services, and Miscellaneous revenues increased by $15,770.

- Property taxes decreased $9,846 primarily due to lower assessed property valuations with the tax rates remaining constant.

- Intergovernmental revenue increased by $4,077 due to increases in State Shared Sales Tax of $4,093.

- Service fee revenue increased by $3,756 primarily in two areas:
  - Correctional Housing Revenues of $1,772
  - Fees for Recording Documents of $779.

- Miscellaneous earnings increased by $7,937 of which $7,917 was Other Miscellaneous Revenue – Operating.

Expenditures for the General Fund increased by $16,616 primarily in two categories:

- The net increase in General Government expenditures of $10,997:
  - County Administrator expenditures increased by $5,129 primarily from a $1,586 increase in payments to other governments and agencies.

  - Superior Court expenditures increased by $3,463 primarily from increased payroll costs.

- There was an increase in Public Safety expenditures of $6,663, primarily as a result of the Sheriff Department purchasing a helicopter for $2,556, and Sheriff operations expenditures increasing $2,935.

Capital Projects Fund
Revenues for the Capital Projects Fund decreased by $3,530 and expenditures in capital outlay decreased by $3,591. The net change in fund balance was an increase of $42,841.

- Of the decrease in revenues, $3,147, can be attributed to intergovernmental revenues; Federal revenue decreased by $2,947 and State revenue decreased by $871.

- Expenditures decreased by $3,591 in capital outlay primarily from the decrease in expenditures relating to the construction of the Behavioral Health Pavilion, $20,506, with an increase of $15,584 in the Emergency Communications Systems expenditures.

The fund reported a $101,129 deficiency of revenues over expenditures. A net transfer in of $65,545 and that resulted in a net change in the fund balance of $42,841 for the Capital Projects Fund.

Debt Service Fund
The fund accounts for the accumulation of resources for and the payment of principal and interest of general long-term debt. At June 30, 2012, the net change in fund balance was a decrease of $7,605.

Secondary tax revenues remained relatively constant with a decrease of $3,160. Expenditures, mainly as a result of increased principal payments, increased $7,840 from last fiscal year.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were more than budgeted revenues by $18,734 and actual expenditures were less than budgeted expenditures by $45,856. 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.

Overview of all governmental funds

At June 30, 2012, the County's governmental funds reported combined fund balances of $395,385, an increase of $33,655 from the prior year. Approximately 16.4% of the combined fund balances, or $65,030, constitutes unassigned fund balance, which is available to meet the County's current and future needs.

The following table presents the amount of revenues from various sources and increases or (decreases) from the prior year:

Table 4

Governmental Funds
Revenues Classified by Source
For the Years Ended June 30, 2012 and 2011

	2012		2011		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 407,711	48.6%	$ 421,623	51.7%	$ (13,912)	-3.3%
Special assessments	245	0.0%	330	0.1%	(85)	-25.8%
Licenses and permits	8,155	1.0%	8,494	1.0%	(339)	-4.0%
Intergovernmental	327,939	39.1%	308,219	37.8%	19,720	6.4%
Charges for services	56,881	6.8%	54,491	6.7%	2,390	4.4%
Fines and forfeits	10,249	1.2%	6,786	0.8%	3,463	51.0%
Interest	2,286	0.3%	1,723	0.2%	563	32.7%
Miscellaneous	24,796	3.0%	14,162	1.7%	10,634	75.1%
Total revenues	$ 838,262	100.0%	$ 815,828	100.0%	$ 22,434	2.7%

The following provides an explanation of revenues by source that changed significantly from the prior year:

- The $19,720 increase in intergovernmental revenue was due to a $18,798 increase in Other Governmental Funds.

- The $13,912 decrease in tax revenue is due to a $9,846 decrease in the General Fund revenue from decreased property values.

The following table presents expenditures by function compared to prior year amounts:

Table 5

Governmental Funds Expenditures by Function For the Years Ended June 30, 2012 and 2011						
	2012		2011		Variance	
Government Function	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 236,020	25.7%	$ 223,611	25.3%	$ 12,409	5.5%
Public safety	145,711	15.9%	136,709	15.5%	9,002	6.6%
Highways and streets	33,651	3.7%	34,614	3.9%	(963)	-2.8%
Sanitation	6,317	0.7%	5,375	0.6%	942	17.5%
Health	46,672	5.1%	36,511	4.1%	10,161	27.8%
Welfare	94,360	10.3%	90,572	10.3%	3,788	4.2%
Culture and recreation	52,103	5.7%	49,986	5.7%	2,117	4.2%
Education and economic opportunity	47,798	5.2%	50,432	5.7%	(2,634)	-5.2%
Capital outlay	149,612	16.3%	153,203	17.3%	(3,591)	-2.3%
Debt service:						
- Principal	78,688	8.6%	76,361	8.6%	2,327	3.0%
- Interest	24,762	2.7%	26,086	3.0%	(1,324)	-5.1%
- Miscellaneous	1,179	0.1%	21	0.0%	1,158	5514.3%
Total expenditures	$ 916,873	100.0%	$ 883,481	100.0%	$ 33,392	3.8%

Total expenditures in governmental funds increased during the year by $33,392, primarily due to the following:

- Health expenditures increased by $10,161 primarily from the Communities Putting Prevention to Work grant.
- Public safety expenditures increased by $9,002 due to the Sheriff's Department purchase of a helicopter, $2,556.
- General Government expenditures increased by $12,409 due to a $10,997 increase in the general fund.

Proprietary funds

The County's proprietary fund functions are contained in the enterprise and internal service funds. The enterprise funds of the County are Pima Health System & Services, Regional Wastewater Reclamation, Development Services, and Parking Garages. Pima Health System & Services contract with the Arizona Health Care Cost Containment System (AHCCCS) terminated on September 30, 2011. As a result, the fund was closed and year-end balances were transferred to the other governmental funds as of June 30, 2012. These business-type activities are accounted for in a similar fashion to private-sector businesses and the costs for services provided are expected to be covered either fully or in part by generated revenues, which include fees charged to external users.

The internal service funds consist of the Self-Insurance Trust Fund and Other Internal Service Funds, which are comprised of multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecommunications. The change in net position for all Internal Service Funds was $10,128, generated primarily from the operations of the Self Insurance Trust Fund.

The following table presents a comparison of this year's enterprise fund activities with the prior year:

Table 6

Enterprise Funds
Schedule of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2012 and 2011

	2012	2011	Variance Amount	Variance Percent
Operating revenues:				
Net patient services	$ 52,018	$ 205,814	$ (153,796)	-74.7%
Charges for services	153,128	137,838	15,290	11.1%
Other	1,387	2,821	(1,434)	-50.8%
Total net operating revenues	206,533	346,473	(139,940)	-40.4%
Operating expenses:				
Employee compensation	52,657	67,469	(14,812)	-22.0%
Medical claims	39,096	157,607	(118,511)	-75.2%
Operating supplies and services	10,158	8,986	1,172	13.0%
Utilities		5,845	(5,845)	-100.0%
Sludge and refuse disposal	1,553	1,438	115	8.0%
Repair and maintenance	6,819	7,611	(792)	-10.4%
Insurance premiums	-		-	100.0%
General and administrative	23,318	19,058	4,260	22.4%
Consultants and professional services	5,471	8,157	(2,686)	-32.9%
Depreciation and amortization	35,819	32,022	3,797	11.9%
Total operating expenses	174,891	308,193	(133,302)	-43.3%
Operating gain (loss)	31,642	38,280	(6,638)	-17.3%
Nonoperating revenues (expenses):				
Intergovernmental revenue	1,380	4,856	(3,476)	-71.6%
Investment earnings	1,001	952	49	5.1%
Sewer connection fees	16,507	19,624	(3,117)	-15.9%
Interest expense	(6,539)	(9,567)	3,028	-31.7%
Loss on disposal of capital assets	25	(596)	621	-104.2%
Amortization of deferred charges	(941)	(750)	(191)	25.5%
Claim and judgment contingency losses	(3,080)		(3,080)	100.0%
Premium tax	(1,112)	(4,099)	2,987	-72.9%
Total nonoperating revenues	7,241	10,420	(3,179)	-30.5%
Income (loss) before contributions and transfers	38,883	48,700	(9,817)	-20.2%
Capital contributions	2,571	4,027	(1,456)	-36.2%
Transfers in	1,475	866	609	70.3%
Transfers (out)	(27,163)	(5,516)	(21,647)	392.4%
Change in net position	$ 15,766	$ 48,077	$ (32,311)	-67.2%

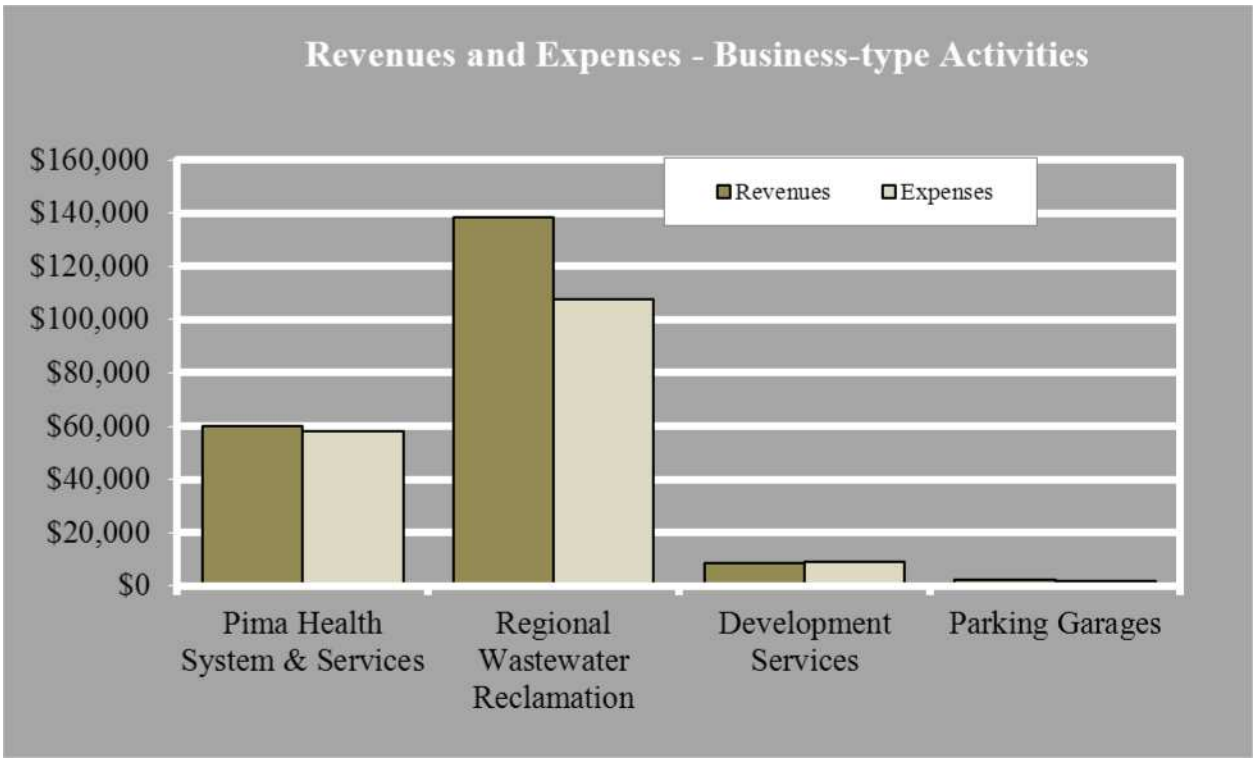
While net patient revenues from Pima Health System & Services decreased by $153,796, revenues continued to exceed operating expenses, generating an operating gain for all enterprise funds this year. Regional Wastewater Reclamation contributed approximately 96%, or $30,476 to the $31,642 operating gain for all enterprise funds.

- Charges for service revenue increased by $15,290 due primarily to a $9,853 increase in Regional Wastewater Reclamation Sewer utility service fees.

- Medical claims expense decreased $118,511 and employee compensation expense decreased $14,812 due to the termination of the AHCCCS contract with Pima Health System & Services

- Transfers in and transfers out are significantly more this year. This fiscal year, the transfer out of $26,436 from Pima Health System & Services to Other Special Revenue was due to the movement of equity from the Enterprise Fund to a new Other Special Revenue Fund**.** Last fiscal year, Pima Health System & Services transferred out $4,596 as an equity transfer to the General fund.

The chart below presents the revenues and expenses for business-type activities:



Capital Assets and Debt Administration

Capital Assets

The County's total net investment in capital assets as of June 30, 2012 amounted to $2,902 (net of accumulated depreciation), an increase of 10.6% ($278,035). Of this amount, $91,268 (32.8%) came from governmental activities and $186,767 (67.2%) came from business-type activities. The County's investment in capital assets consists of land, buildings, 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:

Table 7

Governmental and Business-type Activities Capital Assets For the Years Ended June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 467,661	$ 448,790	$ 15,409	$ 15,409	$ 483,070	$ 464,199
Construction in progress	248,317	202,977	342,111	165,481	590,428	368,458
Buildings and improvements	422,879	432,149	212,446	207,081	635,325	639,230
Infrastructure	607,049	593,946			607,049	593,946
Sewage conveyance systems			442,803	435,232	442,803	435,232
Equipment	64,092	40,868	79,708	82,507	143,800	123,375
Total	$ 1,809,998	$ 1,718,730	$ 1,092,477	$ 905,710	$ 2,902,475	$ 2,624,440

Major capital asset events during the current fiscal year included the following:

Governmental activities

- Construction in progress increased $45,340 or 22.3% compared to last fiscal year. Current major projects in progress include:
  - the Regional Public Safety Communication System
  - Pavement Preservation Program
  - Magee Rd Cortaro Farms Rd: Thornydale Rd to Mona Lisa
  - Justice Court/Municipal Court Complex
  - Magee Rd, Cortaro Farms Rd, Mona Lisa Rd to La Canada

- Equipment acquisitions increased $23,224, or 56.8%, due to the capitalization of the County's new financial reporting system, $20,614 and a helicopter by the Sheriff department for $2,590.

Business-type activities

- Construction in progress increased approximately $176,630, or 106.7%, mainly due to Regional Optimization Master Planning (ROMP) activities.

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 58-60.

Long-term Debt

Significant, comparative long-term debt entered into during the last two fiscal years is presented below:

Table 8

Long-Term Debt For the Years Ended June 30, 2012 and 2011		
	2012	**2011**
Bonds issued (at face value):		
General Obligation	$ 76,225	$75,000
Street and Highway Revenue (Transportation)	32,945	
Sewer Revenue		43,625
Sewer System Revenue Obligations	189,160	
Total	$ 298,330	$ 118,625

During the year, $76,225 of General Obligation Bonds were issued, which included $16,225 of General Obligations bonds issued to refund the 2003 Series (maturities 7/1/2014 through 7/1/2017) and $60,000 of new debt issued for the purpose of funding various capital projects in the County.

In addition, the County issued $32,945 in Street and Highway Revenue Bonds. Of the amount issued $18,425 was used for the improvement, construction, and reconstruction of streets and highways, $14,520 was used to partially refund the 2003 Series (maturities 7/1/2014 through 7/1/2018).

$189,160 of Sewer System Revenue Obligations were issued to finance additions and improvements to the sewage and conveyance systems.

The most recent ratings for Pima County's bonds and COPs are:

Table 9

Credit Ratings				
	Standard & Poor's		**Fitch Ratings**	
	Rating	**Date**	**Rating**	**Date**
Certificate of Participation (COPs)	A+	May-2012	AA-	Apr-2012
General Obligation	AA-	Apr-2012	AA	Apr-2012
Street and Highway Revenue	AA	Apr-2012	AA	Apr-2012
Sewer Bonds*	AA-	Nov-2012	AA	Nov-2012
Sewer Revenue Obligations	A+	Nov-2012	AA-	Nov-2012

* This excludes the 2012A Sewer Refunding bonds which have ratings equal to the Obligations

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is $1,267,242, 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 63-70

Economic Factors and Next Year's Budget

Primary property taxes

The recession continues to impact the local economy, primarily evident by decreasing market values of existing property. The primary net assessed value for fiscal year 2012-13 decreased $236 million or 2.84%. The contraction of the property tax base is expected to continue into fiscal year 2015-16 with the net assessed value projected to decline by more than 6%.

The tax rate for fiscal year 2012-13 will remain constant, resulting in a levy that is $8 million less than fiscal year 2011-12.

State shared revenues

An indication of increased consumer confidence is evident by positive projections of state shared sales tax revenue. Current projections indicate a $7.4 million increase in fiscal year 2012-13. Even with this positive projection however, it is still $13,286 less than the County received at its peak in fiscal year 2006-07.

Other revenues

General government revenues are expected to decrease by almost $6 million, primarily from $1 million decrease from Federal payments in lieu of property taxes and $4.9 million less from grant, enterprise and special revenue funds for central administrative support services.

University of Arizona Medical Center – South Campus

A two year agreement with the Arizona Board of Regents (ABOR) on behalf of the University Of Arizona College Of Medicine provides funding for the University of Arizona Medical Center – South Campus: $20 million in fiscal year 2010-11, $15 million in fiscal year 2011-12. The Board of Supervisor's have approved a second two year contract with ABOR with an annual funding of $15 million for each fiscal year.

Request 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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Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Position
June 30, 2012
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 504,113	$ 107,152	$ 611,265	$ 1,056
Property taxes receivable (net)	14,456		14,456	
Interest receivable	209	95	304	
Internal balances	(3,133)	3,133		
Due from other governments	62,462		62,462	
Accounts receivable (net)	6,499	15,343	21,842	5
Inventories	2,476	3,306	5,782	36
Prepaids	3,513	11	3,524	60
Other assets	3,206	5,133	8,339	
Restricted assets:				
Cash and cash equivalents	2,326	112,242	114,568	1,500
Loans receivable	728		728	
Capital assets not being depreciated:				
Land	467,661	15,409	483,070	
Construction in progress	248,317	342,111	590,428	
Capital assets being depreciated (net):				
Buildings and improvements	422,879	212,446	635,325	2,306
Sewage conveyance system		442,803	442,803	
Equipment	64,092	79,708	143,800	666
Infrastructure	607,049		607,049	
Total assets	2,406,853	1,338,892	3,745,745	5,629
Liabilities				
Accounts payable	65,710	35,317	101,027	205
Interest payable		365	365	
Contract retentions	1,991		1,991	
Employee compensation	47,542	4,840	52,382	
Due to other governments	3		3	
Deposits and rebates	2,484		2,484	27
Deferred revenues	2,713	2,133	4,846	
Noncurrent liabilities:				
Due within one year	74,713	26,995	101,708	
Due in more than one year	641,657	565,544	1,207,201	
Total liabilities	836,813	635,194	1,472,007	232
Net Position				
Net investment in capital assets	1,245,227	564,561	1,809,788	2,972
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	103,592		103,592	
Highways and streets	32,322		32,322	
Debt service		22,538	22,538	
Capital projects	30,224	31,680	61,904	
Regional wastewater		18,449	18,449	
Healthcare	1,360		1,360	
Unrestricted	157,315	66,470	223,785	2,425
Total net position	$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2012
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 223,005	$ 30,444	$ 28,533	$ 4,130
Public safety	150,349	12,047	9,303	5,561
Highways and streets	69,183	5,059	51,567	35,251
Sanitation	7,224	3,487	1,133	
Health	47,248	12,605	24,830	
Welfare	94,409		68	
Culture and recreation	61,900	2,254	403	261
Education and economic opportunity	55,126	1,008	27,551	2,325
Amortization - unallocated	805			
Interest on long-term debt	24,776			
Total governmental activities	734,025	66,904	143,388	47,528
Business-type activities:				
Regional Wastewater Reclamation	117,774	154,601		2,571
Pima Health System & Services	58,773	58,722	1,275	
Development Services	6,912	6,073		105
Parking Garages	1,988	2,083		
Total business-type activities	185,447	221,479	1,275	2,676
Total primary government	$ 919,472	$ 288,383	$ 144,663	$ 50,204
Component units:				
Sports & Tourism Authority	$ 59	$ 20	$ 1	
Southwestern Fair Commission	4,959	4,940	120	
Total component units	$ 5,018	$ 4,960	$ 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				
Governmental Activities	Business-type Activities	Total	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
$ (159,898)		$ (159,898)		General government
(123,438)		(123,438)		Public safety
22,694		22,694		Highways and streets
(2,604)		(2,604)		Sanitation
(9,813)		(9,813)		Health
(94,341)		(94,341)		Welfare
(58,982)		(58,982)		Culture and recreation
(24,242)		(24,242)		Education and economic opportunity
(805)		(805)		Amortization - unallocated
(24,776)		(24,776)		Interest on long-term debt
(476,205)		(476,205)		**Total governmental activities**
				Business-type activities:
	$ 39,398	39,398		Regional Wastewater Reclamation
	1,224	1,224		Pima Health System & Services
	(734)	(734)		Development Services
	95	95		Parking Garages
	39,983	39,983		**Total business-type activities**
(476,205)	39,983	(436,222)		**Total primary government**
				Component units:
			$ (38)	Sports & Tourism Authority
			101	Southwestern Fair Commission
			$ 63	**Total component units**
				General revenues:
280,585		280,585		Property taxes, levied for general purposes
19,991		19,991		Property taxes, levied for regional flood control district
29,015		29,015		Property taxes, levied for library district
65,372		65,372		Property taxes, levied for debt service
6,285		6,285		Hotel/motel taxes, levied for sports facility and tourism
1,608		1,608		Other taxes, levied for stadium district
93,123		93,123		Unrestricted share of state sales tax
23,537		23,537		Unrestricted share of state vehicle license tax
4,268		4,268		Grants and contributions not restricted to specific programs
8,235		8,235		Interest and penalties on delinquent taxes
3,416	1,001	4,417		Investment earnings
22,676	1,903	24,579	92	Miscellaneous
25,688	(25,688)			Transfers
583,799	(22,784)	561,015	92	Total general revenues and transfers
107,594	17,199	124,793	155	Change in net position
1,462,446	686,499	2,148,945	5,242	Net position at beginning of year
$ 1,570,040	$ 703,698	$ 2,273,738	$ 5,397	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 3

