MEMORANDUM

Date: January 7, 2013

To: Chairman and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator

Re: **Timing of Next Bond Election and Information Regarding Debt Issuance Repayment**

TABLE OF CONTENTS

I. INTRODUCTION

The Bond Advisory Committee (BAC) has been involved in planning for a future bond election since 2006. However, the date of the next bond election has been deferred several times due to economic conditions, changes in State law that impacted when bond elections could be held, and local voter defeat of tax-related ballot measures.

More recently, the BAC expressed reluctance to continue to actively plan for another bond election until the State Auditor General's bond audit report is available for public review and analysis. The Auditor General's office anticipates issuing the final report on or before February 1, 2013. When received from the Auditor General, the BAC will be provided copies of the final audit report.

The Auditor General's audit of our 1997, 2004 and 2006 bond programs was required as a result of State legislation enacted as HB 2408 last year. This legislation required that the Auditor General's audit components range from a comparison of the County's General Obligation (GO) bond program to those of other counties within the State to a determination as to whether the County changed amounts or used funds "to reward or punish" jurisdictions. In total, seven different reporting areas are being reviewed by the Auditor General as required by the legislation.

In previous memoranda dated March 13, 2012 and March 22, 2012, I communicated with the Board of Supervisors and the BAC regarding this legislation that was designed by the Town of Marana and aimed at Pima County. Unfortunately, the legislation has stalled bond deliberations and serious considerations of future bond infrastructure investments in our community for over a year.

Timing of the next bond election will depend on the prevailing economic conditions in the County, as well as our capacity to issue new debt and continue with a robust debt retirement program in the face of a temporarily shrinking property tax base.

This memorandum updates and augments a similar memorandum on debt capacity and management sent to the BAC on November 8, 2011.

II. HISTORY OF PLANNING FOR A FUTURE BOND ELECTION – 2006 THROUGH 2012

Below is a summary of the future bond election planning efforts to date.

Date	Activity
August-September 2006	County departments and other jurisdictions submitted requests for future bond projects totaling $3.2 billion.

September 22, 2006	Discussed with BAC the possibility of future bond election and forwarded list of bond project proposals. Chairman requested public input through open houses and presentations.
October-December 2006	Held seven open houses around the County, plus presentations to four neighborhood associations and community groups; began gathering comments via letters, email and comment cards.
November-December 2006	Expanded membership of BAC from 19 to 25.
December 2006	Discovered that State Legislation restricted bond elections to November only.
January 12, 2007	BAC recommended November 2008 for bond election and formed subcommittees to review proposals.
February-September 2007	Subcommittees met and developed recommendations. Vail Town Hall held on April 19, 2007 with approximately 300 participants.
September 19, 2007	Memorandum to BAC regarding decline in building permit activity, impact on assessed value, impact on timing and amount of bond election.
October 26, 2007	Subcommittee written recommendations transmitted to BAC: $1.35 billion GO, $565 million Sewer, $1.9 billion total. Memorandum to BAC: Timing of Bond Election, Issues and Options: $600-$700 million could be authorized in 2008 if not sold until 2011.
January-April 2008	Presentations of subcommittee recommendations to BAC.
May 23, 2008	BAC recommended deferring bond election to 2009 and sent letter on June 11, 2009 to Board of Supervisors with recommendation.
November 14, 2008	Per request from BAC, County Administrator provided memorandum with list of recommended projects, and BAC discussed at December 12, 2008 meeting.

December 12, 2008	BAC recommended 2009 for sewer revenue bond election.
February 2009	County surveyed public on level of support for timing of a 2009 bond election and types of projects.
March 20, 2009	BAC recommended deferring GO bond election to 2010. As requested, a memorandum was provided to the BAC comparing County Administrator recommendations to subcommittee recommendations.
May 1, 2009	BAC recommended deferring sewer revenue bond election to 2010 and approved planning timeline for 2010 election.
August 2009-January 2010	BAC deliberated and voted on proposed projects; began developing a list of Tentatively Approved Projects.
February 2, 2010	Board of Supervisors, as requested by the BAC, considered the issue of when to hold the next bond election and decided against holding a 2010 bond election and asked that the BAC continue working toward a 2011 election date.
March 19, 2010	BAC recommended the County pursue non-voter approved sewer revenue obligations to fund the required sewer system improvements, eliminating the need for a sewer revenue bond election.
March-November 2010	BAC continued to deliberate and vote on proposed projects, developing a list of Tentatively Approved Projects. BAC continued to receive information on economic conditions, bonding capacity and the County's debt management.
November 19, 2010	BAC recommended the Board of Supervisors postpone a 2011 bond election based on continuing economic concerns and recent voter defeat of several tax-related ballot measures.

June 2011	BAC continued to deliberate and vote on proposed projects, developing a list of Tentatively Approved Projects.
August 2011-January 2012	BAC heard presentations and discussed proposed transportation and other infrastructure projects on Tucson's south side to promote job growth. BAC continued to receive information on economic conditions, property value projections and the County's debt management.
March-September 2012	BAC deferred discussion on future bond election until the State Auditor General's bond audit was complete, or until at least a draft version was provided to the County for review.
November 2012	County Administrator sent to BAC the Pima County Economic Development Action Plan 2012-2014 containing recommendations for future bond funding of several economic development related projects and requested the BAC discuss the report and recommendations at their next meeting.

The BAC has met 37 times thus far regarding future bond election planning. In addition, the BAC formed subcommittees to review and prioritize these projects, and these subcommittees held a total of 50 meetings. All of these meetings were open to the public. Staff also held open houses and attended neighborhood meetings where 280 members of the public participated. A town hall style meeting was held in Vail in 2007 that involved about 300 members of the public. In all, the County now has a database of 2,800 individuals who have participated in this planning process. This does not include 2,576 responses to a 2009 online survey regarding timing and project preferences.

III. FINANCIAL INDICATORS

When issuing local government public debt, a number of circumstances and factors must be considered to determine the appropriate level of debt. These factors and circumstances are discussed below.

A. Constitutional Debt Limit

One factor is the constitutional debt limit, which the County is substantially below. Based on the most recent debt issuance, our constitutional debt limit and the amount of debt issued are shown in Table 1 below.

Table 1 – Debt Limitation.

Net Secondary Assessed Valuation (Fiscal Year 2012/13)	**$8,171,211,922**
15 Percent Constitutional Limitation	1,225,681,788
Net Direct General Obligation Bonds Outstanding	456,145,000
Unused 15 Percent Limitation	**$769,536,788**

B. Voter Approval and Ability to Pay or Voluntary Tax Rate Caps

There are a number of other factors that limit debt and how GO bond indebtedness is managed. One is the community's ability to pay, which is most often measured by community acceptance and voter approval of a particular indebtedness proposal. Beginning in 1974, Pima County has had 10 different voter authorizations for GO bond debt issuance. Many of these debt issuances have posed multiple debt questions to the voters, ranging from improving highways to building parks, purchasing open space and historic preservation. Since 1974, a total of 35 GO bond questions have been placed before the voters; and 32 have been approved, which is an approval rate of 91.4 percent.

Historically, the secondary property tax rate to retire our voter authorized debt has been as high as $1.1091 in Fiscal Year (FY) 1990/91 to as low as $0.6050 in FY 2008/09. Today, this rate is $0.7800.

Beginning in 1986, the County made specific promises to voters regarding a property tax rate cap that would be placed on debt issuance. For the 1997 voter authorization, it was $1.00 per $100 assessed value; and for the 2004 authorization, it was $0.815 per $100 assessed value. With these rate caps, voters were assured that regardless of future financial conditions, the amount of taxes paid to retire bond indebtedness would be limited. This is not a constitutional limit, but a promise to the voters who approved a particular bond proposition. Hence, the voters' ability to pay is often gauged by a combination of approval with their knowledge of a tax rate cap voluntarily imposed by the County that limits their tax liability.

C. Locational and Jurisdictional Benefit

Another measure of ability to pay relates to jurisdictional assessed value. Often, there is great public discussion about who pays and who benefits from public indebtedness. Since the GO bond debt of the County is repaid by a countywide, uniform property tax, the percentage distribution of assessed value by jurisdiction is an important factor in gauging equity. This is one of the factors being examined by the Arizona Auditor General in their ongoing audit of the County's 1997, 2004 and 2006 bond programs.