Balance Sheet - Governmental Funds
June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 91,085	$ 181,519	$ 26,639	$ 123,579	$ 422,822
Property taxes receivable (net)	10,148		2,440	1,868	14,456
Interest receivable	73	21	16	81	191
Due from other funds	7,528	1,148	1,575	4,892	15,143
Due from other governments	21,513	11,018	11	29,808	62,350
Accounts receivable	1,903	1,046		3,122	6,071
Inventory	67			1,374	1,441
Prepaid expenditures	1,984			72	2,056
Loan receivable	669			59	728
Other assets				1,018	1,018
Restricted cash equivalents		2,281		45	2,326
Total assets	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 20,679	$ 29,136	$ 148	$ 12,787	$ 62,750
Medical claims payable				271	271
Contract retentions		1,980		11	1,991
Employee compensation	12,984	20		4,445	17,449
Due to other funds	543	1,901	77	12,515	15,036
Due to other governments	3				3
Deposits and rebates	199	2,281		4	2,484
Deferred revenues	19,795	346	2,158	10,934	33,233
Total liabilities	54,203	35,664	2,383	40,967	133,217
Fund balances:					
Nonspendable	2,720			1,550	4,270
Restricted	333	157,688		105,468	263,489
Committed		7,234		10,264	17,498
Assigned	118		28,298	16,682	45,098
Unassigned	77,596	(3,553)		(9,013)	65,030
Total fund balances	80,767	161,369	28,298	124,951	395,385
Total liabilities and fund balances	$ 134,970	$ 197,033	$ 30,681	$ 165,918	$ 528,602

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2012
(in thousands)

Fund balances - total governmental funds		$ 395,385
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	$ 2,628,502	
Less accumulated depreciation	(840,418)	1,788,084
Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds		
Bonds payable	(603,093)	
Certificates of participation payable	(39,772)	
Loans and leases payable	(16,431)	
Unamortized deferred issuance costs reported as other assets	2,188	(657,108)
Some compensated absences are not due and payable shortly after June 30, 2012, and therefore are not reported in the governmental funds		
Employee compensation		(29,138)
Some liabilities are not due and payable shortly after June 30, 2012, and are therefore not reported in the governmental funds		
Landfill liability	(20,872)	
Pollution remediation liability	(805)	(21,677)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		30,521
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		63,973
Net position of governmental activities		$ 1,570,040

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2012
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 291,647		$ 66,148	$ 49,916	$ 407,711
Special assessments				245	245
Licenses and permits	2,696			5,459	8,155
Intergovernmental	127,029	$ 44,141	11	156,758	327,939
Charges for services	39,117	3,079		14,685	56,881
Fines and forfeits	5,213			5,036	10,249
Investment earnings	621	698	242	725	2,286
Miscellaneous	12,659	565		11,572	24,796
Total revenues	478,982	48,483	66,401	244,396	838,262
Expenditures:					
Current:					
General government	197,190			38,830	236,020
Public safety	123,235			22,476	145,711
Highways and streets				33,651	33,651
Sanitation				6,317	6,317
Health	2,919			43,753	46,672
Welfare	94,292			68	94,360
Culture and recreation	15,195			36,908	52,103
Education and economic opportunity	12,967			34,831	47,798
Capital outlay		149,612			149,612
Debt service - principal			78,390	298	78,688
- interest			24,762		24,762
- miscellaneous			1,172	7	1,179
Total expenditures	445,798	149,612	104,324	217,139	916,873
Excess (deficiency) of revenues over (under) expenditures	33,184	(101,129)	(37,923)	27,257	(78,611)
Other financing sources (uses):					
Capital leases				894	894
Premium on bonds			7,349		7,349
Proceeds-refunding debt			30,745		30,745
Payments to escrow agent			(33,013)		(33,013)
Face amount of long-term debt		78,425			78,425
Proceeds from sale of capital assets	1,608			330	1,938
Transfers in	5,190	65,677	25,237	45,820	141,924
Transfers (out)	(36,770)	(132)		(79,012)	(115,914)
Total other financing sources (uses)	(29,972)	143,970	30,318	(31,968)	112,348
Net change in fund balances	3,212	42,841	(7,605)	(4,711)	33,737
Fund balances at beginning of year	77,555	118,528	35,903	129,744	361,730
Changes in nonspendable fund balance:					
Change in inventory				(55)	(55)
Change in prepaids				(27)	(27)
Fund balances at end of year	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
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, 2012
(in thousands)

Net change in fund balances - total governmental funds		$ 33,737
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	$ 141,790	
Less current year depreciation	(58,595)	83,195
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 issuance costs, 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	(78,425)	
Premium on bonds	(7,349)	
Proceeds on refunding bonds	(30,745)	
Debt service - principal payments	78,688	
Payments to escrow agent	33,013	
Amendment to capital lease	(894)	
Deferred issuance costs	1,153	
Amortization expense	(805)	(5,364)
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		
Donations of capital assets	8,137	
Property tax revenues	4,234	
Intergovernmental	(18,688)	
Other	(1,550)	(7,867)
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	(803)	
Change in landfill liability	(928)	
Pollution remediation liability	228	
Net book value of capital asset disposals	(3,217)	
Other	(82)	(4,802)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		8,695
Change in net position of governmental activities		$ 107,594

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 7

Statement of Net Position - Proprietary Funds
June 30, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents		$ 99,491	$ 7,661	$ 107,152	$ 81,291
Restricted cash and cash equivalents		71,789		71,789	
Interest receivable		91	4	95	18
Due from other funds		44	3	47	218
Due from other governments					112
Accounts receivable (net)		15,198	145	15,343	428
Inventory		3,306		3,306	1,035
Prepaid expense		6	5	11	1,457
Total current assets		189,925	7,818	197,743	84,559
Noncurrent assets:					
Restricted cash and cash equivalents		40,453		40,453	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements		373,747	12,927	386,674	614
Sewage conveyance system		702,236		702,236	
Equipment		112,298	1,210	113,508	38,895
Less accumulated depreciation		(457,349)	(10,112)	(467,461)	(19,349)
Construction in progress		342,111		342,111	1,162
Total capital assets (net of accumulated depreciation)		1,086,684	5,793	1,092,477	21,914
Deferred financing costs		5,133		5,133	
Total noncurrent assets		1,132,270	5,793	1,138,063	21,914
Total assets		1,322,195	13,611	1,335,806	106,473
Liabilities					
Current liabilities:					
Accounts payable		34,994	323	35,317	2,689
Employee compensation		4,148	692	4,840	955
Interest payable		365		365	
Due to other funds		121		121	251
Deferred revenues		2,131	2	2,133	1
Current sewer revenue bonds and obligations payable		24,445		24,445	
Current portion of wastewater loans payable		2,550		2,550	
Current portion reported but unpaid losses					4,202
Current portion incurred but not reported losses					2,114
Total current liabilities		68,754	1,017	69,771	10,212
Noncurrent liabilities:					
Contracts and notes		15,365		15,365	
Sewer revenue bonds and obligations payable		525,930		525,930	
Wastewater loans payable		21,169		21,169	
Reported but unpaid losses					19,253
Incurred but not reported losses		3,080		3,080	9,828
Total noncurrent liabilities		565,544		565,544	29,081
Total liabilities		634,298	1,017	635,315	39,293
Net position					
Net investment in capital assets		558,768	5,793	564,561	21,914
Restricted for:					
Debt service		22,538		22,538	
Capital projects		31,680		31,680	
Regional wastewater reclamation		18,449		18,449	
Unrestricted		56,462	6,801	63,263	45,266
Total net position		$ 687,897	$ 12,594	700,491	$ 67,180

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.	3,207
Net position of business-type activities	$ 703,698

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, 2012
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:					
Net patient services	$ 52,018			$ 52,018	
Charges for services	6,704	$ 138,094	$ 8,330	153,128	$ 42,585
Other	1,182	166	39	1,387	407
Total net operating revenues	59,904	138,260	8,369	206,533	42,992
Operating expenses:					
Employee compensation	11,370	35,474	5,813	52,657	7,646
Medical claims	39,096			39,096	
Operating supplies and services	587	9,476	95	10,158	9,405
Sludge and refuse disposal		1,553		1,553	
Repair and maintenance	96	6,501	222	6,819	1,398
Incurred losses					2,209
Insurance premiums					4,619
General and administrative	6,655	14,212	2,451	23,318	3,707
Consultants and professional services	231	5,091	149	5,471	1,302
Depreciation	115	35,477	227	35,819	3,510
Total operating expenses	58,150	107,784	8,957	174,891	33,796
Operating income (loss)	1,754	30,476	(588)	31,642	9,196
Nonoperating revenues (expenses):					
Intergovernmental revenue	1,275		105	1,380	
Investment earnings	118	848	35	1,001	1,260
Sewer connection fees		16,507		16,507	
Interest expense	(20)	(6,519)		(6,539)	
Gain/(loss) on disposal of capital assets	342	(317)		25	(25)
Amortization of deferred charges		(941)		(941)	
Claim and judgment contingency losses		(3,080)		(3,080)	
Premium tax	(1,112)			(1,112)	
Total nonoperating revenues	603	6,498	140	7,241	1,235
Income (loss) before contributions and transfers	2,357	36,974	(448)	38,883	10,431
Capital contributions		2,571		2,571	19
Transfers in		475	1,000	1,475	
Transfers (out)	(26,436)	(709)	(18)	(27,163)	(322)
Change in net position	(24,079)	39,311	534	15,766	10,128
Net position at beginning of year	24,079	648,586	12,060	684,725	57,052
Net position at end of year	$	$ 687,897	$ 12,594	700,491	$ 67,180

Some amounts reported for business-type activities in the Statement of Activities are different because a portion of the net expense of certain internal service funds is reported with business-type activities.	1,433
Change in net position of business-type activities	$ 17,199

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided					$ 42,258
Cash received from customers for goods and services provided	$ 55,170	$ 140,575	$ 8,422	$ 204,167	
Cash received from miscellaneous operations	7,886	166		8,052	402
Cash payments to suppliers for goods and services	(61,250)	(26,849)	(1,454)	(89,553)	(14,962)
Cash payments to other funds for goods and services	(5,099)	(8,540)	(2,123)	(15,762)	(4,496)
Cash payments for incurred losses					(7,607)
Cash payments to employees for services	(12,449)	(35,366)	(4,996)	(52,811)	(6,597)
Net cash provided by (used for) operating activities	(15,742)	69,986	(151)	54,093	8,998
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(20)			(20)	
Cash transfers in from other funds			1,000	1,000	
Cash transfers out to other funds	(26,436)	(234)	(18)	(26,688)	(322)
Loans with other funds	(555)	(244)	(18)	(817)	306
Premium tax	(1,112)			(1,112)	
Intergovernmental revenues	2,347		105	2,452	
Net cash provided by (used for) noncapital financing activities	(25,776)	(478)	1,069	(25,185)	(16)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		189,160		189,160	
Principal paid on bonds and loans		(22,030)		(22,030)	
Interest paid on bonds and loans		(11,869)		(11,869)	
Proceeds from premium		21,682		21,682	
Sewer connection fees		16,203		16,203	
Proceeds from sale of capital assets	762			762	333
Purchase of capital assets		(199,105)		(199,105)	(7,158)
Net cash provided by (used for) capital and related financing activities	762	(5,959)		(5,197)	(6,825)
Cash flows from investing activities:					
Interest received on cash and investments	133	793	33	959	1,254
Net cash provided by investing activities	133	793	33	959	1,254
Net increase/ (decrease) in cash and cash equivalents	(40,623)	64,342	951	24,670	3,411
Cash and cash equivalents at beginning of year	40,623	147,391	6,710	194,724	77,880
Cash and cash equivalents at end of year	$	$ 211,733	$ 7,661	$ 219,394	$ 81,291

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012
(in thousands)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	$ 1,754	$ 30,476	$ (588)	$ 31,642	$ 9,196
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	115	35,477	227	35,819	3,510
Other					158
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	2,976	2,481	4	5,461	(262)
Due from other governments	216		49	265	(71)
Inventory and other assets	91	527		618	(84)
Prepaid expense	78	30	72	180	(433)
Increase (decrease) in liabilities:					
Accounts payable	(19,854)	887	250	(18,717)	2,227
Due to other governments	(39)		(136)	(175)	
Reported but unpaid losses					(1)
Incurred but not reported losses					(5,397)
Other current liabilities	(1,079)	108	(29)	(1,000)	155
Net cash provided by (used for) operating activities	$ (15,742)	$ 69,986	$ (151)	$ 54,093	$ 8,998

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2012:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of $3,520. This contribution was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisors' approved connection fee credit agreement of $951. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $2. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $314.

Pima Health System & Services retired equipment with a net book value of $286.

Pima Health System & Services transferred equipment with a net book value of $134 to the County's general government.

Internal Service Funds received a capital contribution of $19.

Internal Service Funds sold capital assets with a net book value of $358.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2012
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 297,724	$ 57,450
Interest receivable	96	
Due from other governments		3,704
Total assets	$ 297,820	$ 61,154
Liabilities		
Employee compensation		$ 496
Due to other governments		38,700
Deposits and rebates		21,958
Total liabilities		$ 61,154
Net position		
Held in trust for pool participants	$ 297,820	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2012
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,608,930
Total contributions	2,608,930
Investment earnings	1,426
Total investment earnings	1,426
Total additions	2,610,356
Deductions	
Distributions to participants	2,710,812
Total deductions	2,710,812
Change in net position	(100,456)
Net position held in trust July 1, 2011	398,276
Net position held in trust June 30, 2012	$ 297,820

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Component Units
June 30, 2012
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total
Assets			
Cash and cash equivalents	$ 9	$ 1,047	$ 1,056
Accounts receivable (net)		5	5
Inventories		36	36
Prepaids		60	60
Restricted assets:			
Cash and cash equivalents		1,500	1,500
Capital assets (net):			
Buildings and improvements		2,306	2,306
Machinery and equipment		666	666
Total assets	9	5,620	5,629
Liabilities			
Accounts payable		205	205
Deposits and rebates		27	27
Total liabilities		232	232
Net Position			
Net investment in capital assets		2,972	2,972
Unrestricted	9	2,416	2,425
Total net position	$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012
(in thousands)

		Program Revenues		Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	S&TA	SFC	Total
Sports & Tourism Authority (S&TA)						
Operations	$ 59	$ 20	$ 1	$ (38)		$ (38)
Total S&TA	59	20	1	(38)		(38)
Southwestern Fair Commission (SFC)						
Operations	4,959	4,940	120		$ 101	101
Total SFC	4,959	4,940	120		101	101
Total component units	$ 5,018	$ 4,960	$ 121	(38)	101	63
General revenues:						
Miscellaneous					92	92
Total general revenues					92	92
Change in net position				(38)	193	155
Net position at beginning of year				47	5,195	5,242
Net position at end of year				$ 9	$ 5,388	$ 5,397

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

The accounting policies of Pima County (County) conform to U.S. generally accepted accounting principles (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB) and the regulatory requirements of the State of Arizona. A summary of the County's significant accounting policies follows.

During the year ended June 30, 2012, the County early implemented the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 modifies certain requirements for the inclusion of component units in the financial reporting entity. The County also early implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes criteria for reporting the consumption and acquisition of net position that is applicable to future reporting periods.

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 financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Each blended component described below provides a financial benefit and/or financial burden to the County. Therefore, data from these units are combined with data of the primary government. 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 Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The County Board of Supervisors is 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 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.

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Improvement Districts (SLIDs) are responsible for street lighting for specific regions of unincorporated Pima County. All budgetary and operational activities are administered by the Pima County Board of Supervisors and meet the criteria for a blended component unit. SLIDs are reported as a special revenue fund in these financial statements. Separate financial statements for the SLIDs 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.

The Pima County Sports and Tourism Authority (S&TA) is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public and to increase opportunities for amateur youth sports in Pima County. S&TA members are appointed and can be removed at any time by the Board of Supervisors. Based on these factors, and because S&TA does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, S&TA is reported as a separate component unit (discrete presentation) in these financial statements. Separate financial statements are unavailable for S&TA.

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 Accounting

Primary government:

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting with the exception of agency funds, which have no measurement focus. 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 imposed by the provider have been met.

Governmental funds in the fund-based 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 measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 30 days after year-end. Revenues that are collected after 30 days are reported as deferred revenues. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental, and charges for services. 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 post-closure care costs, and pollution remediation, which are

Note 1: Summary of Significant Accounting Policies (continued)

recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources. The County may fund certain programs by a combination of restricted, committed, assigned, and/or unassigned (general) revenues. When an expenditure/expense is incurred that can be paid from either restricted or unrestricted fund balances/net position, the County uses restricted fund balance/net position first. When an expenditure is incurred that can be paid from more than one category of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. 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.

Committed fund balances are self-imposed limitations set prior to the year-end closing. The Pima County Board of Supervisors is the highest level of decision making authority. Imposed limitations on the use of funds must be approved by the Board of Supervisors at a regular supervisory meeting. Any modifications and/or rescissions must also be approved by the board.

Assigned fund balances are limitations resulting from the intended use of funds. The Pima County Board of Supervisors and/or its representative, the County Administrator, can authorize the constraints for the specific purpose. Modifications or rescissions of the constraints can also be authorized 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.

The County does not have a formal minimum fund balance policy, however, all County funds' fund balances or net position are analyzed throughout the year and reserved as necessary during the budgetary appropriation process.

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

C. Basis of Presentation

The basic financial statements include both government-wide and fund-based financial statements. The government-wide statements focus on the County as a whole, while the fund-based statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide statements provide information about the primary government and its component units. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between thegovernmental and business-type activities of the County and between the County and its discretely presentedcomponent units. Governmental activities are financed primarily 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 for services (fines and forfeitures, licenses and permits, and special assessments);
- Operating grants and contributions; and
- Capital grants and contributions

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes levied or imposed by the County, are reported as general revenues. The net effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities.

Fund-based 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-based 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 non-major funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary funds are financed mainly by fees and charges received from users of the services provided by the fund's operations. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and 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 for those required to be accounted for in another fund.

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.

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The County reports the following major enterprise funds:

Pima Health System and Services (**PHS&S**) provided payment for health care services including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid, home health services,

Note 1: Summary of Significant Accounting Policies (continued)

and long-term nursing care. The County's AHCCCS contracts terminated on September 30, 2011, and the Pima Health System and Services ceased operations. All residual balances of the fund were transferred to the other governmental funds at June 30, 2012.