Table 2 below shows the most recent breakdown of jurisdictional, secondary net assessed value as a percentage compared to population and as a percentage of all jurisdictions within our region, including the unincorporated area of Pima County.

Table 2 – Share of County Net Assessed Value (NAV) and Population by Jurisdiction.

Jurisdiction	FY 2011/12 Secondary Taxable NAV	% Share of NAV	2010 Population	% Share of Population
City of Tucson	$3,487,959,628	41.29	520,000	53.04
City of South Tucson	24,687,760	0.29	5,762	0.59
Town of Oro Valley	624,180,464	7.39	40,984	4.18
Town of Marana	454,567,513	5.38	35,051	3.57
Town of Sahuarita	206,283,811	2.44	25,347	2.59
Unincorporated Area	3,650,602,410	43.21	353,319	36.04
Total	$8,448,281,586	100.00	980,463	100.00

Clearly, the largest financial burden for debt issuance is placed on the unincorporated residents of Pima County based on their having the largest share of the secondary assessed value at 43.21 percent, while representing only 36.04 percent of the total population.

D. Interest Rates

Borrowing money requires repayment with interest. Local government GO bonds are enjoying record low interest rates. These bonds are generally exempt from federal and state income taxation; hence, they enjoy market attraction that other bonds, such as corporate bonds, do not. Additionally, there have been few, if any, defaults on municipal bonds throughout the United States. In Arizona, these bonds are backed by the full faith and credit of the entire tax base and are not limited in repayment by any constitutional property tax limitation measure. They are extraordinarily safe investments; hence, we continue to enjoy very favorable borrowing interest rates.

Table 3 below shows the various recent GO debt issuances of the County since 2003.

Table 3 – Debt Issuances Since 2003.

Issue Date	Original Amount	Interest Rate	Outstanding Balance
01/15/03	$ 50,000,000	3.697	$ 3,750,000
06/01/04	65,000,000	4.262	32,660,000
05/01/05	65,000,000	3.942	35,635,000
01/01/07	95,000,000	4.028	62,295,000

Table 3 – Debt Issuances Since 2003.

Issue Date	Original Amount	Interest Rate	Outstanding Balance
02/15/08	100,000,000	3.662	71,250,000
04/22/09	75,000,000	3.897	38,000,000
12/02/09	113,535,000	3.367	84,255,000
05/25/11	75,000,000	3.504	52,075,000
06/13/12	76,225,000	2.601	76,225,000
TOTALS	**$714,760,000**		**$456,145,000**
TOTAL DEBT REPAID ON ISSUANCES SINCE 2003			**$258,615,000**

Since the beginning of the Great Recession in 2007, the interest rate for various GO bond indebtedness offerings of the County has averaged 3.662 percent, based on our credit ratings by accredited national rating agencies. It is likely these interest rates will rise in the future, perhaps as early as 2015, based on economic conditions. If federal budget balancing legislation either caps or eliminates the tax exemption on local government or municipal bonds, these interest rates will increase substantially much sooner.

E. Property Tax Base

Since an issuance of GO bonds is repaid through a tax on all property within the County, it is important to understand the tax base upon which the tax is levied. An expanding tax base means that tax rates generally decline to achieve a constant debt service levy. Conversely, a contracting tax base means that rates must rise to achieve a constant levy.

In periods of economic growth, our tax base expands; in periods of economic decline, our tax base contracts. We have now entered the longest period of tax base contraction in the history of our modern property tax system, which originated in 1977. Our tax base has contracted by 17.14 percent from tax year 2009 to tax year 2012.

Prior to the recent recession, the biggest contraction in our tax base occurred during the period 1988 to 1993 when it contracted a total of 4.40 percent. This contraction was largely a result of the national savings and loan crisis. As can be seen, the Great Recession that began in 2007 was not reflected in our tax base until 2009 because of lagging tax base response that is now forecasted to continue until 2014. The tax base is forecasted to shrink another 9.4 percent in tax years 2013 and 2014. Therefore, the tax base from 2009 to 2015 will have contracted an estimated 26.5 percent from its peak value. Because of this contraction, the final issuance of debt associated with the 2004 bond authorization and the voluntary tax rate cap, our ability to issue new GO bond debt is essentially nonexistent until tax year 2017, unless the rate cap is voluntarily increased for the next bond authorization.

F. Debt Period

The typical repayment period for GO bond debt ranges from 15 to 30 years. Most municipalities or local governments select a 20- to 25-year period. The County has historically selected a shorter time period of 15 years. Shorter debt time periods are favored in growing communities where infrastructure needs continue to expand due to population growth. This has been the case in Pima County for the last several decades.

With the advent of the Great Recession, our population growth rate has been reduced. However, we expect population growth to return to an annual rate of two percent beginning in 2015. Hence, I continue to favor short debt time periods. Our heavy debt load associated with sewer obligations has also been limited to 15 years. In most cases, our Certificates of Participation (COPs) are paid back within three years. I continue to favor short debt periods, as they provide greater policy flexibility in future years for either reduced taxes or fees or to build additional community infrastructure.

Our typical GO bond debt is entirely repaid 15 years after issuance, with 80 percent being paid within 10 years of issuance.

G. Remaining Debt Issuance of Previously Authorized GO Bonds

Since 1974, the County has issued over $1.229 billion in GO bonds and authorized $1.308 billion. The current GO bond outstanding debt is $456 million. The County has repaid over $773 million in GO bonds since 1974. We have only $78.7 million of the $893.23 million 1997, 2004 and 2006 authorizations to issue. These remaining bonds are scheduled to be issued this and next year.

Given our declining assessed value and rising secondary property tax rate approaching the voter-promised limit of $0.815, it is fortunate that these are the only remaining bonds to be sold. We have now enjoyed the economic benefit of job creation by issuing the 2004 and 2006 bonds but have little capacity to issue new debt under the present voluntary rate cap. As we now approach the rate cap limit with a declining tax base, we have little capacity to issue new debt beyond that now authorized.

H. Credit Rating

Before each bond issuance, the County obtains credit ratings from national credit-rating agencies. Most recently, the County obtained two credit ratings; one from Standard and Poor's and the other from Fitch. These ratings have generally been stable or improving, based on the County's fiscal health, economic outlook and fiscal management practices. It is important these ratings continue to show a positive outlook and remain high, as the market and purchase of County debt respond favorably to positive ratings. High credit ratings mean the County receives an additional interest rate discount on what would typically be charged to all municipalities or local governments in the bond market. This translates to interest cost savings for taxpayers who retire this debt. It is very important that our debt be proactively managed and the financial management practices of the County remain sound to retain our high credit rating. The most recent credit rating for the County is provided as Attachment 1.

IV. UPDATED PROPERTY TAX BASE FORECAST AND ABILITY TO ISSUE NEW DEBT WITHOUT INCREASING THE VOLUNTARY TAX RATE CAP

Since the beginning of the Great Recession in 2007, the County's property tax rate has peaked and then contracted. Based on statutory principles and requirements regarding property values and timing, the County's tax base always lags the present day economy by approximately two years. This means that when the rest of the world is out of this Great Recession, the County's tax base will continue to shrink for another two years, adversely affecting our debt repayment capacity unless we increase the voluntary property tax rate cap.

Table 4 below shows the historical, 10-year trend of the County's secondary net assessed value, our GO bond debt service obligations and the corresponding tax rate to retire this debt. It also shows the pledged secondary property tax rate cap identified in bond implementation ordinances for the 1997, 2004 and 2006 GO bond programs.

Table 4 – 10-year History of GO Debt Variables.

Fiscal Year	Tax Levy	Secondary Net Assessed Valuation	Tax Rate	Rate Cap
2001/02	$40,197,988	$4,491,395,307	0.8950	1.000
2002/03	39,409,824	4,835,561,219	0.8150	1.000
2003/04	42,553,359	5,221,270,997	0.8150	0.815
2004/05	45,804,274	5,620,156,274	0.8150	0.815
2005/06	43,264,293	6,050,950,040	0.7150	0.815
2006/07	49,120,182	6,869,955,457	0.7150	0.815
2007/08	56,309,711	8,220,395,835	0.6850	0.815
2008/09	58,048,912	9,594,861,519	0.6050	0.815
2009/10	70,012,964	9,860,980,900	0.7100	0.815
2010/11	70,069,209	9,342,561,193	0.7500	0.815
2011/12	65,896,596	8,448,281,586	0.7800	0.815
2012/13	63,735,453	8,171,211,922	0.7800	0.815

As can be seen, the County has historically been well below the secondary property tax rate caps, particularly for the 1997 issue of $1.00 per $100 of assessed value and the 2004 authorization of $0.815 per $100 of assessed value.