Regional Wastewater Reclamation (**RWR**) accounts for the management and operation of wastewater treatment and water pollution control programs.

The County reports the following fund types:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.These funds account for fleet maintenance and operation, insurance, graphic services, and telecommunications services.

Investment Trust Funds account for assets held by the County Treasurer in an external investment pool and individual investment accounts for the benefit of outside jurisdictions.

Agency Funds account for the assets held by the County as an agent for individuals, private organizations, or other governmental units. The agency funds are custodial in nature and do not present results of operations.

D. Cash and Investments

Primary government:

For purposes of its statements of cash flows, the County considers only those highly liquid investments, with a maturity period of 3 months or less when purchased, to be cash equivalents. All investments are stated at fair value.

If an individual fund has a deficit balance in the amount on deposit with the County Treasurer at year-end, that balance is reclassified as an amount due to other funds.

E. Inventories and Prepaids

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 are offset by 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.

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 in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

Inventories of RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Note 1: Summary of Significant Accounting Policies (continued)

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

Prepaid expenses/expenditures are accounted for using the consumption method, except for the School Reserve Fund reported as an Other Governmental Fund, which uses the purchase 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, depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows (excluding component units):

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 units:

SFC capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets' estimated useful life, which range from 5 to 40 years.

H. Investment Earnings

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

Note 1: Summary of Significant Accounting Policies (continued)

I. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 240 hours of vacation depending upon years of service, but any vacation hours in excess of the maximum amount that are unused at their year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the government wide and proprietary fund financial statements in Employee Compensation.

Employees may accumulate up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Sick leave benefits do not vest with employees; however, 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. An estimate of those retirement payouts is accrued as a liability in the government-wide and proprietary fund financial statements in Employee Compensation. 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.

Note 2: Fund Balance Classifications

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Net Position:					
Nonspendable:					
Inventory	$ 67			$ 1,374	$ 1,441
Prepaid expenses	1,984			72	2,056
Loan receivable	669			59	728
Permanent fund principal				45	45
Total nonspendable	2,720			1,550	4,270
Restricted for:					
Capital Projects					
Streets and highways		$ 42,385			42,385
Other		78,481			78,481
Justice Court Complex		22,651			22,651
Judicial activities				34,367	34,367
Flood Control District		14,171		9,712	23,883
Health				9,792	9,792
Law enforcement				4,385	4,385
Library District				15,217	15,217
Parks and recreation				17	17
School reserve				508	508
Social services				3,186	3,186
Streets and highways				22,877	22,877
Tire fund				1,214	1,214
Other purposes	333			4,193	4,526
Total restricted	333	157,688		105,468	263,489
Committed to:					
School reserve				414	414
Sports promotion (Stadium)				4,440	4,440
Other purposes		7,234		5,410	12,644
Total committed		7,234		10,264	17,498
Assigned to:					
Debt service reserve			$ 28,298		28,298
Judicial activities	114				114
Health				805	805
Parks and recreation	4			1,648	1,652
Landfill				1,890	1,890
School reserve				1,130	1,130
Other purposes				11,209	11,209
Total assigned	118		28,298	16,682	45,098
Unassigned:	77,596	(3,553)		(9,013)	65,030
Total Net Position	$ 80,767	$ 161,369	$ 28,298	$ 124,951	$ 395,385

Note 3: Cash and Investments

Primary Government

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; bonds or other evidences of indebtedness of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute; and bonds of any county municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax pledged for all payments on the obligations. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States.

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 must be rated within the top three ratings by a nationally recognized rating agency.

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.

Deposits—At June 30, 2012, the carrying amount of the County's deposits was $57,136 and the bank balance was $66,485.

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, 2012, $1,977 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3: Cash and Investments (continued)

Investments—At June 30, 2012, the County's investments consisted of $552,258 invested in marketable securities and $471,556 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, 2012, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 38,545
Corporate bonds	A-/A3	S&P / Moody's	376,649
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,204
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	AA+/Aaa	S&P / Moody's	5,099
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,175
		Marketable securities	499,254
State Treasurer Investment Pool 5	AAAf/S1+	S&P	234,756
State Treasurer Investment Pool 500	Unrated		72,529
State Treasurer Investment Pool 7	Unrated		164,271
	State Treasurer's Investment Pool		471,556
Total			$ 970,810

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 $1,023,814 of investments, $541,083, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Freddie Mac discount notes, 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. At June 30, 2012, the County had investments in the Federal Home Loan Bank with a fair value of $52,582 or 5.1% of total investments.

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.

Note 3: Cash and Investments (continued)

As of June 30, 2012, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 234,756	0.07
State Treasurer Investment Pool 500	72,529	7.36
State Treasurer Investment Pool 7	164,271	0.08
Commercial paper	38,545	0.17
Corporate bonds	376,649	1.72
Federal Farm Credit Bank	15,204	2.40
Federal Home Loan Bank	52,582	1.67
Freddie Mac (Federal Home Loan Mortgage Corp)	5,099	0.48
U.S. Treasury Notes	53,004	1.14
Money market mutual fund	11,175	0.14
Total	$ 1,023,814	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits, and investments:	$ 57	$ 57,136	$ 1,023,814	$ 1,081,007

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 504,113	$ 107,152	$ 297,724	$ 57,450	$ 966,439
Restricted cash and cash equivalents	2,326	112,242			114,568
Total	$ 506,439	$ 219,394	$ 297,724	$ 57,450	$ 1,081,007

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 idle 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.

Note 3: Cash and Investments (continued)

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.

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 38,550	0.1-0.2%	07/12-11/12	$ 38,545
Corporate bonds	358,606	0.4-7.3%	08/12-03/17	376,649
Federal Farm Credit Bank	15,000	0.5-1.7%	10/13-12/15	15,204
Federal Home Loan Bank	52,250	0.3-3.1%	08/12-05/16	52,582
Freddie Mac (Federal Home Loan Mortgage Corp)	5,000	4.1%	12/12	5,099
U.S. Treasury Notes	51,290	1.1-3.9%	08/12-07/14	53,004
State Treasurer Investment Pool 5	76,601	N/A	N/A	76,601
Deposits	19,605	N/A	N/A	19,605
Interest Receivable	96	N/A	N/A	96
Total assets				$ 637,385

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	$ 503,836
External participants	133,549
Total assets	637,385
Total liabilities	
Total net position held in trust	$ 637,385
Statement of Changes in Net Position	
Total additions	$ 7,353,082
Total deductions	(7,321,183)
Net increase	31,899
Net position held in trust:	
July 1, 2011	605,486
June 30, 2012	$ 637,385

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 187			$ 16,951	$ 1	$ 17,139
State of Arizona:						
Taxes and shared revenues	20,083	$ 1,733		7,720		29,536
Grants and contributions				3,305	3	3,308
Other Cities:						
Reimbursement for services	995	802	$ 11	1,544	88	3,440
Other governments:						
Reimbursement for services	248	8,483		288	20	9,039
Total due from other governments fund based statements	$ 21,513	$ 11,018	$ 11	$ 29,808	$ 112	$ 62,462

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011 (as reclassified)*	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 448,790	$ 19,813	$ (942)	$ 467,661
Construction in progress	202,977	122,018	(76,678)	248,317
Total capital assets not being depreciated	651,767	141,831	(77,620)	715,978
Capital assets being depreciated:				
Buildings and improvements	601,905	9,342	(7,522)	603,725
Infrastructure	1,155,494	47,894	(321)	1,203,067
Equipment	118,810	34,871	(6,686)	146,995
Total capital assets being depreciated	1,876,209	92,107	(14,529)	1,953,787
Less accumulated depreciation for:				
Buildings and improvements	(169,797)	(16,373)	5,324	(180,846)
Infrastructure	(561,651)	(34,688)	321	(596,018)
Equipment	(77,798)	(11,044)	5,939	(82,903)
Total accumulated depreciation	(809,246)	(62,105)	11,584	(859,767)
Total capital assets being depreciated, net	1,066,963	30,002	(2,945)	1,094,020
Governmental activities capital assets, net	$ 1,718,730	$ 171,833	$ (80,565)	$ 1,809,998

Note 5: Capital Assets (continued)

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,409			$ 15,409
Construction in progress	165,481	$ 215,835	$ (39,205)	342,111
Total capital assets not being depreciated	180,890	215,835	(39,205)	357,520
Capital assets being depreciated:				
Buildings and improvements	369,351	20,202	(2,879)	386,674
Infrastructure	681,720	21,149	(633)	702,236
Equipment	110,063	5,339	(1,894)	113,508
Total capital assets being depreciated	1,161,134	46,690	(5,406)	1,202,418
Less accumulated depreciation for:				
Buildings and improvements	(162,270)	(14,624)	2,666	(174,228)
Infrastructure	(246,488)	(13,264)	319	(259,433)
Equipment	(27,556)	(7,931)	1,687	(33,800)
Total accumulated depreciation	(436,314)	(35,819)	4,672	(467,461)
Total capital assets being depreciated, net	724,820	10,871	(734)	734,957
Business-type activities capital assets, net	$ 905,710	$ 226,706	$ (39,939)	$ 1,092,477

* At July 1, 2011, the general government buildings, improvements, and infrastructure of $40 and $104 , respectively were reclassified to equipment.

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	10,203
Public safety		9,981
Highways and streets		29,711
Sanitation		1,119
Health		687
Welfare		85
Culture and recreation		5,938
Education and economic opportunity		871
Internal service funds		3,510
Total governmental activities depreciation expense	$	62,105
Business-type activities:		
Pima Health System & Services	$	115
Parking Garages		218
Regional Wastewater Reclamation		35,477
Development Services		9
Total business-type activities depreciation expense	$	35,819

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,017	$ 366		$ 5,383
Equipment	2,417	171	$ (45)	2,543
Total capital assets being depreciated	7,434	537	(45)	7,926
Less accumulated depreciation for:				
Buildings and improvements	(2,857)	(220)		(3,077)
Equipment	(1,738)	(184)	45	(1,877)
Total accumulated depreciation	(4,595)	(404)	45	(4,954)
Total capital assets being depreciated, net	2,839	133		2,972
SFC capital assets, net	$ 2,839	$ 133		$ 2,972

Note 6: Claims, Judgments, and Risk Management

Risk Management and Claims Liability

The County is exposed to various risks 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. Claims against the County are accounted for in the Self Insurance Trust Fund (the Fund), an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental, unemployment, and dental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Unemployment and dental losses are based on claims that have been submitted but not yet paid by the Fund. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Fund except for environmental, unemployment, and dental losses are reported at their present value using an expected future investment yield assumption of four percent.

The Fund is liable for any single general or automobile liability claim up to $2,500, per occurrence; workers' compensation 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 Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

Payment of unemployment and dental 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 Fund. With the exception of environmental, dental, 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 dental and unemployment losses are based on actual claims paid.

The claims liability of $35,397 reported in the Fund at June 30, 2012, is based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	2012	2011
Claims liabilities - beginning	$ 40,795	$ 38,378
Current-year claims and changes in estimates	2,209	9,099
Claims payment	(7,607)	(6,682)
Claims liabilities balance - ending	$ 35,397	$ 40,795

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.

Note 6: Claims, Judgments, and Risk Management (continued)

Pollution Remediation

The County has estimated and reported an environmental liability of $805 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.

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2012.

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Governmental activities:					
General obligation bonds	$ 452,750	$ 76,225	$ 72,830	$ 456,145	$ 49,175
Plus unamortized deferred amount	3,106	3,689	1,383	5,412	400
Total general obligation bonds	455,856	79,914	74,213	461,557	49,575
Transportation revenue bonds	131,410	32,945	26,285	138,070	12,055
Plus unamortized deferred amount	(35)	3,660	159	3,466	73
Total transportation revenue bonds	131,375	36,605	26,444	141,536	12,128
Certificates of participation	46,895		8,165	38,730	3,875
Plus unamortized deferred amount	1,340		298	1,042	23
Total certificates of participation	48,235		8,463	39,772	3,898
Capital leases payable:					
Jail capital lease	18,565		2,230	16,335	2,780
Less unamortized deferred amount	(790)		(290)	(500)	(282)
Other capital leases		894	298	596	298
Total capital leases	17,775	894	2,238	16,431	2,796
Reported but unpaid losses (Note 6)	23,456	2,209	2,210	23,455	4,202
Incurred but not reported losses (Note 6)	17,339		5,397	11,942	2,114
Landfill closure and post-closure care costs (Note 8)	19,944	928		20,872	
Pollution remediation (Note 6)	1,033		228	805	
Total governmental activities long-term liabilities	$ 715,013	$ 120,550	$ 119,193	$ 716,370	$ 74,713

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 182,430		$ 13,120	$ 169,310	$ 14,895
Plus unamortized deferred amount	2,352		640	1,712	
Total revenue bonds payable	184,782		13,760	171,022	14,895
Sewer revenue obligations	165,000	$ 189,160	5,225	348,935	9,550
Plus unamortized deferred amount	11,849	21,683	3,114	30,418	
Total revenue obligations payable	176,849	210,843	8,339	379,353	9,550
Regional Wastewater Reclamation (RWR) loans payable	27,404		3,685	23,719	2,550
Less unamortized deferred amount	(14)		(14)		
Total loans payable	27,390		3,671	23,719	2,550
Contracts and notes	4,657	12,049	1,341	15,365	
Incurred but not reported losses		3,080		3,080	
Total business-type activities long-term liabilities	$ 393,678	$ 225,972	$ 27,111	$ 592,539	$ 26,995

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

(Payments made from property tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2012, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $7,697 from the May 20, 1997, $66,318 from the May 18, 2004, and $4,666 from the May 16, 2006 bond elections remain unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	50,000	4.00%	2013	$ 3,750
Series of 2004	65,000	3.00 - 5.00%	2013-19	32,660
Series of 2005	65,000	3.50 - 5.00%	2013-20	35,635
Series of 2007	95,000	3.00 - 4.50%	2013-21	62,295
Series of 2008	100,000	3.50 - 4.00%	2013-22	71,250
Series of 2009	75,000	3.00 - 4.13%	2013-23	38,000
Series of 2009A	90,000	3.00 - 4.00%	2013-24	73,435
Series of 2009A Refunding	23,535	3.00 - 3.50%	2013-16	10,820
Series of 2011	75,000	2.00 - 5.00%	2013-26	52,075
Series of 2012A	60,000	1.00 - 4.00%	2013-27	60,000
Series of 2012B Refunding	16,225	2.00 - 3.00%	2013-17	16,225
G.O. bonds outstanding				456,145
Plus unamortized deferred amount:				5,412
		Total G.O. bonds outstanding		$ 461,557

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 49,175	$ 16,974
2014	41,775	15,361
2015	37,015	13,886
2016	38,045	12,560
2017	39,710	11,207
2018 - 2022	189,105	34,457
2023 - 2027	61,320	5,764
Total	$ 456,145	$ 110,209

REFUNDED GENERAL OBLIGATION BONDS

In 2012, the County defeased $15,850 of General Obligation Bonds, Series 2003 by issuing $16,225 of General Obligation Bonds that have an average life of 3.54 years and an average interest rate of 2.355%. This refunding transaction resulted in an economic gain of $875 and a reduction in debt service payments of $910. 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. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 General Obligation Refunded Bonds	$ 15,850

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, $89,375 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2003	35,000	4.00%	2013	2,670
Series of 2005	51,200	3.50 - 5.00%	2013-20	36,865
Series of 2007	21,000	3.25 - 4.75%	2013-22	17,770
Series of 2008	25,000	3.25 - 4.50%	2013-22	24,400
Series of 2009	15,000	3.00 - 4.00%	2013-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2013-24	8,420
Series of 2012	18,425	3.00 - 5.00%	2013-27	18,425
Series of 2012 Refunding	14,520	4.00 - 5.00%	2013-18	14,520
Transportation bonds outstanding				138,070
Plus unamortized deferred amount:				3,466
Total transportation bonds outstanding				$ 141,536

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 12,055	$ 5,537
2014	12,425	4,969
2015	12,910	4,488
2016	13,430	3,983
2017	14,050	3,372
2018 - 2022	59,985	8,743
2023 - 2027	13,215	1,116
Total	$ 138,070	$ 32,208

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $138,070 in transportation revenue bonds issued between 2003 and 2012. 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 2027. Annual principal and interest payments on the bonds are expected to require approximately 96 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $170,278. Principal and interest paid for bonds in the current year and total net highway user revenues were $15,940 and $13,499, respectively.

REFUNDED TRANSPORTATION BONDS

In 2012, the County defeased $15,270 of Transportation Bonds, Series 2003, by issuing $14,520 of Transportation Bonds that have an average life of 4.18 years and an average interest rate of 4.195%. The proceeds of the new bonds were placed in an irrevocable trust to provide for legal defeasance of the refunded debt on July 1, 2013. This refunding transaction was performed primarily to restructure outstanding debt in order to align projected future revenues with corresponding debt service requirements and resulted in a reduction in debt service payments of $1,167 and an economic gain of $1,106. The Series 2003 Bonds remain legally defeased in substance at the amount disclosed below.

Issue	Principal Outstanding June 30, 2012
2003 Transportation Refunded Bonds	$ 15,270

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.

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2012.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2007A	$ 28,765	4.25 - 5.00%	2013-22	$ 22,505
Series of 2010	20,000	3.00 - 5.25%	2013-19	16,225
Certificates of participation outstanding				38,730
Plus unamortized deferred amount:				1,042
Total certificates of participation outstanding				$ 39,772

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 3,875	$ 1,766
2014	4,020	1,627
2015	4,170	1,472
2016	4,345	1,297
2017	4,570	1,074
2018 - 2022	17,750	2,269
Total	$ 38,730	$ 9,505

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates, and increased the County's obligation under the lease agreement. The County has also entered into capital leases for heavy equipment for use at its landfill sites. The outstanding balance as of June 30, 2012, for these leases totaled $596. The net book value of assets acquired through capital leases consists of $15,908 of buildings and $867 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2012.

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2013	$ 2,780	$ 647	$ 298	
2014	2,485	511	298	
2015	2,605	399		
2016	2,710	293		
2017	2,820	181		
2018	2,935	62		
	$ 16,335	$ 2,093	$ 596	

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, LOANS, AND OBLIGATIONS

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, 2012, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2004 Refunding	25,770	4.60 - 5.50%	2013-15	$ 10,405
Series of 2007	50,000	3.75 - 5.00%	2013-26	38,770
Series of 2008	75,000	4.00 - 5.00%	2013-23	73,580
Series of 2009	18,940	3.25 - 4.25%	2013-24	16,715
Series of 2011 Refunding	43,625	2.00 - 5.00%	2013-16	29,840
Sewer revenue bonds outstanding				169,310
Plus unamortized deferred amount:				1,712
Total sewer revenue bonds outstanding				$ 171,022

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 14,895	$ 7,347
2014	16,765	6,661
2015	17,555	5,882
2016	15,950	5,057
2017	11,250	4,354
2018 - 2022	65,300	14,260
2023 - 2026	27,595	2,086
Total	$ 169,310	$ 45,647

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 Ina Road and Roger 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.

Note 7: Long-Term Liabilities (continued)

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2012
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Series of 2011B	189,160	1.00 - 5.00%	2013-26	183,935
Sewer revenue obligations outstanding				348,935
Plus unamortized deferred amount:				30,418
Total sewer revenue obligations outstanding				$ 379,353

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 9,550	$ 17,028
2014	11,935	16,646
2015	12,330	16,169
2016	12,850	15,596
2017	25,915	14,984
2018 - 2022	149,710	54,785
2023 - 2026	126,645	14,609
Total	$ 348,935	$ 149,817

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into loan agreements (1996 to provide funds for the defeasance of prior sewer revenue bonds, and 2004 which was 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.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2012
1996 Loans payable	$ 11,313	3.19%	2013	$ 1,105
2004 Loans payable	19,967	1.81%	2013-24	15,518
2009 Loans payable	8,002	0.96%	2013-24	7,096
		Total loans payable		$ 23,719

The following schedule details loans payable debt service requirements to maturity at June 30, 2012.

Year Ending June 30,	Principal	Interest
2013	$ 2,550	$ 687
2014	1,489	622
2015	1,535	576
2016	1,581	529
2017	1,629	480
2018 - 2022	8,922	1,613
2023 - 2026	6,013	278
Total	$ 23,719	$ 4,785

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future user charges, net of specified operating expenses, to repay $169,310 in sewer revenue bonds issued between 2004 and 2011, $23,719 in sewer revenue loans issued between 1996 and 2009, and $348,935 in sewer revenue obligations issued in 2010 and 2011. 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 2026. Annual principal and interest payments on the bonds and obligations are expected to require approximately 42 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 9 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $214,957. Total principal and interest remaining to be paid on the loans is $28,504. Total principal and interest remaining to be paid on the obligations is $498,752. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $39,586, $4,069, and $80,142, 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, 2012, 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.

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, 2012, is as follows:

Net assessed valuation		$ 8,448,282
Debt limit (15% of net assessed valuation):		1,267,242
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 456,145	
Less fund balance in debt service fund available for payment of general obligation bond principal	(22,602)	433,543
Legal debt margin available		$ 833,699

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 $20,872 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 $5,608 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, 2012; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2012	Estimated Remaining Service Life
Ajo	71%	38 Years
Sahuarita	51%	30 Years
Tangerine	95%	5 Years

The County plans to fund the estimated closure and post-closure care costs with proceeds of general obligation bonds and with solid waste tipping fees.

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 $10,596 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

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).** The **EORP** and the **PSPRS** 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 retiree's 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.

Note 9: Pensions and Other Post Employment Benefits (continued)

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 employees of the State of Arizona's Departments of Corrections and Juvenile Corrections and County employees whose primary duties require direct inmate contact. 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.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by contacting the applicable plan.

ASRS	PSPRS and CORP
3300 N. Central Ave Phoenix, AZ 85012 (602) 240-2000 or (800) 621-3778	3010 East Camelback Road Suite 200 Phoenix, AZ 85016-4416 (602) 255-5575

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, 2012, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 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, 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. For the year ended June 30, 2011, the County contributed 9.85 percent (9.01 percent for retirement, .59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2010, the County contributed 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll.

Note 9: Pension and Other Post Employment Benefits (continued)

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30, 2012			
2012	$ 21,290	$ 1,359	$ 518
2011	$ 21,774	$ 1,426	$ 604
2010	$ 20,234	$ 1,601	$ 970

Agent plans

For the year ended June 30, 2012, active **PSPRS** members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 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 5.00 percent. The health insurance premium portion of the contribution was set at 1.83 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 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 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 multi-year 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 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 that are 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 all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2012 contribution requirements, are as follows:

Note 9: Pension and Other Post Employment Benefits (continued)

	PSPRS	CORP
Actuarial valuation date	June 30, 2010	June 30, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	26 Years for unfunded actuarial accrued liability, 20 years for excess	26 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value	7-year Smoothed market value

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2012, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/Healthcare cost	$ 8,445	$ 638	$ 2,076	$ 288
Contributions made	$ 8,699	$ 384	$ 2,218	$ 146

Note 9: Pension and Other Post Employment Benefits (continued)

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for FY 2012, FY 2011 and FY 2010 is as follows:

Plan	Year Ended June 30	Annual Pension/ Healthcare Cost	Percentage of Annual Cost Contributed	Net Pension/ Healthcare Obligation
PSPRS				
Pension	2012	$ 8,445	103%	
Health insurance	2012	$ 638	60%	$ 254
Pension	2011	$ 8,303	103%	
Health insurance	2011	$ 624	63%	$ 232
Pension	2010	$ 8,761	102%	
Health insurance	2010	$ 591	75%	$ 151
CORP				
Pension	2012	$ 2,076	107%	
Health insurance	2012	$ 288	51%	$ 142
Pension	2011	$ 1,824	108%	
Health insurance	2011	$ 282	50%	$ 140
Pension	2010	$ 1,943	102%	
Health insurance	2010	$ 232	79%	$ 49

Funded Status

The funded status of the plans, as of the most recent valuation date of June 30, 2012, 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.

Note 9: Pension & Other Post Employment Benefits (continued)

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability	$ 268,903	$ 7,325	$ 83,526	$ 3,161
Actuarial value of assets	$ 149,085	0	$ 51,797	0
Unfunded actuarial accrued liability (funding excess)	$ 119,818	$ 7,325	$ 31,729	$ 3,161
Funded ratio	55.4 %	0 %	62.0 %	0 %
Covered payroll	$ 31,920	$ 31,920	$ 21,743	$ 21,743
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	375.4 %	22.9 %	145.9 %	14.5 %

	PSPRS	CORP
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 percentage of pay closed	Level percentage of pay closed
Remaining amortization period	24 Years for unfunded , 20 years for overfunded	24 Years for unfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market	7-year smoothed market

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 from:

Amounts recorded as due to:	General	Capital Projects	Debt Service	Other Governmental	RWR	Internal Services	Total
General		$ 12		$ 7,408	$ 77	$ 31	$ 7,528
Capital Projects	$ 130		$ 77	680	$ 44	217	1,148
Debt Service		1,575					1,575
Other Governmental	412	50		4,427		3	4,892
RWR	1	43					44
Other Enterprise		3					3
Internal Services		218					218
Total	$ 543	$ 1,901	$ 77	$ 12,515	$ 121	$ 251	$ 15,408

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	Other Governmental	PHS&Services	RWR	Other Enterprise	Internal Services	Total
General			$ 5,190					$ 5,190
Capital Projects	$ 8,815		56,512		$ 96		$ 254	65,677
Debt Service	7,420		16,792	$ 326	613	$ 18	68	25,237
Other Governmental	19,535		175	26,110				45,820
RWR		$ 132	343					475
Other Enterprise	1,000							1,000
Total	$ 36,770	$ 132	$ 79,012	$ 26,436	$ 709	$ 18	$ 322	$ 143,399

Note 11: Construction and Other Significant Commitments

At June 30, 2012, Pima County had the following major contractual commitments related to Facilities Management; General Government; Natural Resources, Parks and Recreation; Pima Health System and Services; Regional Flood Control; Regional Wastewater Reclamation; and Transportation.

Facilities Management
At June 30, 2012, the Pima County Facilities Management Department had construction contractual commitments of $42,025 and other contractual commitments related to service contracts of $6,525. Funding for these expenditures will be provided from general fund revenues.

General Government
At June 30, 2012, Pima County had contractual commitments related to service contracts for Community Development and Neighborhood Conservation Department of $11,051, Office of Court Appointed Counsel of $55,324 and, Institutional Health of $63,593. Procurement Department had construction contractual commitments of $95,429 and other contractual commitments related to service contracts of $3,851. Sheriff Department had contractual commitments related to construction contracts of $3,275 and other related contractual commitments related to service contracts of $8,960. Funding for these expenditures will be provided from general fund revenues.

Natural Resources, Parks and Recreation
At June 30, 2012, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $14 and other contractual commitments related to services of $20,032. Funding for these expenditures will be provided from general obligation bonds.

Pima Health System & Services
At June 30, 2012, Pima County had contractual commitments related to service contracts for Pima Health System & Services of $18,922. Funding for these expenses will be primarily provided from federal and state funding sources.

Regional Flood Control
At June 30, 2012, the Regional Flood Control fund had construction contractual commitments of $790 and other contractual commitments related to service contracts of $7,196. Funding for these expenditures will be primarily from tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2012, the Regional Wastewater Reclamation Enterprise Fund had construction contractual commitments of $77,916 and other contractual commitments related to service contracts of $30,958. Funding for these expenses will be primarily from Sewer Revenue Obligations and related fees.

Transportation
At June 30, 2012, the Pima County Transportation Department had construction contractual commitments of $37,415 and other contractual commitments related to service contracts of $21,481. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Note 12: Subsequent Event

Sewer System Revenue Obligations – On December 1, 2012 the RWR will issue Series 2012A Obligations in the amount of $150,000 to provide funds for the construction of improvements and extensions to the sewer system of the County.

Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. Payments will be made from user charges received in the Regional Wastewater Reclamation Enterprise Fund.

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APPENDIX D

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, collectively, the 2013A Certificates and the 2013B Certificates.

"2013A Certificates" shall mean $80,175,000 principal amount of Certificates of Participation, Series 2013A, 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.

"2013B Certificates" shall mean $12,705,000 principal amount of Refunding Certificates of Participation, Series 2013B, 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.

"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 2013 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 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 Stated 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.

"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.

"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.

"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 and the Third Amendment and as subsequently amended from time to time.

"Lease Payment" shall mean all payments required to he 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 and the Adult Detention Center.

"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 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 2013 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 2013 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 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.

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 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 Corporation 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 and the Third 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, 2022, 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 default described in 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 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 Untied 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, 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 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, 2023, provided that in no event shall the Ground Lease terminate before the termination of the Lease.

Title to the Public Works 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.

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APPENDIX E

FORM OF SPECIAL COUNSEL OPINION

[Closing Date]

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 $80,175,000 aggregate principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and $12,705,000 aggregate principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 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 and a Third Supplement to Trust Agreement, dated as of May 1, 2013 (collectively, the "Trust Agreement"), between Pima County, Arizona (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, dated as of June 1, 2009, a Second Amendment to Lease-Purchase, dated as of February 1, 2010 and a Third Amendment to Lease-Purchase, dated as of May 1, 2013 (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 proceeding relating to the execution and delivery of the 2013 Certificates, the County Documents, copies of the executed certificate of the first maturity of each series of the 2013 Certificates, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

The 2013 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 2013 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 2013 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 the Lease Agreement and received by the owners of the 2013 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 (the "Code"), 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 2013 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 2013 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 2013 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 2013 Certificates.

The rights of the owners of the 2013 Certificates and the enforceability of the 2013 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 2013 Certificates has concluded on this date.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$80,175,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION, SERIES 2013A

$12,705,000
PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B

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 $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 together with the 2013A Certificates, 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 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.

"MSRB" means the Municipal Securities Rulemaking Board.

"Listed Event" means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

"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/Final Official Statement. The base CUSIP Number of the Certificates is 721664. The Final Official Statement relating to the Certificates is dated May 7, 2013.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, 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.

5. 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.

6. 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 Bond 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.

7. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend the Undertaking, and any provision of the 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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 Management Director

Date: _____, 2013

[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, 2014. 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.

APPENDIX G

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 2013 Certificates. The 2013 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 Bond certificate will be issued for each maturity of the 2013 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 2013 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Certificates on DTC's records. The ownership interest of each actual purchaser of each 2013 Certificate ("Beneficial Owner") is in turn to be recorded on the 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 Certificates are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2013 Certificates, except in the event that use of the book-entry system for the 2013 Certificates is discontinued.

To facilitate subsequent transfers, all 2013 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 2013 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 2013 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013 Certificates are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2013 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of 2013 Certificates may wish to ascertain that the nominee holding the 2013 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 2013 Certificates unless authorized by a Direct Participant in accordance with DTC's 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 2013 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2013 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 Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2013 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, Bond 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, Bond 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 2013 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 2013 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 2013 CERTIFICATES; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2013 CERTIFICATES; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the 2013 Certificates, as nominee for DTC, references herein to "Owner" or registered owners of the 2013 Certificates (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2013 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.

So long as Cede & Co. is the registered Owner of the 2013 Certificates, as nominee for DTC, references herein to "Owner" or registered owners of the 2013 Certificates (other than under the captions "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2013 Certificates.

When reference is made herein 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.

consent of the Auditor General to include their report and the Auditor General has performed no procedures subsequent to rendering their opinion on the financial statements. The audited financial statements in Appendix C do not cover the most recent fiscal year and, therefore, may not represent the current financial condition of the County.

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 2013 Certificates.

The County has approved and authorized the distribution and use of this Official Statement.

By _____
Chairman, Board of Supervisors

By _____
County Administrator

PIMA COUNTY, ARIZONA

$80,175,000 **CERTIFICATES OF PARTICIPATION** **SERIES 2013A**	**$12,705,000** **REFUNDING** **CERTIFICATES OF PARTICIPATION** **SERIES 2013B**

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 $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 together with the 2013A Certificates, 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 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.

"MSRB" means the Municipal Securities Rulemaking Board.

"Listed Event" means the occurrence of any of the events with respect to the Certificates set forth in Exhibit II.

"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/Final Official Statement. The base CUSIP Number of the Certificates is 721664. The Final Official Statement relating to the Certificates is dated May 7, 2013.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, 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.

5. 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.

6. 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 Bond 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.

7. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend the Undertaking, and any provision of the 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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 Management Director

Date: May 22, 2013.

[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, 2014. 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.

PIMA COUNTY, ARIZONA

REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 1999
AND
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2003

DIRECTION TO REDEEM AND IRREVOCABLE DEPOSIT

May 22, 2013

U.S. Bank National Association, as Trustee
Phoenix, Arizona

Attention: Keith Henselen

Ladies and Gentlemen:

These directions are being delivered to you pursuant to the Trust Agreement, dated as of February 1, 1997 (the "Original Trust Agreement"), as supplemented by a First Supplement to Trust Agreement, dated as of September 1, 1999 (the "First Supplement") and a Second Supplement to Trust Agreement, dated as of October 1, 2003 (the "Second Supplement" and, together with the Original Trust Agreement and the First Supplement, the "Trust Agreement"), all as between Pima County, Arizona (the "County") and you, as successor trustee (the "Trustee"), relating to payment and redemption of the County's outstanding Refunding Certificates of Participation, Series 1999 (the "1999 Certificates") identified on Exhibit A-1 hereto (the "1999 Certificates to be Redeemed") and Refunding Certificates of Participation, Series 2003 (the "2003 Certificates") identified on Exhibit A-2 hereto (the "2003 Certificates to be Redeemed" and, together with the 1999 Certificates to be Redeemed, the "Certificates to be Redeemed"), which were executed and delivered pursuant to the Trust Agreement. Terms denoted herein with initial capitals and not otherwise defined herein have the meanings given in the Trust Agreement. These directions relate to the County exercising its option to redeem the Certificates to be Redeemed on July 1, 2013 and to provide for the payment of such Certificates to be Redeemed on July 1, 2013.

The County expects that on May 22, 2013 (the "Closing Date") the Trustee will execute and deliver Refunding Certificates of Participation, Series 2013B (the "2013B Refunding Certificates") pursuant to a Trust Agreement, dated as of June 1, 2008, as supplemented (the "2008 Trust Agreement"), between the County and you, as trustee, and to deposit with you on the Closing Date, from the proceeds therefrom, the amount of $13,840,205.00 (the "Irrevocable Deposit"), comprising an amount sufficient, without investment, to pay the amount necessary to redeem all Certificates to be Redeemed, together with an irrevocable direction to you from the County to (i) hold such amounts in

the Lease Payment Fund for credit to the Certificates to Be Redeemed; and (ii) redeem on July 1, 2013 all such Certificates to be Redeemed.

Section 16(a) of the First Supplement provides that at the direction of the County, the 1999 Certificates are subject to redemption prior to maturity in any order of maturity designated by the County (or by the Trustee by lot in the event that no designation accompanies the direction of the County), and by lot within a maturity, on any date occurring on or after January 1, 2009, by payment of the principal amount thereof, plus interest accrued to the date fixed for redemption.

Section 17(a) of the Second Supplement provides that at the direction of the County, the 2003 Certificates maturing on or after January 1, 2014 are subject to redemption prior to maturity in any order of maturity designated by the County (or by the Trustee by lot in the event that no designation accompanies the direction of the County), and by lot within a maturity, on any date occurring on or after January 1, 2013, by payment of the principal amount thereof, plus interest accrued to the date fixed for redemption

Sections 4.6(a) and (b) of the Original Trust Agreement require that notice of redemption be given to the Owners of the Certificates to be Redeemed not less than 30 and not more than 60 days before the redemption date. Section 4.6(c)(ii) of the Original Trust Agreement requires that a further notice of redemption be given to all registered securities depositories that are registered owners of the 1999 Certificates or 2003 Certificates.

This letter constitutes the direction of the County required by Section 16(a) of the First Supplement and Section 17(a) of the Second Supplement. You are hereby directed to give notice of redemption in the manner and at the times as required by the Trust Agreement and conditioned upon the Trustee's receipt of the Irrevocable Deposit. This direction to give such notice becomes irrevocable upon your receipt of the Irrevocable Deposit.

Section 14.1 of the Original Trust Agreement provides that upon receipt of the Irrevocable Deposit and the irrevocable direction to redeem all outstanding Certificates to be Redeemed on July 1, 2013, the Certificates to be Redeemed will be deemed paid and discharged under the Trust Agreement.

In addition, the County directs the Trustee to transfer all right, title and interest of the Trustee in and to each element of the Leased Property, which would have transferred back to the County pursuant to Section 14.1 of the Original Trust Agreement and Article X of the Lease-Purchase Agreement, directly to U.S. Bank National Association, as the trustee under the 2008 Trust Agreement.

Please signify your receipt of these directions and your agreement to follow them by signing at the place indicated below.

PIMA COUNTY, ARIZONA

By: _____
Thomas E. Burke
Director of Finance and Risk Management

ACKNOWLEDGED on May 22, 2013 by:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____

Its: AVP

EXHIBIT A-1

1999 CERTIFICATES TO BE REDEEMED

PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 1999

Dated: September 1, 1999

Maturity Dates Being Refunded	Outstanding Balance	Principal Balances Being Refunded	CUSIP
January 1, 2014	$1,220,000	$1,220,000	721664BB5

EXHIBIT A-2

2003 CERTIFICATES TO BE REDEEMED

PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2003

Dated: October 1, 2003

Maturity Dates Being Refunded	Outstanding Balance	Principal Balances Being Refunded	CUSIP
January 1, 2014	$1,265,000	$1,265,000	721664BL3
January 1, 2015	2,605,000	2,605,000	721664BM1
January 1, 2016	2,710,000	2,710,000	721664BN9
January 1, 2017	2,820,000	2,820,000	721664BP4
January 1, 2018	2,935,000	2,935,000	721664BQ2

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F. ANN RODRIGUEZ, RECORDER
Recorded By: MNC
DEPUTY RECORDER
4903

LANTI
SQUIRE SANDERS US LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004

SEQUENCE: 20131420004
NO. PAGES: 5
WTDEED 05/22/2013
8:05
MAIL
AMOUNT PAID: $10.00

When recorded, return to:

Timothy E. Pickrell, Esq.
Squire Sanders (US) LLP
1 East Washington Street, Suite 2700
Phoenix, Arizona 85004-4498

This transaction is exempt from the affidavit of value requirement pursuant to A.R.S. § 11-1134(A)(3) and (B)(1).

The Property transferred by this deed is the subject of a lease-purchase agreement between Grantee and Pima County, a political subdivision of the State of Arizona, and is exempt from taxation pursuant to A.R.S. § 42-11102(A)(2).

SPECIAL WARRANTY DEED

For the consideration of TEN AND NO/100 DOLLARS ($10.00), and other valuable consideration, U.S. BANK NATIONAL ASSOCIATION, as successor in interest to First Trust of Arizona, National Association, the "Grantor," as Trustee under a Trust Agreement dated February 1, 1997, between Pima County, Arizona (the "County") and the Grantor, as supplemented, does hereby convey to U.S. BANK NATIONAL ASSOCIATION, the "Grantee," as Trustee, pursuant to a Trust Agreement, dated as of June 1, 2008, between the County and the Grantee, as supplemented, the following described real property ("Property") situated in Pima County, Arizona, together with all improvements and all other rights and privileges appurtenant thereto:

SEE ATTACHED EXHIBIT A FOR LEGAL DESCRIPTIONS

SUBJECT to current taxes and assessments, reservations in patents, all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, and all matters which an accurate survey of the Property or a physical inspection of the Property would disclose

Grantor warrants title to the Property against the acts of Grantor and none other, subject to the matters set forth above.

[Signature pages follow]

DATED: May 22, 2013.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: Keith Henselen
Its: Assistant Vice President

STATE OF ARIZONA)
) ss:
County of Maricopa)

The foregoing instrument was acknowledged before me this 16th day of May, 2013, by Keith Henselen, as the Assistant Vice President of U.S. BANK NATIONAL ASSOCIATION, acting as trustee .