Key to future bond issues is our economic forecast of how the property tax base will respond to the economy in the next five years. The tax base is the key for our capacity to issue new debt, staying with the principles of short-term debt and an artificially capped, secondary property tax rate. The County reforecasts the five-year property tax base every year. The new forecast is shown in Table 5 below. This forecast anticipates the current trend of continuing tax base shrinkage for at least two more years and a very modest recovery in the following three years. In summary, the forecast concludes the tax base will shrink by almost another 10 percent within the next two years and only recover that shrinkage by no more than half in the following three years. This is not a robust financial recovery.

Table 5 – Five-year Net Assessed Value for Pima County Jurisdictions.

	FY 2012/13 Adopted Levy	FY 2013/14 Forecast	FY 2014/15 Forecast	FY 2015/16 Forecast	FY 2016/17 Forecast	FY 2017/18 Forecast
General Fund						
Real & Secured Personal	$7,763,458,911	$7,377,128,474	$7,147,344,576	$7,187,002,381	$7,308,951,701	$7,615,916,100
Unsecured Personal	310,478,823	240,220,084	238,075,189	233,222,282	231,893,289	241,768,057
Totals	**$8,073,937,734**	**$7,617,348,558**	**$7,385,419,766**	**$7,420,224,663**	**$7,540,844,990**	**$7,857,684,157**
New Growth Assumption		0.83%	0.89%	0.88%	1.00%	1.26%
Debt Service						
Real & Secured Personal	$7,851,528,768	$7,409,412,856	$7,161,572,629	$7,187,002,381	$7,308,951,701	$7,615,916,100
Unsecured Personal	319,683,154	240,220,084	238,075,189	233,222,282	231,893,289	241,768,057
Totals	**$8,171,211,922**	**$7,649,632,940**	**$7,399,647,818**	**$7,420,224,663**	**$7,540,844,990**	**$7,857,684,157**
Library						
Real & Secured Personal	$7,816,742,140	$7,409,412,856	$7,161,572,629	$7,187,002,381	$7,308,951,701	$7,615,916,100
Unsecured Personal	299,273,091	240,220,084	238,075,189	233,222,282	231,893,289	241,768,057
Totals	**$8,116,015,231**	**$7,649,632,940**	**$7,399,647,818**	**$7,420,224,663**	**$7,540,844,990**	**$7,857,684,157**
Flood Control						
Real Only	$7,244,629,122	$6,859,590,296	$6,611,519,307	$6,653,865,358	$6,782,854,484	$7,067,462,005
Unsecured Personal	–	–	–	–	–	–
Totals	**$7,244,629,122**	**$6,859,590,296**	**$6,611,519,307**	**$6,653,865,358**	**$6,782,854,484**	**$7,067,462,005**

In addition, it must be clearly understood that Arizona voters recently passed Proposition 117, which limits future growth in assessed value to no more than five percent per year. This economic forecast is worse than expected and previously forecasted, but it reflects our best view of the present economic reality.

Since 1974, Pima County GO bond authorizations total $1.308 billion. To date, only $78.7 million remains unissued from these bond authorizations. All other bonds have been issued and are included in our current outstanding GO bond indebtedness of approximately $456 million. This means that since 1974, while $1.229 billion of GO debt has been issued, $773 million has been repaid. Also, given the total amount of debt issued from 2003 to 2012 was $714.76 million, an outstanding balance of $456 million means $258.6 million of those bonds have been repaid; hence, we have demonstrated an aggressive program for repaying outstanding debt, even debt recently issued.

Table 6 below shows the debt service requirement for the present $456 million outstanding balance, the secondary assessed value for the forecasted future five-year period, and the required debt service tax rate for this debt. As can be seen, meeting these future debt service requirements with a declining tax base brings the County close to exceeding the promised 2004 tax rate cap. Given the small amount of remaining outstanding authorized bonds to be sold, the tax rate cap issue is not materially affected by the issuance of these bonds. However, it would be very difficult to issue new bond indebtedness until 2016 without raising the voluntary cap of $0.815.