Notary Public

My Commission Expires:

HELEN D BELL
Notary Public—Arizona
Maricopa County
Expires 04/[illegible]/2015

631435.3

EXHIBIT A

LEGAL DESCRIPTIONS

ADULT DETENTION FACILITY

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)

F. ANN RODRIGUEZ, RECORDER
Recorded By: MNC
DEPUTY RECORDER
4903

LANTI
SQUIRE SANDERS US LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004

SEQUENCE: 20131420005
NO. PAGES: 7
RECON 05/22/2013
8:05
MAIL
AMOUNT PAID: $12.00

E A S T S I D E

When recorded return to:

Timothy E. Pickrell Esq.
Squire Sanders (US) LLP
1 E. Washington Street, Suite 2700
Phoenix, Arizona 85004
(602) 528-4031

Exemption Claimed:
A.R.S. § 11-1134(B)(1)

SATISFACTION OF TRUST AGREEMENT, ASSIGNMENT, RELEASE AND RECONVEYANCE

WHEREAS, Pima County, Arizona, a subdivision of the State of Arizona (the "County"), and U.S. Bank National Association, as successor in interest to First Trust of Arizona, National Association ("U.S. Bank"), entered into a Lease-Purchase Agreement, dated as of February 1, 1997 (the "1997 Lease-Purchase Agreement"), pursuant to which U.S. Bank leased to the County certain real property and improvements located in Pima County, Arizona described in the 1997 Lease-Purchase Agreement (the "Leased Property"), which 1997 Lease-Purchase Agreement was recorded February 27, 1997, at Docket 10491, Page 309, and following in the records of the County Recorder of Pima County, Arizona; and

WHEREAS, in connection with the acquisition, construction, reconstruction and equipping of the Leased Property and pursuant to an Assignment Agreement, dated February 1, 1997 (the "Assignment Agreement") between U.S. Bank and U.S. Bank National Association, as successor in interest to First Trust of Arizona, National Association, as trustee (the "1997 Trustee"), under that certain Trust Agreement dated February 1, 1997 (the "1997 Trust Agreement"), U.S. Bank assigned to the 1997 Trustee any and all of its legal and equitable right, title and interest in and to the 1997 Lease-Purchase Agreement, together with any and all payments to be made under the Lease Agreement (except as provided in the Assignment Agreement); and

WHEREAS, there were executed and delivered certain Certificates of Participation, Series 1997 (the "1997 Certificates") pursuant to the 1997 Trust Agreement dated as of February 1, 1997 (as supplemented and amended, the "Trust Agreement"), between the County and U.S. Bank National Association, as trustee (the "Trustee"), which were payable from amounts derived from the 1997 Lease-Purchase Agreement; and

WHEREAS, the principal and interest represented by the 1997 Certificates and all other amounts due under the 1997 Trust Agreement have been paid or provided for as provided in the Trust Agreement:

NOW, THEREFORE, pursuant to the provisions of the 1997 Trust Agreement, the 1997 Trust Agreement is hereby released, satisfied and discharged, and the covenants and obligations of the County, U.S. Bank and the 1997 Trustee thereby secured are declared fully performed; and all obligations of said persons with respect to all Outstanding 1997 Certificates (as defined in the 1997 Trust Agreement) have ceased and terminated.

FURTHERMORE, there is hereby assigned, released, conveyed and reconveyed to the County all interests in the 1997 Lease-Purchase Agreement, the Leased Property and the Assignment Agreement assigned or granted by the County or U.S. Bank to the 1997 Trustee pursuant to any of said documents or otherwise; and any and all title and interest of the Trustee in, and the lien of the 1997 Trust Agreement upon, the real property described therein is hereby released and terminated.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the Trustee has executed these presents as of May 22, 2013.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By:_____
Its: Assistant Vice President

[Signature page of Satisfaction of Trust Agreement, Assignment, Release and Reconveyance]

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 Satisfaction of Trust Agreement, Release and Reconveyance 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.

Helen D. Bell
Notary Public

My Commission Expires:

HELEN D BELL
Notary Public—Arizona
Maricopa County
Expires 04/30/2015

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

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)

E A S T S I D E

F. ANN RODRIGUEZ, RECORDER
Recorded By: MNC
DEPUTY RECORDER
4903

LANTI
SQUIRE SANDERS US LLP
1 E WASHINGTON ST 2700
PHOENIX AZ 85004

THE SEAL OF PIMA COUNTY ARIZONA

SEQUENCE: 20131420006
NO. PAGES: 1
TRMFS 05/22/2013
8:05
MAIL
AMOUNT PAID: $8.00

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Squire Sanders (US) LLP
1 E. Washington Street, Suite 2700
Phoenix, AZ 85004
Attn: Tim Pickrell

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #
Docket #: 10491 Page #: 383 Filing Date: February 27, 1997

1b. This FINANCING STATEMENT AMENDMENT is ☑ to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2. ☑ TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. ☐ CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ☐ ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects ☐ Debtor or ☐ Secured Party of record. Check only one of these two boxes.
Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

☐ CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.
☐ DELETE name: Give record name to be deleted in item 6a or 6b.
☐ ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME
Pima County, AZ

OR

6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID #, if any
				☐ NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.
Describe collateral ☐ deleted or ☐ added, or give entire ☐ restated collateral description, or describe collateral ☐ assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME
U.S. Bank National Association

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

10. OPTIONAL FILER REFERENCE DATA
Client/Matter #: 025673.00036. Recording Jurisdiction: Pima County, Arizona

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. 2012 - 84

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 11th day of September, 2012, 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 14th day of May, 2013.

Robin Brigode
Clerk

RESOLUTION NO. 2012-84

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA RELATING TO LEASE-PURCHASE FINANCING AND REFINANCING FOR CAPITAL PROJECTS FOR THE COUNTY; AUTHORIZING THE EXECUTION AND DELIVERY OF SUPPLEMENTAL OR RESTATED LEASE-PURCHASE AGREEMENTS AND TRUST AGREEMENTS OR AMENDMENTS OR SUPPLEMENTS THERETO AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS IN CONNECTION WITH SUCH FINANCING AND REFINANCING; APPROVING THE EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION; AND AUTHORIZING OTHER ACTIONS AND MATTERS IN CONNECTION THEREWITH.

WHEREAS, in 1997, Pima County, Arizona (the "County") sold and leased back certain real property and improvements (the "1997 Leased Property") 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 trustee under the below-described 1997 Trust Agreement, as lessor (in such capacity, the "1997 Lessor"), and the County, as lessee, in order to finance capital projects of the County (the "1997 Project"); and

WHEREAS, there were executed and delivered $35,660,000 aggregate principal amount of the Certificates of Participation, Series 1997 (the "1997 Certificates"), 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 trustee (in such capacity, the "1997 Trustee") which provided the 1997 Lessor with funds to purchase the 1997 Leased Property from the County and provided the County with funds to finance costs of the 1997 Project and to pay the costs of issuance of the 1997 Certificates; and

WHEREAS, there have also been executed and delivered under supplements to the 1997 Trust Agreement (a) $4,875,000 principal amount of Refunding Certificates of Participation, Series 1999 (the "1999 Certificates") for the purpose of refinancing certain of the 1997 Certificates and restructuring the related lease payments (the "1997 Lease Payments") due under the 1997 Lease-Purchase Agreement and (b) $27,525,000 principal amount of Refunding Certificates of Participation, Series 2003 (the "2003 Certificates") for the purpose of refinancing certain of the 1997 Certificates and 1999 Certificates and restructuring the related 1997 Lease Payments due under the 1997 Lease-Purchase Agreement; and

WHEREAS, there are no 1997 Certificates currently outstanding and there are currently outstanding $4,000,000 aggregate principal amount of 1999 Certificates (the "1999 Certificates to be Refunded") and $12,335,000 aggregate principal amount of 2003 Certificates (the "2003 Certificates to be Refunded" and, together with the 1999 Certificates to be Refunded, the "Certificates to be Refunded"); and

WHEREAS, the County has determined that it will be advisable to refund and redeem some or all of the Certificates to be Refunded, to the extent determined by the Director of Finance of the County; and

WHEREAS, the County has been advised that a corner portion of a building constructed by the County on the 1997 Leased Property subsequent to its sale to the 1997 Lessor extends onto adjacent property owned by the County and the County has been requested to convey the land under such corner portion (the "Additional 1997 Land") to the 1997 Lessor or to the 2008 Lessor, as provided in Section 10 of this Resolution, to allow functional unity for the 1997 Leased Property and to clear up any potential title problems created by the encroachment; and

WHEREAS, the County has determined that the Additional 1997 Land should be conveyed for such purpose and added to the 1997 Leased Property; and

WHEREAS, the County, as ground lessor, previously entered into a Ground Lease dated June 1, 2008 (the "2008 Ground Lease") with U.S. Bank National Association, as trustee under the below-described 2008 Trust Agreement (the "2008 Trustee"), as ground lessee, pursuant to which the County leases to the 2008 Trustee certain real property, which is a portion of the hereinafter-described 2008 Leased Property; and

WHEREAS, the County, as lessee, previously entered into a Lease-Purchase Agreement dated June 1, 2008 (the "Original 2008 Lease-Purchase Agreement"), which was amended by a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009 and by a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010 (collectively, the "2008 Lease-Purchase Agreement" and, together with the 1997 Lease-Purchase Agreement, the "Lease-Purchase Agreements") with the 2008 Trustee, as lessor (in such capacity, the "2008 Lessor"), pursuant to which 2008 Lessor leases to the County, as lessee, certain leased property (the "2008 Leased Property") as described therein; and

WHEREAS, the 2008 Trustee and the County have previously entered into a Trust Agreement dated as of June 1, 2008 (the "Original 2008 Trust Agreement"), as supplemented by a First Supplement to Trust Agreement, dated as of June 1, 2009 and by a Second Supplement to Trust Agreement, dated as of February 1, 2010 (collectively, the "2008 Trust Agreement" and, together with the 1997 Trust Agreement, the "Trust Agreements"), pursuant to which the 2008 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"), for the purpose of financing the costs of certain capital projects of the County and amending and restructuring the County's related lease payments (the "2008 Lease Payments" and, together with the 1997 Lease Payments, the "Lease Payments") under the Original 2008 Lease-Purchase Agreement; 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, each Trust Agreement permits, under certain conditions, the execution and delivery of "Additional Certificates," on a parity with the "Certificates" then outstanding under such Trust Agreement and permits the further supplementation and amendment of such Trust Agreement and the related 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 $76,200,000, plus any amount necessary to fund a debt service reserve fund, in one or more series, under either or both of the Trust Agreements, for any or all of the following purposes: (a) refunding and redeeming some or all of the Certificates to be Refunded, (b) financing the costs of additional capital projects for the County, and (c) funding any amount required to be deposited into a debt service reserve fund and paying the costs associated with the execution and delivery of such Additional Certificates, and to restructure the Lease Payments under the related Lease-Purchase Agreement; and

WHEREAS, the 1997 Trust Agreement provides that if all of the Certificates to be Refunded are refunded and redeemed, and no certificates of participation are thereafter outstanding under the 1997 Trust Agreement, the 1997 Trust Agreement will be discharged, the 1997 Lease-Purchase Agreement will terminate, and the 1997 Leased Property is to be re-conveyed by the 1997 Lessor to or upon the order of the County; and

WHEREAS, in such an event, the County has determined that, concurrently with, and in consideration for, the execution and delivery of the Additional Certificates pursuant to the 2008 Trust Agreement, the 1997 Leased Property should be conveyed by the 1997 Lessor to the 2008 Lessor, as lessor under the 2008 Lease-Purchase Agreement; and

WHEREAS, in connection with the execution and delivery of the Additional Certificates, it will be necessary to enter into supplemental or restated Trust Agreements or amendments or supplements thereto, between the County and one or both of the Trustees (collectively, "Trust Supplements") and supplemental or restated Lease-Purchase Agreements or amendments or supplements, between the County and one or both of the Trustees, as lessor (collectively, "Lease Amendments") and

WHEREAS, upon execution and delivery of each series of Additional Certificates, all the conditions for the execution and delivery of Additional Certificates under the respective Trust Agreement will have been met for such series; and

WHEREAS, each series of Additional Certificates will be offered for sale pursuant to one or more Preliminary Official Statements (collectively, the "Preliminary Official Statements"), which, with conforming changes, will become Official Statements (collectively, the "Official Statements") and sold pursuant to one or more Certificate Purchase Agreements (collectively, the "Purchase Agreements") among the County, the Trustee and RBC Capital Markets, LLC (the "Original Purchaser"); and

WHEREAS, in connection with the execution and delivery of each series of Additional 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 such Additional Certificates, as evidenced in one or more Continuing Disclosure Undertakings from the County (the "Continuing Disclosure Undertakings"); and

WHEREAS, in connection with the refunding and redemption of any Certificates to be Refunded, it may be necessary for the County and either of the Trustees, as depository trustee

thereunder, to execute and deliver one or more depository trust agreements (collectively, "Depository Trust Agreements" and, together with the Lease Amendments, Trust Supplements, Purchase Agreements, Continuing Disclosure Undertakings and Depository Trust Agreements, the "County Documents"); and

WHEREAS, the County has the power and authority to enter into and deliver 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 Additional Certificates in order to secure the financial advantages for the County:

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

1. The execution and delivery of Additional Certificates in one or more series under either or both of the Trust Agreements, for any or all of the following purposes, is hereby approved: (a) refunding and redeeming some or all of the Certificates to be Refunded, (b) financing the costs of additional capital projects for the County, and (c) funding any amount required to be deposited into a debt service reserve fund and paying the costs associated with the execution and delivery of such Additional Certificates and to restructure the Lease Payments under the related Lease-Purchase Agreement.

2. The Chairman, Vice Chairman or Acting Chairman 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. If Additional Certificates are executed and delivered under the 1997 Trust Agreement, each Authorized Officer is hereby further authorized, empowered and directed to amend or supplement the 1997 Trust Agreement and the 1997 Lease-Purchase Agreement, as permitted therein, to contain covenants, terms and conditions more closely comparable to those contained in the 2008 Trust Agreement and 2008 Lease-Purchase Agreement, respectively.

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 Additional Certificates intended by the County to be executed and delivered bearing tax-exempt interest or otherwise required by the related Purchase Agreement.

4. The execution, sale and delivery of Additional Certificates, which in the aggregate will not exceed a principal amount of $76,200,000, plus any amount approved by an Authorized Officer as being necessary to fund a debt service reserve fund, bearing interest at the rate or rates per annum not to exceed a yield of 7.50% 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 Additional 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 Additional Certificates shall mature over a period ending not later than January 1, 2023, 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).

5. The distribution of the Preliminary Official Statement by the Original Purchaser with respect to each series of Additional Certificates, in substantially the form on file with the Clerk of the Board of Supervisors, 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.

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 Additional Certificates, or a surety bond or other reserve fund guaranty, 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 Additional Certificates or otherwise, such an insurance policy or reserve fund guaranty, or both, 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 and/or reserve fund guaranty. 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 and/or reserve fund guaranty, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy and/or reserve fund guaranty.

7. The Authorized Officers are each hereby designated and appointed as the Lessee Representative, as defined in the Lease Agreements, 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 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.

8. The proceeds received by the Trustee from the sale of each series of Additional 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 Director of Finance of the County is hereby authorized to transfer monies from the General Fund, the Stadium District Fund, the Regional Wastewater Reclamation Enterprise Fund, the Capital Projects Fund or any other funds, as needed to make lease payments under the related Lease Agreement, provided that the amount transferred from any such fund is proportional to the use of the Certificate proceeds for projects for which use of monies in that fund is authorized.

9. Each Authorized Officer is hereby authorized to execute and deliver any instruments or documents necessary in connection with the redemption or prepayment of the Certificates to be Refunded, including, without limitation, the execution and delivery of one or more Depository Trust Agreements.

10. Any Authorized Officer is hereby authorized, empowered and directed to execute special warranty or other deeds and/or any additional documents necessary or desirable in order to convey the Additional 1997 Land to the 1997 Lessor (or to the 2008 Lessor if the remainder of the 1997 Leased Property has been conveyed to the 2008 Lessor pursuant to Section 11 of this Resolution), without additional payment, to allow functional unity for the 1997 Leased Property; and to execute and deliver any supplements or amendments to the Trust Agreements and the Lease-Purchase Agreements, or any other documents, necessary to add the Additional 1997 Land to the 1997 Leased Property.

11. If all the Certificates to be Refunded are being refunded and redeemed with proceeds of Additional Certificates executed and delivered under the 2008 Trust Agreement, and the 1997 Trust Agreement and 1997 Lease-Purchase Agreement are being terminated, any Authorized Officer is hereby authorized and empowered to transfer and convey, or to direct the 1997 Lessor to transfer and convey, the 1997 Leased Property and the County's interest therein to the 2008 Lessor, without additional payment, in order for the 1997 Leased Property to become a portion of the 2008 Leased Property, and to execute and deliver any supplements or amendments to the Trust Agreements and the Lease-Purchase Agreements, or any other documents, necessary in connection with such transfer and conveyance.

12. 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 left blank intentionally]

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on September 11, 2012.

By:_____
Chairman, Board of Supervisors

SEP 11 2012

ATTEST:

By:_____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By:_____
Timothy E. Pickrell

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. 2012 - 117

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 18th day of December, 2012, 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 14th day of May, 2013.

Robin Brigode
Clerk

RESOLUTION NO. 2012-117

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA AMENDING RESOLUTION NO. 2012-84 OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA TO INCREASE THE MAXIMUM PRINCIPAL AMOUNT OF CERTIFICATES OF PARTICIPATION AUTHORIZED BY RESOLUTION NO. 2012-84.

WHEREAS, the Board of Supervisors of Pima County, Arizona (the "County") passed, adopted and approved, on September 11, 2012, Resolution No. 2012-84, which authorized, among other things, the execution and delivery of Additional Certificates (as defined in Resolution 2012-84) in an aggregate principal amount of not to exceed $76,200,000; and

WHEREAS, the County has determined that it will be advantageous to amend Resolution No. 2012-84 to increase the maximum aggregate principal amount of Additional Certificates that may be executed and delivered thereunder to $100,200,000:

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

1. The thirteenth "WHEREAS" clause of Resolution No. 2012-84 is hereby amended to read in its entirety as follows:

> "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 $100,200,000, plus any amount necessary to fund a debt service reserve fund, in one or more series, under either or both of the Trust Agreements, for any or all of the following purposes: (a) refunding and redeeming some or all of the Certificates to be Refunded, (b) financing the costs of additional capital projects for the County, and (c) funding any amount required to be deposited into a debt service reserve fund and paying the costs associated with the execution and delivery of such Additional Certificates, and to restructure the Lease Payments under the related Lease-Purchase Agreement;"

2. Section 4 of Resolution No. 2012-84 is hereby amended to read in its entirety as follows:

> "4. The execution, sale and delivery of Additional Certificates, which in the aggregate will not exceed a principal amount of $100,200,000, plus any amount approved by an Authorized Officer as being necessary to fund a debt service reserve fund, bearing interest at the rate or rates per annum not to exceed a yield of 7.50% 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 Additional 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 Additional Certificates shall mature over a period ending not later than January 1, 2023, 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)."

3. Except as expressly set forth in Sections 1 and 2 hereof, each and every term and condition contained in Resolution No. 2012-84 remains in full force and effect.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on December 18, 2012.

By: _____ DEC 18 2012
Chairman, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

PIMA COUNTY, ARIZONA

$80,175,000 **CERTIFICATES OF PARTICIPATION** **SERIES 2013A**	**$12,705,000** **REFUNDING CERTIFICATES** **OF PARTICIPATION, SERIES 2013B**

GENERAL CERTIFICATE OF THE COUNTY

The undersigned, the Chairman 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 above-described Certificates of Participation, Series 2013A and Refunding Certificates of Participation, Series 2013B (together, the "2013 Certificates"):

1. They are the duly appointed, qualified and acting Chairman 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 2013 Certificates.