Table 6 – Outstanding Debt Service Requirements with Forecasted Tax Base Net Assessed Values: FYs 2012/13 through 2016/17.

FY Ending June 30	Forecasted Secondary Net Assessed Value	Total Debt Service Requirement	Projected Tax Rate/ Tax Rate Cap
2012/13	$8,171,211,922	$66,149,169	0.7800/0.8150
2013/14	7,649,632,940	60,452,623	0.7903/0.8150
2014/15	7,399,647,818	59,253,442	0.8008/0.8150
2015/16	7,420,224,663	58,954,448	0.7945/0.8150
2016/17	7,540,844,990	59,266,141	0.7859/0.8150

If a new debt authorization is desired before 2016, the primary issue to resolve by the BAC and the Board of Supervisors will be to gauge public acceptance of raising the voluntary cap from its present limit of $0.815 to another value.

V. UPDATED: PIMA COUNTY-ISSUED OVERLAPPING DEBT PROGRAMS (GO, HURF, SEWER, COPS) 1997 TO 2012

We have previously updated the BAC regarding the various debt issuances and repayment schedules associated with all of our bond programs; whether they be GO, Highway User Revenue Fund (HURF), sewer obligation or COPs. We are updating this information with a version we hope makes it easier for the BAC to understand the issuance and payment schedules.

First, it is necessary to understand the difference between authorization and issuance. The authorization to issue debt occurs at an election and may involve an aggregate authorization such as in the 2004 authorization. For example, the County was authorized to issue up to $582.2 million of GO bond debt. The actual debt is then issued over a series of years in increments that relate to implementation schedules and takes into account federal arbitrage requirements.

Given the interest rate and term of 15 years, the attached Figure 1 is an indicator of the Pima County GO debt issuance and repayment from 1997 to 2029. This would account for debt issued, debt repaid and debt pending to be issued. The red bars in Figure 1 indicate GO debt issued by year for the authorizations that may have been in 1997, 2004 or 2006. The blue bars indicate the debt repaid each year – repaying the debt that is issued as shown by the red bars. The green bars show debt that will be issued for the remaining balance of the GO bond authorizations. As you can see, there are only two scheduled issuances before these bond authorizations have been fully expended. The blue bars in the repayment schedule after 2013 remain generally between $40 and $45 million per year and then begin to decrease dramatically in 2023 as the issued debt is retired.

Figure 2 provides the same information for HURF bond debt as Figure 1 shows for GO bond debt. It should be noted that by policy decision, there will be no further HURF bond authorizations requested of the voters. The Department of Transportation will convert their capital program to a pay-as-you-go program after the 1997 authorization is fully expended.

Figure 3 provides the same information for authorized sewer debt. This debt issuance is primarily necessary to fund the major capital replacements or rehabilitations of the two regional wastewater treatment systems at Ina and Roger Roads to meet federal Clean Water Act permitting requirements. As can be seen, the debt structure steadily climbs each year after 2013 to repay the large debt issuances necessary for treatment facility construction. It is important to note that the presently adopted sewer user rate structure will accommodate this repayment schedule. Completion of capacity improvements in 2014 and 2015 will allow as many as 160,000 new connections to be made to the system without further capital expansion or expenditure. However, rehabilitation of the conveyance system will continue at approximately $50 million per year for the next 10 years.

While there has been some discussion regarding attempting to lower sewer user rates in the next few years, it is likely these rates will have to be maintained at their current level through 2019, after which the rates can begin to be reduced as the capital obligations are repaid very quickly after 2023.

Figure 4 shows County COPs. These are short-term debt issuances designed to allow capital cash contributions to be utilized such that they do not count against the County's constitutionally mandated expenditure limit. In most cases, COPs, unless they involve purchasing a major building, are paid off in three years.

Combining all of these figures into Figure 5 shows the aggregate Pima County outstanding debt by year and type of debt. The red indicates GO debt; the blue HURF debt; the green sewer debt; and the purple COPs debt. Because of the various significant expenditures that have been made in sewer obligations to meet system construction requirements, the aggregate County debt peaks in 2013 and then begins to decrease significantly thereafter.

VI. NOVEMBER 2012 ELECTION RESULTS FOR TAX INCREASING MEASURES

As shown in Table 7 below, all but two of the local tax increasing measures on the November 2012 ballot in Pima County failed. Avra Valley Fire District's bond measure was approved for both Pima and Pinal Counties, and the City of Tucson's transportation bond measure was approved by a very narrow margin. All three school district budget override measures failed. It appears that locally, voters continue to have concerns about tax increases.

Table 7 – Local Tax Increasing Measure Results, November 2012 Election.

City, Town, School or Fire District	Election Amount (millions)	Pass/Fail
City of Tucson Transportation Bonds	$100.000	Pass
Avra Valley Fire District Bonds	4.135	Pass (for Pima, Pinal)
Sunnyside Unified School District	Budget Override	Fail
Altar Valley Elementary School District	Budget Override	Fail
Tanque Verde Unified School District	Budget Override	Fail

Statewide results for bond elections only show a different picture. RBC Capital Markets' Arizona Municipal Finance Group provides a summary of bond election results relevant to cities, towns and school districts throughout Arizona (see Tables 8 and 9 below). All of these are GO bond authorizations to be repaid with property taxes, with the exception of the Town of Buckeye's bond election, which was for a Water Infrastructure Financing Authority loan to be repaid with water and sewer fees.

Table 8 – GO Bond November 2012 Election Results for Cities and Towns within Arizona.

County/City or Town	Election Amount (millions)	Pass or Fail
Maricopa County		
Town of Buckeye	$ 28.5	Pass
City of Mesa	70.0	Pass
City of Tempe	6.4	Pass
City of Tempe	10.5	Pass
City of Tempe	12.9	Pass

Coconino County		
City of Flagstaff	10.0	Pass
City of Flagstaff	14.0	Pass
Pima County		
City of Tucson	100.0	Pass

Table 9 – GO Bond November 2012 Election Results for School Districts within Arizona.

County/School District (SD)	Election Amount (millions)	Pass or Fail
Maricopa County		
Mesa Unified SD	$230.0	Pass
Pendergast Elementary SD	31.22	Pass
Peoria Unified SD	180.0	Pass
Tempe Union SD	75.0	Pass
West-MEC	74.9	Pass
Wilson Elementary SD	3.6	Pass
Coconino County		
Flagstaff Unified SD	20.79	Pass
Graham County		
Thatcher Unified SD	7.0	Pass
Yavapai County		
Seligman Unified SD	3.9	Fail

School district budget overrides throughout the State, however, varied, with 60 percent of proposals failing. As discussed earlier, all three school district override proposals in Pima County failed.

As can be seen, the November 2012 General Election produced mixed results regarding bonds or budget overrides; while some passed, most failed.

VII. TIMING OF THE NEXT BOND ELECTION

The County's issuance of debt to finance public infrastructure has been based on a philosophy of a) meeting essential community needs, as represented by and through the BAC; b) having a short debt period for each issuance or authorization no greater than 15 years; c) taking advantage of historic low interest rates; and d) compliance with a voluntary debt retirement property tax rate cap. These principles have served the County well over the years, providing essential public infrastructure and repaying public debt quickly as compared to other jurisdictions. We should not deviate from these principles, even in the face of increased economic stress that would tend to lengthen debt periods with potentially higher interest rates on debt repayment. Our debt in the past has been well managed, and I will continue to recommend to the BAC and the Board of Supervisors these solid debt management principles be maintained.

Based on a) a continuing shrinking tax base, b) the voluntary secondary property tax rate cap, c) a tepid financial recovery, d) voter opposition or marginally approved bond measures, e) the need to continue our aggressive debt repayment, and f) the fact that significant economic development investment cannot occur due to environmental clearance planning for two years, conducting a successful bond election in 2013 would be difficult at best. Because of this, I do not recommend the BAC pursue a bond authorization in 2013 and instead recommend concentrating on a possible 2014 authorization.

The planning timeline for a 2014 bond election is shown in Table 10 below.

Table 10 – Planning Timeline for 2014 Bond Election.