2. Each of the following documents has been executed and delivered by the Chairman and attested by the Clerk of the Board of Supervisors of the County or by the Director of Finance and Risk Management of the County:

Document	Dated Date	Other Party(ies)
Third Amendment to Lease-Purchase Agreement (the "Third Amendment")	May 1, 2013	U.S. Bank National Association, as Trustee (the "Trustee")
Third Supplement to Trust Agreement (the "Third Supplement")	May 1, 2013	Trustee
Certificate Purchase Contract	May 7, 2013	Trustee RBC Capital Markets Corporation, as Underwriter
Continuing Disclosure Undertaking	May 22, 2013	None
Tax Compliance Certificate	May 22, 2013	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, dated as of February 1, 2010, and by the Third Amendment, is herein collectively referred to as the "Lease-Purchase Agreement" and 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 Amendment, dated as of February 1, 2010, and by the Third Supplement, is herein collectively referred to as the "Trust Agreement." The Ground Lease, dated as of June 1, 2008, between the County and the Trustee (the "Ground Lease") relating to the Leased Property (as defined in the Lease-Purchase 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 following persons were, at all relevant times from and after September 11, 2012, through January 7, 2013, the duly qualified and acting Supervisors and officers of the County set forth opposite their respective names:

Title	Name
Chairman and Supervisor	Ramón Valadez
Supervisor	Sharon Bronson
Supervisor	Raymond Carroll
Supervisor	Ann Day
Supervisor	Richard Elías

4. The following persons were, at all relevant times from and after January 8, 2013, through the date hereof, the duly qualified and acting Supervisors and officers of the County set forth opposite their respective names:

Title	Name
Chairman and Supervisor	Ramón Valadez
Supervisor	Sharon Bronson
Supervisor	Raymond Carroll
Supervisor	Richard Elías
Supervisor	Ally Miller

5. No authority or proceedings for the execution and delivery of the 2013 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 2013 Certificates or the County Documents has been filed with or received by the County.

6. The adoption of Resolution No. 2012-84 on September 11, 2012 and Resolution No. 2012-117 on December 18, 2012 by the Board of Supervisors, authorizing the 2013 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.

7. 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.

8. 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.

9. By execution and delivery hereof, the County requests that the 2013 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.

10. 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 Final 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 2013 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 Resolutions have been duly adopted by the Board of Supervisors of the County, are in full force and effect and have not been modified, amended or repealed;

(iv) the audited financial statements included as Appendix F to the Preliminary Official Statement and the Final Official Statement were true and correct as of June 30, 2012, and the other financial statements and other financial and statistical data included in the Preliminary Official Statement and the Final 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 Final Official Statement which should be disclosed in the Final 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 Closing, and the information contained in the Final 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.

11. 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.

12. The undersigned Chairman 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: May 22, 2013.

PIMA COUNTY, ARIZONA

By: _____
Ramón Valadez
Chairman, Board of Supervisors

By: _____
Robin Brigode
Clerk, Board of Supervisors

[Signature page of General Certificate of the County]

SCHEDULE A

Name	Title	Signature
C.H. Huckelberry	County Administrator	
Tom Burke	Director of Finance	

TAX COMPLIANCE CERTIFICATE
OF ISSUER

Pertaining to

$80,175,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2013A

$12,705,000
PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2013B

Dated as of May 22, 2013

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:

"1997 Original Issue" means the $35,660,000 Certificates of Participation, Series 1997, executed and delivered on February 27, 1997 pursuant to the 1997 Trust Agreement, no portion of which remains outstanding.

"1997 Trust Agreement" means the Trust Agreement, dated as of February 1, 1997, as supplemented and amended, between the Issuer and the 1997 Trustee, pursuant to which the 1997 Original Issue, the 1999 Prior Issue and the 2003 Prior Issue were executed and delivered.

"1997 Trustee" means U.S. Bank National Association, as successor trustee under the 1997 Trust Agreement.

"1999 Prior Issue" means the $4,875,000 Refunding Certificates of Participation, Series 1999, executed and delivered on October 27, 1999 pursuant to the 1997 Trust Agreement, to advance refund a portion of the 1997 Original Issue, currently outstanding in the principal amount of $1,220,000.

"2003 Prior Issue" means the $27,525,000 Refunding Certificates of Participation, Series 2003, executed and delivered on October 23, 2003 pursuant to the 1997 Trust Agreement, currently outstanding in the principal amount of $12,335,000 (i) to advance refund a portion of the 1997 Original Issue and (ii) to advance refund a portion of the 1999 Prior Issue that was not allocable to the advance refunding of the 1997 Original Issue.

"Acquisition Fund" means the 2013A Project Fund in the Acquisition Fund created pursuant to the Trust Agreement and used to pay the costs of the New Money 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 A-1.

"Lease-Purchase Agreement" means the Lease-Purchase Agreement, dated as of February 1, 1997, 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 and the Adult Detention Center, as more fully described in Exhibit A to the Lease-Purchase Agreement.

"New Money Project" means the costs of certain improvements, which consist of expansion and upgrades to the Issuer's sewer treatment facilities 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 New Issue Project was placed in service, all of which are governmental purposes of the Code.

"Original Issue Project" means the acquisition, construction and equipping of a sports and recreational facility.

"Prior Issues" means, collectively, the 1997 Original Issue, the 1999 Prior Issue and the 2003 Prior Issue.

"Refunded Certificates" means the outstanding portion of the 1999 Prior Issue and of the 2003 Prior Issue, which consist of the portion of the 1999 Prior Issue maturing on January 1, 2014, in the principal amount of $1,220,000, and the portion of the 2003 Prior Issue maturing on January 1 of the years 2014 through 2018, inclusive, in the amount of $12,335,000.

"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.

(A) The Issue is being issued to provide funds to (i) pay costs of the New Money Project, (ii) currently refund the Refunded Certificates, and (iii) pay certain Issuance Costs.

(B) The Proceeds paid to the Issuer for deposit in the Acquisition Fund ($84,300,000.00) will be used by the Issuer to finance the construction of the New Money Project.

(C) The Proceeds paid directly to the 1997 Trustee ($13,840,205.00) will be used by the 1997 Trustee to currently refund the Refunded Certificates.

2.30 Dates. The Sale Date is May 7, 2013, and the Issuance Date is May 22, 2013. The final maturity date of the Issue is December 1, 2022.

2.40 Issue Price. The Issue Price is set forth in Attachment B and is computed as follows:

	New Money Portion	Current Refunding Portion	Total
Par Amount	$80,175,000.00	$12,705,000.00	$92,880,000.00
Original Issue Premium	4,908,038.60	1,259,853.00	6,167,891.60
Pre-Issuance Accrued Interest	0.00	0.00	0.00
Issue Price	$85,083,038.60	$13,964,853.00	$99,047,891.60

2.50 Sale Proceeds, Net Proceeds and Net Sale Proceeds. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

	New Money Portion	Current Refunding Portion	Total
Issue Price	$85,083,038.60	$13,964,853.00	$99,047,891.60
Pre-Issuance Accrued Interest	(0.00)	(0.00)	(0.00)
Sale Proceeds	$85,083,038.60	$13,964,853.00	$99,047,891.60
Deposit to reserve fund	(0.00)	(0.00)	(0.00)
Net Proceeds	$85,083,038.60	$13,964,853.00	$99,047,891.60
Minor Portion			(100,000.00)
Net Sale Proceeds			$98,947,891.60

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:

	New Money Portion	Current Refunding Portion	Total
To the Acquisition Fund	$84,300,000.00	$ 0.00	$84,300,000.00
To retire the Refunded Certificates	0.00	13,840,205.00	13,840,205.00
To pay Underwriter's discount	553,207.50	87,664.50	640,872.00
To pay other Issuance Costs	229,831.10	36,983.50	266,814.60
Total Sale Proceeds	$85,083,038.60	$13,964,853.00	$99,047,891.60

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.

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 $640,872.00 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 $266,814.60 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) Refunding of Refunded Certificates.

(1) Sale Proceeds of the Current Refunding Portion in the amount of $13,840,205.00 will be used on July 1, 2013 to retire the Refunded Certificates, the

period from the Issuance Date to such use being the Temporary Period for those Sale Proceeds.

(2) All of the Net Sale Proceeds and Investment Proceeds of the Prior Issues have been spent on the Original Issue Project or other governmental purposes of the Issuer. Accordingly, there will be no Transferred Proceeds of the Current Refunded Portion. There are no Replacement Proceeds of the Prior Issues.

(D) Payment of New Money Project Costs.

(1) Sale Proceeds of the New Money Portion in the amount of $84,300,000.00 will be used to pay a portion of the costs of the New Money 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 New Money Portion will be allocated to expenditures on the New Money 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 New Money Portion on the New Money Project; and

(iii) Completion of the New Money Project and allocation of the Net Sale Proceeds of the New Money Portion to expenditures within respect to the New Money Project will proceed with due diligence.

Any Sale Proceeds of the New Money Portion 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) There is no Reimbursement Allocation.

3.20 Investment Proceeds. Any Investment Proceeds of the Current Refunding Portion that will be used to pay Debt Service on the Refunded Certificates will be so used on the date all remaining Debt Service on the Refunded Certificates is paid and any other Investment Proceeds of the Current Refunding Portion will be spent within one year after receipt of those Investment Proceeds, such periods being the Temporary Periods for those Investment Proceeds. Any Investment Proceeds of the New Money Portion will be used to pay costs of the New Money Project, and such Investment Proceeds may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(D)(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 New Money Portion 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 Refunded Certificates Proceeds and Replacement Proceeds. All of the Proceeds and Replacement Proceeds of the Prior Issues properly allocable to the Refunded Certificates have been expended for the governmental purposes thereof except as described in this 5.10.

5.20 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).

5.30 Disposition of Property. The Issuer does not intend to sell or otherwise dispose of the New Money Project or the Original Issue 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 New Money Project or the Original Issue 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.

5.40 Issue Not Federally Guaranteed. The Issue is not Federally Guaranteed.

5.50 Not Hedge Bonds. At least 85% of the Spendable Proceeds of the New Money Portion will be used to carry out the governmental purposes of the Issue within three years from the Issuance Date. It was reasonably expected on the Issuance Date of the 1997 Original Issue that not less than 85% of the Spendable Proceeds of the 1997 Original Issue would be used, and such amounts were used, to carry out the governmental purposes of the Original Issue within three years from the Issuance Date thereof. Not more than 50%, if any, of the Proceeds of the New Money Portion will be and not more than 50%, if any, of the Proceeds of the 1997 Original Issue were 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.

5.60 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.

5.65 Written Procedures to Remediate Nonqualified Bonds. The Issuer acknowledges and establishes the Use of Proceeds Checklist and Remedial Action Instructions set forth in Attachment C-3 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.

5.70 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.

5.80 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 New Money 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.

5.90 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.

5.95 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 May 22, 2013.

PIMA COUNTY, ARIZONA

By:_____
Thomas Burke
Finance and Risk Management Director

[Signature page of Tax Compliance Certificate]

List of Attachments

Attachment A – Definitions for Tax Compliance Certificate

Attachment B – Underwriter's Certificate

Attachment C-1 – Compliance Policy

Attachment C-2 – Rebate Instructions

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

$80,175,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2013A

$12,705,000
PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2013B

Dated as of May 22, 2013

UNDERWRITER'S CERTIFICATE

RBC Capital Markets, LLC ("Underwriter"), as underwriter for the certificates of participation (the "Certificates") 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 May 7, 2013, 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 $99,047,891.60.

(2) Information Return. To the extent that we provided the Issuer and Squire Sanders (US) LLP, as bond 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 $99,047,891.60.

- The weighted average maturity of the Issue is 2.5015 years and the remaining weighted average maturity of the Refunded Certificates is 2.6906 years.
- The Yield on the Issue is 1.2484%. 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 $640,872.00.
- The CUSIP Number assigned to the final maturity of the Issue is 721664DLI.

(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.

[Remainder of page left blank intentionally]

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 bond 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 Certificates; 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 County 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 County, and (iii) is not to be construed as a "paid preparer" of any tax returns of the County, including specifically (but not limited to) Form 8038-G.

Dated: May 22, 2013

RBC CAPITAL MARKETS, LLC

By: _____
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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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.

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.

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.

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.

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.

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.

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.

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

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 148) 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

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

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.

Attachment C-2
To
Tax Compliance Certificate of Issuer

Pertaining to

PIMA COUNTY, ARIZONA

$80,175,000	**$12,705,000**
CERTIFICATES OF PARTICIPATION	**REFUNDING CERTIFICATES**
SERIES 2013A	**OF PARTICIPATION, SERIES 2013B**

INSTRUCTIONS FOR COMPLIANCE WITH REBATE REQUIREMENTS OF SECTION 148(f) OF THE CODE (Governmental Use Bonds)

The Issuer[1] 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]

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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 Issue[4] 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.

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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)

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. Buckelberry
(Authorized Officer's Signature)

C. H. BUCKELBERRY, COUNTY ADMINISTRATOR
(Typewritten Name & Title)

130 W. Congress, 10th floor
(Street Address)

Tucson, AZ 85701
(City) (State) (Zip)

(520) 740-8661
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Roby Bondy

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. Buckelberry
(Authorized Officer's Signature)

C. H. BUCKELBERRY, COUNTY ADMINISTRATOR
(Typewrite Name & Title)

130 W. Congress, 10th floor
(Street Address)

Tucson, AZ 85701
(City) (State) (Zip)

(520) 740-8661
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Roby Bondor

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.

PIMA COUNTY, ARIZONA

$80,175,000 **CERTIFICATES OF PARTICIPATION** **SERIES 2013A**	**$12,705,000** **REFUNDING CERTIFICATES** **OF PARTICIPATION, SERIES 2013B**

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") and the Third Supplement to Trust Agreement, dated as of May 1, 2013 (the "Third Supplement" and, together with the Original Trust Agreement, the First Supplement and the Second 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. 2012-84 and Resolution No. 2012-117, adopted by the Board of Supervisors on September 11, 2012 and December 18, 2012, respectively, authorizing, among other things, the execution and delivery on behalf of the County of the Third Supplement, the Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013 (the "Third 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 Third Amendment, a First Amendment to Lease-Purchase Agreement, dated as of June 1, 2009, and a Second Amendment to Lease-Purchase Agreement, dated as of February 1, 2010, the "Lease-Purchase Agreement"), by and between the Lessor and the County, and the Certificate Purchase Contract, dated May 7, 2013 (the "Certificate Purchase Contract"), among the County, the Trustee and RBC Capital Markets, LLC (the "Underwriter").

(b) Executed original counterparts of the Third Supplement, the Third Amendment, the Certificate Purchase Contract, and the Tax Compliance Certificate of the County dated the date hereof.

4. The Third Supplement, the Third Amendment and the Certificate Purchase Contract (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 $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, together with the 2013A Certificates, the "2013 Certificates") on behalf of the County, each dated as of May 22, 2013, maturing, bearing interest and having other terms provided by the Trust Agreement and has delivered all of said 2013 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 2013 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 2013 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 2013 Certificates or the application of the proceeds of the 2013 Certificates, or (c) in any way contesting the existence or corporate trust powers of the Trustee.

9. The Trustee has received, in payment for:

A. The 2013A Certificates, $84,529,831.10, consisting of (a) $80,175,000.00 principal amount of the 2013A Certificates, plus (b) $4,908,038.60 reoffering premium, and less (c) $553,207.50 Underwriter's discount.

B. The 2013B Certificates, $13,877,188.50, consisting of (a) $12,705,000.00 principal amount of the 2013B Certificates, plus (b) $1,259,853.00 reoffering premium, and less (c) $87,664.50 Underwriter's discount.

10. A. In accordance with the Trust Agreement, the moneys referred to in the foregoing paragraph 9.A. with respect to the proceeds of the 2013A Certificates have been deposited as follows:

(a) $229,831.10 to the 2013A Delivery Costs Account;

(b) $84,300,000.00 to the 2013A Project Fund.

B. In accordance with the Trust Agreement, the moneys referred to in the foregoing paragraph 9.B. with respect to the proceeds of the 2013B Certificates have been deposited as follows:

(a) $36,983.50 to the 2013B Delivery Costs Account;

(b) $13,840,205.00 to U.S. Bank National Association, as 1997 Trustee, for deposit in the Lease Payment Fund of the 1997 Trust Agreement.

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 2013 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 2013 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: May 22, 2013.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Assistant Vice President

[Signature page of Certificate and Receipt of Trustee]

U.S. BANK NATIONAL ASSOCIATION
ASSISTANT SECRETARY CERTIFICATE

I, Juliana B. Panetta, an Assistant Secretary of U.S. Bank National Association, hereby certify that the following is a true and exact extract from the Bylaws of U.S. Bank National Association, a national banking association organized under the laws of the United States.

ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

I further certify the following officers of U.S. Bank National Association have been duly appointed and qualified officers of the Association authorized to act under Article VI of the Bylaws of the Association and that such authority is in full force and effect as of the date hereof and have not been modified, amended or revoked.

Mary J. Ambriz-Reyes	Vice President	Keith N. Henselen	Asst.Vice President
Brenda D. Black	Vice President	Michelle A. Knutson	Officer
Brad Stevenson	Vice President	Linda Y. Riley	Officer
Robert L. Von Hess	Vice President		

IN WITNESS WHEREOF, I have set my hand this 25th day of April, 2012.

(No corporate seal)

Juliana B J Panetta

Juliana B. Panetta, Assistant Secretary

S:\affidavit\sec-certs\ Stevenson-reyes

PIMA COUNTY, ARIZONA

$80,175,000 **CERTIFICATES OF PARTICIPATION** **SERIES 2013A**	**$12,705,000** **REFUNDING CERTIFICATES** **OF PARTICIPATION, SERIES 2013B**

UNDERWRITER'S RECEIPT

The undersigned, RBC Capital Markets, LLC, is the underwriter of the above-referenced certificates (the "2013 Certificates") and as such hereby acknowledges receipt on this date, from U.S. Bank National Association, as trustee (the "Trustee"), of the 2013 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 May 22, 2013, and maturing on December 1 in the years and principal amounts and bearing interest at the rates set forth below:

SERIES 2013A

Year	Principal Amount	Interest
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

SERIES 2013B

Year	Principal Amount	Interest
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

DATED: May 22, 2013.

RBC CAPITAL MARKETS, LLC

By: _____

Its: Managing Director

[Signature page of Underwriter's Receipt]

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May 22, 2013

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 $80,175,000 aggregate principal amount of Certificates of Participation, Series 2013A (the "2013A Certificates") and $12,705,000 aggregate principal amount of Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 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 and a Third Supplement to Trust Agreement dated as of May 1, 2013 (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 dated as of June 1, 2009, a Second Amendment to Lease-Purchase dated as of February 1, 2010 and a Third Amendment to Lease-Purchase dated as of May 1, 2013 (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 proceeding relating to the execution and delivery of the 2013 Certificates, the County Documents, copies of the executed certificate of the first maturity of each series of the 2013 Certificates, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

The 2013 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

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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 2013 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 2013 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 the Lease Agreement and received by the owners of the 2013 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 (the "Code"), 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 2013 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 2013 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 2013 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 2013 Certificates.

The rights of the owners of the 2013 Certificates and the enforceability of the 2013 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 2013 Certificates has concluded on this date.

Respectfully submitted,

Squire Sanders (US) LLP

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May 22, 2013

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 2013A, in the aggregate principal amount of $80,175,000 and Pima County, Arizona Refunding Certificates of Participation, Series 2013B in the aggregate principal amount of $12,705,000.

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 Sanders (US) LLP

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May 22, 2013

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 2013A, in the aggregate principal amount of $80,175,000 and Pima County, Arizona Refunding Certificates of Participation, Series 2013B in the aggregate principal amount of $12,705,000.

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 Sanders (US) LLP

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May 22, 2013

RBC Capital Markets, LLC
Phoenix, Arizona

Ladies and Gentlemen:

Pursuant to a Certificate Purchase Contract, dated May 7, 2013 (the "Certificate Purchase Contract"), among Pima County, Arizona, RBC Capital Markets, LLC and U.S. Bank National Association, as trustee, 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 2013A in the aggregate principal amount of $80,175,000, and Pima County, Arizona Refunding Certificates of Participation, Series 2013B in the aggregate principal amount of $12,705,000 (collectively, the "2013 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 Resolutions have been duly adopted and are in full force and effect;

2. It is not necessary, in connection with the offering and sale of the 2013 Certificates, to register the 2013 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," "DESCRIPTION OF THE 2013 CERTIFICATES," "PLAN OF FINANCE – 2013A Certificates" and "PLAN OF FINANCE – 2013B Certificates," "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 C, D and E thereto, insofar as such statements and information summarize certain provisions of the 2013 Certificates, the County Documents and certain provisions of Arizona and federal law, including the federal and Arizona income tax status of interest on the 2013 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

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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 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 Trustee and 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 7(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 2013 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 2013 Certificates, except that reference may be made to this opinion in any list of closing documents pertaining to the execution and delivery of the 2013 Certificates.

Respectfully submitted,

Squire Sanders (US) LLP

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May 22, 2013

U.S. Bank National Association
Phoenix, Arizona

Re: $80,175,000 Pima County, Arizona Certificates of Participation, Series 2013A and $12,705,000 Pima County, Arizona Refunding Certificates of Participation, Series 2013B

Ladies and Gentlemen:

We have served as Special Counsel in connection with the execution and delivery of the above-described Certificates of Participation (the "2013 Certificates") under the Third Supplement to Trust Agreement dated as of May 1, 2013 (the "Third Supplement"), to the Trust Agreement, dated as of June 1, 2008 (as supplemented by the Third Supplement, 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 2013 Certificates, you have been provided, among other items, with the following:

1. Original executed counterparts of (a) the Third Supplement, and (b) the Third Amendment to Lease-Purchase Agreement dated as of May 1, 2013 (the "Third Amendment"), to the Lease-Purchase Agreement, dated as of June 1, 2008 (as amended by the Third Amendment, 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 (in such capacity, the "Lessor");

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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 2013 Certificates and containing certain representations therein;

3. Our opinion, of even date herewith (the "Approving Opinion"), addressing the validity of the 2013 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 2013 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 2013 Certificates have been fulfilled.

(ii) When executed and delivered by the Trustee, the 2013 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 County's Certificates of Participation, Series 2010, as to the assignment to the Trustee of the amounts pledged thereunder.

(iii) The execution and delivery of the 2013 Certificates will not result in the portion of the Lease Payments designated as interest evidenced by the 2010 Certificates becoming includable in gross income for purposes of federal income taxation.

(iv) The Third Amendment has been duly authorized, executed and delivered by the County, and the Lease Agreement, as amended by the Third 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 Sanders (US) LLP

OFFICE OF THE
Pima County Attorney
Civil Division
32 N. STONE
SUITE 2100
Tucson, Arizona 85701-1412
(520) 740-5750
FAX (520) 620-6556

Barbara LaWall
PIMA COUNTY ATTORNEY

May 22, 2013

RBC Capital Markets, LLC
Phoenix, Arizona

U.S. Bank National Association, as Trustee
Phoenix, Arizona

Re: Pima County, Arizona Certificates of Participation, Series 2013A and Refunding Certificates of Participation, Series 2013B

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, by a Second Amendment to Lease Agreement dated as of February 1, 2010, and by a Third Amendment to Lease Agreement dated as of May 1, 2013 (as so amended, the "Lease-Purchase Agreement"), between the County, as lessee, and U.S. Bank National Association, as trustee (the "Lessor"); a Ground Lease, dated as of June 1, 2008 (the "Ground Lease"), between the County and the Trustee; a Trust Agreement, dated as of June 1, 2008, as supplemented by a First Supplement to Trust Agreement dated as of June 1, 2009, by a Second Amendment to Lease Agreement dated as of February 1, 2010, and by a Third Amendment to Lease Agreement dated as of May 1, 2013 (as so supplemented, the "Trust Agreement"), between the County and the Trustee; a Continuing Disclosure Undertaking, dated the date hereof (the "Undertaking"), and a Certificate Purchase Contract, dated May 7, 2013 (the "Certificate Purchase Contract"), among the County, the Trustee and RBC Capital Markets, LLC. The Lease-Purchase Agreement, the Ground Lease, the Trust Agreement, the Undertaking and the Certificate Purchase Contract are each authorized by resolutions adopted by the Board of Supervisors of the County on June 17, 2008, September 11, 2012 and December 18, 2012 (collectively, the "Authorizing Resolution"). We have examined the transcript of proceedings relating to the execution and delivery of the Lease-Purchase Agreement, the Ground Lease, 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 that:

1. The authorization, approval and execution of the Lease-Purchase Agreement, the Ground Lease, the Trust Agreement, the Undertaking and 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 Ground Lease, 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 Ground Lease, the Trust Agreement, the Deed, 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 Ground Lease, 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 Ground Lease, 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 Ground Lease, 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 Ground Lease, 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 (as defined in the Certificate Purchase Agreement) 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

Regina L. Nassen, Deputy Pima County Attorney

GT GreenbergTraurig

May 22, 2013

RBC Capital Markets, LLC
Suite 700
2398 East Camelback Road
Phoenix, Arizona 85016

Re: $80,175,000 Certificates of Participation, Series 2013A and $12,705,000 Refunding Certificates of Participation, Series 2013B, 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 (both series together 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, and a Third Amendment to Lease-Purchase Agreement, dated as of May 1, 2013, 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, and a Third Supplement to Trust Agreement, dated as of May 1, 2013, 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 May 7, 2013 (hereinafter referred to as the "Official Statement"), relating to the Certificates. In addition, we have examined originals (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

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DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MEXICO CITY+
MIAMI
MILAN"
NEW JERSEY
NEW YORK
ORANGE COUNTY
ORLANDO
PHILADELPHIA
PHOENIX
ROME"
SACRAMENTO
SAN FRANCISCO
SEOUL~
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TEL AVIV^
TYSONS CORNER
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 GRZESIAK SP.K.

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

LandAmerica Lawyers Title

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, 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.
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 protection
   If 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

SEAL

By: Theodore L. Chandler Jr. 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-Z032025** 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:

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)

<u>Parcel 3</u>

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)

<u>Parcel 7</u>

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 27567 Richmond, Virginia 23261-7567.

LandAmerica

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.

LandAmerica
Lawyers Title

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:

By: _____
Authorized Officer or Agent

By: _____
President

Attest: _____
Secretary

End. - ALTA Form 13-06 Leasehold - Owners (6/17/06)
Form 5556-13L

First American Title	Owner's Policy of Title Insurance
	ISSUED BY **FIRST AMERICAN TITLE INSURANCE COMPANY**
Owner's Policy	POLICY NUMBER **5011400-434555**

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

FIRST AMERICAN TITLE INSURANCE COMPANY INCORPORATED SEPTEMBER 24, 1968 CALIFORNIA

Dennis J. Gilmore
President

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 protection
   if 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.

(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 **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.

STANDARD
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RATINGS SERVICES

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.:686400

April 20, 2013

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$13,000,000 Pima County, Arizona, Refunding Certificates of Participation, (County Project), Series 2013B, dated: Date of delivery, due: June 01,2023***

US$78,000,000 Pima County, Arizona, Certificates of Participation, (Sewer System Project), Series 2013A, dated: Date of delivery, due: June 01,2023

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.

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Please send hard copies to:
Standard & Poor's Ratings Services
Public Finance Department
55 Water Street

New York, NY 10041-0003.

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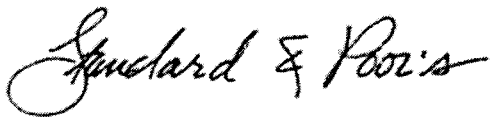
Sincerely yours,



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enclosures
cc: Mr. Kurt M. Freund, Managing Director
RBC Capital Markets

STANDARD
& POOR'S
RATINGS SERVICES

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.:686400

April 20, 2013

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$50,000,000 Pima County, Arizona, General Obligation Bonds, Series 2013A, dated: Date of delivery, due: July 01,2028***

US$30,000,000 Pima County, Arizona, General Obligation Refunding Bonds, Series 2013B, dated: Date of delivery, due: July 01,2028

Dear Mr. Burke:

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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.

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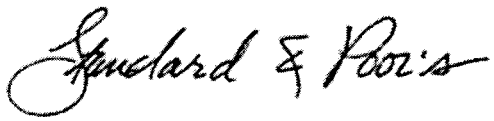

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cc: Mr. Kurt M. Freund, Managing Director
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Summary:

Pima County, Arizona; Appropriations; General Obligation

Primary Credit Analyst:
Alda A Mostofi, CFA, San Francisco (1) 415-371-5061; alda_mostofi@standardandpoors.com

Secondary Contact:
Sussan S Corson, New York (1) 212-438-2014; sussan_corson@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

Summary:

Pima County, Arizona; Appropriations; General Obligation

Credit Profile		
US$78.0 mil certs of part (Swr Sys Proj) ser 2013A due 06/01/2023		
Long Term Rating	A+/Stable	New
US$50.0 mil GO bnds ser 2013A due 07/01/2028		
Long Term Rating	AA-/Stable	New
US$30.0 mil GO rfdg bnds ser 2013B due 07/01/2028		
Long Term Rating	AA-/Stable	New
US$13.0 mil rfdg certs of part (Cnty Proj) ser 2013B due 06/01/2023		
Long Term Rating	A+/Stable	New

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' long-term rating to Pima County, Ariz.'s series 2013A general obligation (GO) bonds and series 2013B GO refunding bonds. At the same time, weaffirmed our 'AA-' long-term and underlying ratings (SPUR) on the county's previously issued GO debt. Additionally, we assigned our 'A+' long-term rating to the county's series 2013A certificates of participation (COPs) and series 2013B COP refunding notes. Finally, Standard & Poor's affirmed its 'A+' long-term rating and SPUR on the county's previously issued COPs. The outlook on all ratings is stable.

The ratings reflect our view of the county's:

- Deep and diverse local economic base, anchored by Tucson's role as a regional employment, education, and service center for southern Arizona;
- Strong financial management policies and practices; and
- Low overall debt levels.

Partly offsetting the above strengths, in our view, are the county's:

- Projections of decreasing secondary assessed value (AV) because of a softened real estate market;
- Continued financial support of its public hospital under an operating agreement, which we believe could result in unforeseen financial burden on the general fund;
- Projected general fund drawdowns in the upcoming year to offset revenue declines.

Revenue from an unlimited ad valorem property tax pledge secures the county's GO bonds. We understand that the series 2013A GO bond proceeds will fund certain county capital projects, and that the series 2013B GO refunding bond proceeds will refund its series 2004 and 2005 bonds.

The lease revenue bonds represent an interest in lease payments by the county, as lessee, to US Bank N. A., as lessor,

for use of various leased property, which includes the public works building, the legal services building, a parking garage, and certain adult detention facilities. In practice, the county will use available cash reserves from its wastewater fund to meet a significant amount of the COP lease payments. Therefore, the COPs will have a rapid amortization schedule and a final maturity of June 2023.

Pima County encompasses 9,184 square miles of southern Arizona and had a 2012 estimated population of approximately 1 million, of which nearly half resided in Tucson. A stable yet growing local economy, coupled with favorable weather, good educational opportunities, and affordable housing, has continued to draw new residents. The county's population had grown steadily during the mid-2000's, with average annual increases of over 2%. However, similar to national trends, this growth has slowed during the late 2000's. Services, government, and the military remain the primary employment sectors. The University of Arizona (10,681) and Raytheon Missile Systems (10,500) are the two leading employers in the county, followed by the state government, Davis-Monthan Air Force Base, and Wal-Mart stores. Tourism, particularly in the Tucson area, is another major economic driver, and visitors are attracted to the area's climate, nature areas, conventions, baseball spring training, and golf. Total tourist expenditure exceeded $1.37 billion in 2011, a slight increase from the prior year. The county's unemployment rate has remained flat since last year, measuring 7.3% for fiscal 2013 compared with the national average of 8.5%. Incomes are, in our view, good, with median household and per-capita effective buying income measuring 93% and 97% of the national levels, respectively.

Although secondary AV has declined since fiscal 2011 as a result of the recent national decline in the housing market, historically, construction activity -- particularly in the residential sector -- has supported the county's property tax base growth. Secondary AV had increased at a 12% average annual rate during fiscal years 2005 through 2010 to $9.9 billion. Arizona's AV tax roll exhibits a two-year lag from market trend, and as such, secondary AV declined by 5.3% for fiscal 2011, followed by a decline of 9.6% for fiscal 2012 to $8.5 billion. Fiscal 2013, saw the third consecutive decline in property values as secondary AV declined by an additional 3.3%. Full property valuation for fiscal 2013 totals $67.4 billion, or $65,507 per capita, which we consider strong. The tax base is, in our view, diverse, with the 10 largest taxpayers accounting for 7.4% of secondary AV. The county projects secondary AV to decline by approximately 6.7% for fiscal 2014.

Finances and debt

Based on audited fiscal 2012 results, Pima County had an approximately $33 million general fund surplus, but as a result of transfers out of the general fund, it closed the year with a net surplus of $3.2 million to its ending fund balance. General fund expenditures of $445.8 million were higher by about 3.9%, mainly as result of public safety and general government expenditure increases. Revenues were also higher by 1.2% to $479 million, helped by a slight increase in intergovernmental revenue stemming from state-shared vehicle license and sales tax revenue, which helped more than offset property tax revenue declines. During the year, the county had net transfers out of approximately $31.5 million from the general fund to support other county funds (such as capital projects, debt service, and health services), a practice in place for the past few years. The county closed fiscal 2012 with an available fund balance (assigned and unassigned) of approximately $77.8 million, or 18.1% of expenditures, which we consider very strong.

General fund revenue is primarily generated from property tax revenues (64%), followed by intergovernmental revenues (26%). Pima County projects closing fiscal 2013 with nearly a $30 million drawdown on the general fund

reserves, as it projects ending the year with revenues over expenditures of just over $1 million (0.2% of expenditures), the smallest operational surplus of the past several years. The results stem from lower property tax and charges for service revenues. The county is projecting to transfer roughly $30 million out of the general (to other funds just like prior years), and to close the year with an ending fund balance of nearly $50 million, or 10.9% of expenditures, which we consider strong. The county anticipates that its unreserved general fund balance will stay at or exceed its aimed policy of 5% of expenditures, which would be about $22.5 million (in fiscal 2013).

For fiscal 2014, county management (although the county has not yet compiled its formal budget), has expressed to us that they will propose to increase the primary tax rate to help mitigate declines in property tax revenues. Should the tax increase be denied, the county has express to us that they will make necessary expenditure reductions to balance the budget. During fiscal 2012, the administrative duties of the county to oversee the state's health care program, the Arizona Health Care Cost Containment System, were not renewed with the state and have thus been contracted with a private party instead. The county projects that, since it has met certain required obligations, nearly $18.5 of the county health care fund's (Pima Health System & Services) available fund balance will be transferred to the county's general fund during fiscal 2014. Although the county had previously (in 2012) expressed that those fund would be transferred to the county during 2013, the county has expressed to us that the state did not issue a release approval to the county until this current fiscal year. If those funds are to be transferred to the general fund in the next fiscal year, the county will likely end fiscal 2014 with nearly the same ending fund balance as in fiscal 2013, should the tax rate not be increased for fiscal 2014. We expect that, if the county can raise its tax rate for fiscal 2014, by itself, will lead to an operational surplus and ultimately grow reserves by the end of next year. However, together, the transfer from the Pima Health System & Services and an increase in the tax rate will help to reduce the operational deficit and boost reserves.

Pima County has entered into a 25-year lease, effective June 2004, with University Physicians Healthcare (UPH), a nonprofit organization absorbed by the Arizona Board of Regents, under the program of the University of Arizona School of Medicine. Under this agreement, UPH (though now, University of Arizona Health Net) assumes full responsibility for the operations of Kino Community Hospital, while the county pays the Board of Regents an annual service fee if operating costs exceed revenue that program generates at the hospital. We understand the county provided $15 million to the regents in fiscal 2012. Although we believe this agreement creates moderate financial uncertainty, the county projects that the payments will be less than the negotiated amount. The county is budgeting to provide $15 million in fiscal 2013 while paying the $25 million paid in 2011.

We consider Pima County's management practices "strong" under our Financial Management Assessment methodology, indicating practices are strong, well embedded, and likely sustainable.

Overall net debt levels are low, in our view, at $1,198 per capita and 1.9% of market value. We consider amortization of the county's direct GO and COP debt rapid, with approximately 75% of principal maturing over 10 years and 100% over 20. Thus, the county's carrying charge is what we consider moderate, at 13.6% of governmental expenditures. We understand that the county plans to issue additional enterprise and appropriation debt within the next few years. The county contributes to the Arizona State Retirement System, the Corrections Officer Retirement Plan, and the Public Safety Personnel Retirement System. The county does not offer other postemployment benefits (OPEBs) to employees

and reports that it lacks an unfunded liability associated with OPEBs.

Outlook

The stable outlook reflects our anticipation that Pima County will properly manage its financial operations during the next two years based on further potential reductions in revenue. We do anticipate that it might reduce its general fund reserves during the next year, but we do not anticipate the reduction to be substantial as it is projecting to receive funds from the closing of the Pima Health System & Services for fiscal 2014. We believe that the county will likely be able to bring expenditures in line with revenues over the next two years. If the county can't appropriately balance its budget and becomes heavily reliant on its reserves, we could lower the rating. Otherwise, we don't expect to change the rating over our two-year outlook horizon.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007

Ratings Detail (As Of April 22, 2013)		
Pima Cnty COP ser 2010 due 06/01/2019		
Long Term Rating	A+/Stable	Affirmed
Pima Cnty GO bnds		
Long Term Rating	AA-/Stable	Affirmed
Pima Cnty GO bnds		
Long Term Rating	AA-/Stable	Affirmed
Pima Cnty certs of part (Justice Bldg Proj) ser 2007		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Pima Cnty GO		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

FitchRatings

One State Street Plaza
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

April 24, 2013

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/jh

Enc: Notice of Rating Action
(Doc ID: 181950)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) COPs ser 2013A	Long Term	New Rating	AA-	RO:Sta	18-Apr-2013	
Pima County (AZ) GO bonds ser 2013A	Long Term	New Rating	AA	RO:Sta	18-Apr-2013	
Pima County (AZ) GO rfdg bonds ser 2013B	Long Term	New Rating	AA	RO:Sta	18-Apr-2013	
Pima County (AZ) rfdg COPs ser 2013B	Long Term	New Rating	AA-	RO:Sta	18-Apr-2013	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

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 130 West Congress, 6th Floor	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85001	7 Date of issue 05/22/2013
8 Name of issue Certificates of Participation, Series 2013A and Refunding Certificates of Participation, Series 2013B	9 CUSIP number 721664 DL1
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	Utilities	17		
18	Other. Describe ▶ Various county governmental functions	18	99,047,891	60
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

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	12/01/2022	$ 99,047,891.60	$ 92,880,000.00	2.5015 years	1.2484 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	00	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	99,047,891	60
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	907,686 60			
25	Proceeds used for credit enhancement	25	00 0			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	00 0			
27	Proceeds used to currently refund prior issues	27	13,840,205 00			
28	Proceeds used to advance refund prior issues	28	00 0			
29	Total (add lines 24 through 28)			29	14,747,891	60
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	84,300,000	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 ▶	2.6906 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	0.0 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	07/01/2013
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	10/27/1999; 10/23/2003

For Paperwork Reduction Act Notice, see separate instructions.

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 ▶ ☐ 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 ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ 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 ▶ ☐

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 ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

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.

▶ Signature of issuer's authorized representative — Date May 22, 2013 ▶ Thomas E. Burke, Finance & Risk Mngmt Dir. — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Robert J. Eidnier		5/22/13		P01064240

Firm's name ▶	Squire Sanders (US) LLP	Firm's EIN ▶	34-0648199
Firm's address ▶	125 Public Square, Cleveland, OH 44114	Phone no.	(216) 479-8676

SQUIRE SANDERS

SQUIRE SANDERS (US) LLP
1 E. WASHINGTON ST., SUITE 2700
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O +1 602 528 4000
F +1 602 253 8129
WWW.SQUIRESANDERS.COM

Timothy E. Pickrell, Partner
Telephone: 602 528 4031
timothy.pickrell@squiresanders.com

May 30, 2013

Via Certified Mail

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

Re: Pima County, Arizona
$80,175,000 Certificates of Participation, Series 2013A
$12,705,000 Refunding Certificates of Participation, Series 2013B

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Sincerely,

Timothy E. Pickrell

TEP:me
Enclosure
Certified 7012 140 0000 4506 5012

37 OFFICES IN 18 COUNTRIES
SQUIRE SANDERS (US) LLP IS PART OF THE INTERNATIONAL LEGAL PRACTICE SQUIRE SANDERS WHICH OPERATES WORLDWIDE THROUGH A NUMBER OF SEPARATE LEGAL ENTITIES.
PLEASE VISIT SQUIRESANDERS.COM FOR MORE INFORMATION.

652620.2

AFFIDAVIT OF MAILING

STATE OF ARIZONA)
) ss:
County of Maricopa)

I, Timothy E. Pickrell, being first duly sworn upon my oath, depose and say that I delivered to the United States Postal Service on the 30th day of May, 2013, an envelope containing a Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, with respect to the Pima County, Arizona $80,175,000 Certificates of Participation, Series 2013A and $12,705,000 Refunding Certificates of Participation, Series 2013B, postage prepaid, certified mail (Certified Mail Number 7012 1640 0000 4506 5012), addressed as follows:

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

Timothy E. Pickrell

SUBSCRIBED AND SWORN to before me this 30th day of May, 2013.

Helen D. Bell
Notary Public

My Commission Expires:

HELEN D BELL
Notary Public—Arizona
Maricopa County
Expires 04/30/2015

652620.2

7012 1640 0000 4506 5012

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$ 1.12
Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$4.22

PHOENIX AZ 85026
MAY 30 2013
Postmark Here
USPS

Sent To: Department of the Treasury
Street, Apt. No. or PO Box No.: Internal Revenue Service Center
City, State, ZIP: Ogden, UT 84201

PS Form 3800, August 2006 See Reverse for Instructions

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 2013A and Refunding Certificates of Participation, Series 2013B	
3. Dated Date: 05/22/ 2013 Closing Date: 05/22/2013	4. Par amount: $92,880,000
5. Overall Interest rate (~~TIC~~ OR NIC): 1.657336 %	6. Type of Bond or Security: annual appropriation
7. Repayment sources: Lease payments	
8. Total amount outstanding: $109,105,000	9. Total amount outstanding of senior or subordinate bonds: $0
10. Original issue price: a. Par Amount (Principal Amount) $92,880,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: N/A **For general obligation Bonds:** a. Secondary net assessed value: N/A
b. Original Issue Discount (-) (-0-)	
c. Premium Amount (+) 6,167,891.60	b. Debt limit percentage: N/A
d. Original Issue Price (=) $99,047,891.60	c. Total debt limit: N/A
e. Underwriter Compensation (Discount) (-) (640,872.00)	12. Available debt limit: N/A
f. Net Proceeds (=) $98,407,019.60	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 May 22, 2013

Title, address and phone number

Thomas E. Burke, Finance Director
Pima County Finance Department
Pima County, Arizona
130 West Congress, 6th Floor
Tucson AZ 85701
(520) 740-8229

Trustee name, address and phone number

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

Political Subdivision Contact Name, address, phone number

Pima County Finance Department
Pima County, Arizona
130 West Congress, 6th 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

ARIZONA DEPARTMENT OF REVENUE

Report of Bond and Security Issuance

Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a – 10b + 10c – 10e = 10f.

Name of Issue: PIMA COUNTY, ARIZONA CERTIFICATES OF PARTICIPATION, SERIES 2013A and REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B

Par Amount: $92,880,000

Date Closed: May 22, 2013

Maturity Date (December 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
Series 2013A					
2013	$34,645,000.00	1.500%	0.210%	$34,879,200.20	$234,200.20
2014	21,335,000.00	2.000	0.440	21,840,212.80	505,212.80
2015	6,790,000.00	5.000	0.560	7,544,776.40	754,776.40
2016	2,045,000.00	5.000	0.790	2,343,692.70	298,692.70
2017	2,210,000.00	5.000	1.050	2,594,761.00	384,761.00
2018	2,690,000.00	5.000	1.360	3,209,439.00	519,439.00
2019	2,880,000.00	5.000	1.710	3,462,624.00	582,624.00
2020	2,265,000.00	5.000	1.960	2,744,545.80	479,545.80
2021	2,540,000.00	5.000	2.220	3,085,668.20	545,668.20
2022	2,775,000.00	5.000	2.430	3,378,118.50	603,118.50
Series 2013B					
2013	$2,330,000.00	1.500%	0.250%	$2,345,261.50	$ 15,261.50
2014	2,420,000.00	3.000	0.480	2,512,540.80	92,540.80
2015	2,520,000.00	5.000	0.560	2,800,123.20	280,123.20
2016	2,650,000.00	5.000	0.790	3,037,059.00	387,059.00
2017	2,785,000.00	5.000	1.050	3,269,868.50	484,868.50
Total	$92,880,000.00	--	--	$99,047,891.60	$6,167,891.60
10e Underwriter's Discount and/or Placement Agent Fee, if any				(640,872.00)	
10f Net Proceeds (as shown on issuance form)				$98,407,019.60	

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA CERTIFICATES OF PARTICIPATION, SERIES 2013A and REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B

COSTS OF ISSUANCE

Bond Counsel	$112,550.00
Underwriter's Counsel	25,000.00
Trustee and Counsel	4,500.00
Fitch Ratings	34,000.00
Standard & Poor's	38,700.00
Printing of Official Statement	5,000.00
First American Title Insurance	35,748.00
Miscellaneous	11,316.60
Total:	$266,814.60

Exhibit A-1

$80,175,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2013A

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 05/22/2013 **Delivered:** 05/22/2013

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721664)
12/01/2013	$34,645,000	1.500%	$1,131,966	$35,776,966		DB3
06/01/2014			818,225	818,225	$36,595,191	
12/01/2014	21,335,000	2.000%	818,225	22,153,225		DC1
06/01/2015			604,875	604,875	22,758,100	
12/01/2015	6,790,000	5.000%	604,875	7,394,875		DD9
06/01/2016			435,125	435,125	7,830,000	
12/01/2016	2,045,000	5.000%	435,125	2,480,125		DE7
06/01/2017			384,000	384,000	2,864,125	
12/01/2017	2,210,000	5.000%	384,000	2,594,000		DF4
06/01/2018			328,750	328,750	2,922,750	
12/01/2018	2,690,000	5.000%	328,750	3,018,750		DG2
06/01/2019			261,500	261,500	3,280,250	
12/01/2019	2,880,000	5.000%	261,500	3,141,500		DH0
06/01/2020			189,500	189,500	3,331,000	
12/01/2020	2,265,000	5.000%	189,500	2,454,500		DJ6
06/01/2021			132,875	132,875	2,587,375	
12/01/2021	2,540,000	5.000%	132,875	2,672,875		DK3
06/01/2022			69,375	69,375	2,742,250	
12/01/2022	2,775,000	5.000%	69,375	2,844,375		DL1
06/01/2023					2,844,375	
Totals	$80,175,000		$7,580,416	$87,755,416	$87,755,416	

(1) The 2013A Certificates are not subject to optional redemption prior to their stated maturity.

Exhibit A-2

$12,705,000
PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2013B

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 05/22/2013 **Delivered:** 05/22/2013

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721664)
12/01/2013	$2,330,000	1.500%	$265,283	$2,595,283		DM9
06/01/2014			235,175	235,175	$2,830,458	
12/01/2014	2,420,000	3.000%	235,175	2,655,175		DN7
06/01/2015			198,875	198,875	2,854,050	
12/01/2015	2,520,000	5.000%	198,875	2,718,875		DP2
06/01/2016			135,875	135,875	2,854,750	
12/01/2016	2,650,000	5.000%	135,875	2,785,875		DQ0
06/01/2017			69,625	69,625	2,855,500	
12/01/2017	2,785,000	5.000%	69,625	2,854,625		DR8
06/01/2018					2,854,625	
Totals	**$12,705,000**		**$1,544,383**	**$14,249,383**	**$14,249,383**	

(1) The 2013B Certificates are not subject to optional redemption prior to their stated maturity.

Form **8038-G** (Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

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 130 West Congress, 6th Floor	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85001	7 Date of issue 05/22/2013
8 Name of issue Certificates of Participation, Series 2013A and Refunding Certificates of Participation, Series 2013B	9 CUSIP number 721664 DL1
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	Utilities	17		
18	Other. Describe ▶ Various county governmental functions	18	99,047,891	60
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

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	12/01/2022	$ 99,047,891.60	$ 92,880,000.00	2.5015 years	1.2484 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	00	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	99,047,891	60
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	907,686 60			
25	Proceeds used for credit enhancement	25	00 0			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	00 0			
27	Proceeds used to currently refund prior issues	27	13,840,205 00			
28	Proceeds used to advance refund prior issues	28	00 0			
29	Total (add lines 24 through 28)			29	14,747,891	60
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	84,300,000	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 ▶	2.6906 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	0.0 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	07/01/2013
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	10/27/1999; 10/23/2003

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 ▶ ☐ 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 ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ 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 ▶ ☐

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 ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

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.

▶ Signature of issuer's authorized representative — Date May 22, 2013 ▶ Thomas E. Burke, Finance & Risk Mngmt Dir. — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Robert J. Eidnier		5/22/13		P01064240

Firm's name ▶	Squire Sanders (US) LLP	Firm's EIN ▶	34-0648199
Firm's address ▶	125 Public Square, Cleveland, OH 44114	Phone no.	(216) 479-8676

OFFICIAL STATEMENT

NEW ISSUE - BOOK-ENTRY-ONLY **RATINGS: See "Ratings" herein**

In the opinion of Squire Sanders (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 related 2013 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 2013 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 tax aspects, see "TAX MATTERS" herein.

PIMA COUNTY, ARIZONA

$80,175,000
CERTIFICATES OF PARTICIPATION, SERIES 2013A
Evidencing a Proportionate Interest of Owners thereof in Lease Payments to be Made by PIMA COUNTY, ARIZONA, As Lessee

$12,705,000
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013B
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**

The securities being offered hereby consist of Certificates of Participation, Series 2013A (the "2013A Certificates") and Refunding Certificates of Participation, Series 2013B (the "2013B Certificates" and, together with the 2013A Certificates, the "2013 Certificates") 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, and a Third Amendment to Lease-Purchase Agreement, to be dated as of May 1, 2013 (the original as so amended and 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, and certain adult detention (jail) facilities of the County (collectively, the "Leased Property"). See "PLAN OF FINANCE - The Leased Property" herein. The 2013 Certificates are being executed and delivered under 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, and a Third Supplement to Trust Agreement, to be dated as of May 1, 2013 (the original as so supplemented and as subsequently supplemented, the "Trust Agreement"), between the Trustee and the County. Initially, the 2013 Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2013 Certificates. Purchases of beneficial interests in the 2013 Certificates will be made in book-entry-only form in amounts of $5,000 of principal of a series maturing on a specified date or any integral multiple thereof. Purchasers will not receive certificates representing the ownership interest in the 2013 Certificates purchased by them. See Appendix G - "BOOK-ENTRY-ONLY SYSTEM."

Interest represented by the 2013 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, 2013, until maturity or prior redemption, and principal with respect to the 2013 Certificates will be payable annually in accordance with the schedule set forth on the inside front cover. So long as the 2013 Certificates are registered in the name of DTC, or its nominee, payments of the principal and interest with respect to the 2013 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 2013 Certificates, as described herein.

The 2013 Certificates will not be subject to optional redemption, but will be subject to extraordinary redemption prior to maturity as more fully described herein. See "THE 2013 CERTIFICATES - Redemption Provisions" herein.

The 2013 Certificates are being executed and delivered to (i) refinance the acquisition by the Trustee of the Leased Property from the County, (ii) refund the Certificates to be Refunded (as defined herein), and (iii) pay costs associated with the execution and delivery of the 2013 Certificates. See "PLAN OF FINANCE" herein.

The 2013 Certificates, together with $16,225,000 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 2013 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 2013 Certificates are offered when, as and if certain conditions are satisfied and subject to the legal opinion of Squire Sanders (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 2013 Certificates will be available for delivery through the facilities of DTC, on or about May 22, 2013.

RBC CAPITAL MARKETS

May 7, 2013

SQUIRE SANDERS

Direct: +1.602.528.4031
tpickrell@ssd.com

May 30, 2013

Via Certified Mail
Return Receipt Requested

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

Re: Pima County, Arizona
$80,175,000 Certificates of Participation, Series 2013A
$12,705,000 Refunding Certificates of Participation, Series 2013B

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.

Sincerely,

Timothy E. Pickrell

TEP:me
Enclosure
Certified No. 7012 1640 0000 4506 5197

652734.2

AFFIDAVIT OF MAILING

STATE OF ARIZONA)
) ss:
County of Maricopa)

I, Timothy E. Pickrell, being first duly sworn upon my oath, depose and say that I delivered to the United States Postal Service on the 30th day of May, 2013, an envelope containing the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B, with respect to Pima County, Arizona $80,175,000 Certificates of Participation, Series 2013A and $12,705,000 Refunding Certificates of Participation, Series 2013B, postage prepaid, certified mail (Certified Number 7012 1640 0000 4506 5197), return receipt requested, addressed as follows:

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

Timothy E. Pickrell

SUBSCRIBED AND SWORN to before me this 5th day of February, 2010.

Notary Public

My Commission Expires:

HELEN D BELL
Notary Public—Arizona
Maricopa County
Expires 04/10/2015

652734.2

7012 1640 0000 4506 5197

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PHOENIX, AZ 85026
MAY 30 2013
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or
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Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix AZ 85007

PS Form 3800, August 2006 — See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix AZ 85007

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Darlene Teller — ☒ Agent ☐ Addressee

B. Received by (Printed Name): Darlene Teller
C. Date of Delivery: 6/3/13

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7012 1640 0000 4506 5197

PS Form 3811, August 2001 — Domestic Return Receipt — 102595-02-M-1540

RBC Capital Markets®

FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE:

PIMA COUNTY, ARIZONA

$80,175,000 **Certificates of Participation** **Series 2013A**	**$12,705,000** **Refunding Certificates of Participation** **Series 2013B**

CERTIFICATES DATED: May 22, 2013

INTEREST PAYMENT DATES: Interest on the 2013 Certificates is payable semiannually on December 1 and June 1 of each year, commencing December 1, 2013.

MATURITY DATES, CUSIPS, PRINCIPAL AMOUNTS, INTEREST RATES: See attached Exhibit A.

CLOSING: The Closing will be held telephonically on **Wednesday, May 22, 2013** at 8:30 a.m. (MST). Details for the call are as follows:

Dial-In: 1-866-365-4406
Participant Code: 3815365

PARTICIPANTS: See attached Exhibit C.

REGISTRATION AND AUTHENTICATION: After the 2013 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:

1. Purchase Price of the 2013 Certificates:

Par Value @ 100	$92,880,000.00
Plus: Original Issue Premium	6,167,891.60
Less: Underwriter's Discount	(640,872.00)
Amount due at Closing	**$98,407,019.60**

2. On the day of closing, RBC Capital Markets, LLC, will initiate the following wire transfer:

   (A) **$98,407,019.60 -** representing the amount necessary to deposit to the 2013A Project Fund, Lease Payment Fund of the 1997 Trust Agreement and 2013A and 2013B Delivery Costs Funds will be wire transferred on the day of closing in federal or immediately available funds to:

   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
   For Further Credit to: 123573030
   Ref: Pima County COP 2013
   Attn: Veverly Saucer (602) 257-5413

3. The funds received by U.S. Bank National Association (in 2(A) above) will be distributed as follows:

   a. **$84,300,000.00** will be deposited into the 2013A Project Fund and used to refinance the acquisition by the Trustee of the Leased Property from the County;

   b. **$13,840,205.00** will be paid to U.S. Bank National Association as trustee for the 1999 Certificates and 2003 Certificates (the "1997 Trustee"), pursuant to a trust agreement between the County and U.S. Bank National Association, dated as of February 1, 1997, as thereafter supplemented (the "1997 Trust Agreement") and deposited into the Lease Payment Fund of the 1997 Trust Agreement and used to refund and redeem the Certificates to be Refunded (see attached Exhibit B) and to discharge the 1997 Trust Agreement;

   c. **$229,831.10** will be deposited into the 2013A Delivery Costs Fund and will be used to pay delivery costs for the 2013A Certificates; and

   d. **$36,983.50** will be deposited into the 2013B Delivery Costs Fund and will be used to pay delivery costs for the 2013B Certificates.

4. Landmark Title Assurance Agency will be instructed to record the real property documents necessary for the Title Insurance Policy to be issued or for an unconditional commitment to issue such policy has been issued.

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 2013 Certificates to RBC Capital Markets, LLC.

5. Immediately following the closing of the 2013 Certificates, the Trustee will wire transfer **$84,300,000** in the 2013A 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 2013A COPs
   Attention: Angelie Hawley – (520) 724-8828

Exhibit B

$12,705,000
PIMA COUNTY, ARIZONA
REFUNDING CERTIFCATES OF PARTICIPATION
SERIES 2013B

Certificates to be Refunded

Pima County, Arizona
Certificates of Participation, Series 1999

Maturity Date	CUSIP (721664)	Par Amount	Interest Rate	Call Date	Call Price
01/01/2014	BB5	$1,220,000	5.600%	07/01/2013	100%
Subtotal		$1,220,000			

Pima County, Arizona
Certificates of Participation, Series 2003

Maturity Date	CUSIP (721664)	Par Amount	Interest Rate	Call Date	Call Price
01/01/2014	BL3	$1,265,000	4.000%	07/01/2013	100%
01/01/2015	BM1	2,605,000	4.000%	07/01/2013	100%
01/01/2016	BN9	2,710,000	4.000%	07/01/2013	100%
01/01/2017	BP4	2,820,000	4.100%	07/01/2013	100%
01/01/2018	BQ2	2,935,000	4.200%	07/01/2013	100%
Subtotal		$12,335,000			

Exhibit A-1

$80,175,000
PIMA COUNTY, ARIZONA
CERTIFICATES OF PARTICIPATION
SERIES 2013A

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 05/22/2013 **Delivered:** 05/22/2013

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721664)
12/01/2013	$34,645,000	1.500%	$1,131,966	$35,776,966		DB3
06/01/2014			818,225	818,225	$36,595,191	
12/01/2014	21,335,000	2.000%	818,225	22,153,225		DC1
06/01/2015			604,875	604,875	22,758,100	
12/01/2015	6,790,000	5.000%	604,875	7,394,875		DD9
06/01/2016			435,125	435,125	7,830,000	
12/01/2016	2,045,000	5.000%	435,125	2,480,125		DE7
06/01/2017			384,000	384,000	2,864,125	
12/01/2017	2,210,000	5.000%	384,000	2,594,000		DF4
06/01/2018			328,750	328,750	2,922,750	
12/01/2018	2,690,000	5.000%	328,750	3,018,750		DG2
06/01/2019			261,500	261,500	3,280,250	
12/01/2019	2,880,000	5.000%	261,500	3,141,500		DH0
06/01/2020			189,500	189,500	3,331,000	
12/01/2020	2,265,000	5.000%	189,500	2,454,500		DJ6
06/01/2021			132,875	132,875	2,587,375	
12/01/2021	2,540,000	5.000%	132,875	2,672,875		DK3
06/01/2022			69,375	69,375	2,742,250	
12/01/2022	2,775,000	5.000%	69,375	2,844,375		DL1
06/01/2023					2,844,375	
Totals	**$80,175,000**		**$7,580,416**	**$87,755,416**	**$87,755,416**	

(1) The 2013A Certificates are not subject to optional redemption prior to their stated maturity.

Exhibit A-2

$12,705,000
PIMA COUNTY, ARIZONA
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2013B

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 05/22/2013 **Delivered:** 05/22/2013

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721664)
12/01/2013	$2,330,000	1.500%	$265,283	$2,595,283		DM9
06/01/2014			235,175	235,175	$2,830,458	
12/01/2014	2,420,000	3.000%	235,175	2,655,175		DN7
06/01/2015			198,875	198,875	2,854,050	
12/01/2015	2,520,000	5.000%	198,875	2,718,875		DP2
06/01/2016			135,875	135,875	2,854,750	
12/01/2016	2,650,000	5.000%	135,875	2,785,875		DQ0
06/01/2017			69,625	69,625	2,855,500	
12/01/2017	2,785,000	5.000%	69,625	2,854,625		DR8
06/01/2018					2,854,625	
Totals	**$12,705,000**		**$1,544,383**	**$14,249,383**	**$14,249,383**	

(1) The 2013B Certificates are not subject to optional redemption prior to their stated maturity.

Exhibit C

PIMA COUNTY, ARIZONA

CERTIFICATES OF PARTICIPATION
SERIES 2013A

REFUNDING
CERTIFICATES OF PARTICIPATION
SERIES 2013B

PRELIMINARY 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) 724-2329

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) 740-5411
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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BROADRIDGE

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BOND REGISTRAR, PAYING AGENT & TRUSTEE

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Fax: (602) 257-5433

Keith Henselen
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Fitch Ratings
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Director
512 215-3733
e-mail: rebecca.meyer@fitchratings.com

-Prepared By-
RBC Capital Markets
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016
May 17, 2013