Date	Activity
March-July 2013	County staff and other jurisdictions and organizations review the current list of BAC Tentatively Approved Projects and update project scopes and costs, if necessary; review requests for new projects; and recommend revisions to the BAC.
August 2013-March 2014	BAC continues to deliberate on bond project proposals, including recommended revisions. Public outreach during this time includes open houses, neighborhood meetings, requests for comments and a possible survey. By end of March 2014, the BAC makes recommendations to the Board of Supervisors on the size of the bond package and projects to be included.
April-June 2014	The Board of Supervisors considers BAC recommended bond package and can call the bond election at any time during this period.
July-September 2014	A Bond Implementation Plan Ordinance describing each project must be drafted, approved by the Board of Supervisors, and published in a newspaper and on the County website prior to early voting. BAC should also review prior to Board approval. Draft publicity pamphlet and not less than 35 days before the bond election, mail a copy of the pamphlet to every household within the County that contains a registered voter.

Table 10 – Planning Timeline for 2014 Bond Election.

Date	Activity
September 29, 2014	Publicity pamphlets due to registered voters
October 9, 2014	Early voting begins
November 4, 2014	Election Day

VIII. RECOMMENDATION

I understand the need for both economic development related capital improvements and the more general quality of life capital improvements the BAC has been considering since 2006. However, due to circumstances beyond our control, I do not recommend pursuing another bond election until 2014 or later. I do recommend the BAC provide feedback to staff on the planning schedule provided for a 2014 bond election. This would include an effort by County staff and other jurisdictions and organizations to review the existing list of BAC tentatively approved projects, update project scopes and costs, assess whether any projects are no longer necessary and bring any changes to the BAC in August 2013.

CHH/mjk

Attachments

c: The Honorable Chairman and Members, Pima County Board of Supervisors
Nicole Fyffe, Executive Assistant to the County Administrator
Diana Durazo, Special Staff Assistant to the County Administrator

ATTACHMENT 1

STANDARD & POOR'S

Global Credit Portal®
RatingsDirect®

May 2, 2012

Summary:
Pima County, Arizona; Appropriations; General Obligation

Primary Credit Analyst:
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Secondary Contact:
Sussan Corson, New York (1) 212-438-2014; sussan_corson@standardandpoors.com

Table Of Contents

Summary:

Pima County, Arizona; Appropriations; General Obligation

Credit Profile		
US$60.0 mil GO bnds ser 2012A due 07/01/2027		
Long Term Rating	AA-/Stable	New
US$16.0 mil GO rfdg bnds ser 2012B due 07/01/2017		
Long Term Rating	AA-/Stable	New
Pima Cnty GO		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' long-term rating to Pima County, Ariz.'s series 2012A general obligation (GO) bonds and series 2012B GO refunding bonds. At the same time, Standard & Poor's affirmed its 'AA-' long-term and underlying rating (SPUR) on the county's previously issued GO debt. Lastly, Standard & Poor's affirmed its 'A+' long-term rating and SPUR on the county's previously issued certificates of participation (COP). 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, and;
- Continued financial support of its public hospital under an operating agreement, which we believe could result in unforeseen financial burden on the general fund.

Revenue from an unlimited ad valorem property tax pledge secures the county's GO bonds. We understand that the series 2012 GO bond proceeds will fund certain county capital projects, and that the GO refunding bond proceeds will refund the county's series 2003 bonds.

Pima County encompasses 9,184 square miles of southern Arizona and had a 2009 estimated population of approximately 1 million, 54% of whom resided in Tucson. The county's population has grown steadily in recent years, with average annual increases of 2.3% in 2000 through 2009. A stable yet growing local economy, coupled with favorable weather, good educational opportunities, and affordable housing, has continued to draw new residents. However, similar to national trends, this growth has slowed during the past two years: Building permits have declined since fiscal 2006 to record lows, and residential housing permits totaled a very low 1,238 for fiscal

2010 compared with 9,082 in 2006. According to the county, the value of total building permits decreased to $500 million in 2010 from $1.9 billion in 2006.

Services, government, and the military remain the primary employment sectors. Raytheon Missile Systems (12,140 employees) surpassed The University of Arizona (10,363) as the leading employer in 2010, followed by the state government (8,708), Davis-Monthan Air Force Base (7,755), and WalMart stores (7,192). 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 $1.3 billion in 2010, a slight decline from the prior year, but fiscal 2011 tourism spending rose by 5.7%. The county's unemployment rate has remained flat during the past two years, measuring 8.3% for fiscal 2011 compared with the national average of 9.6%. Income indicators 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 shown a declining trend this fiscal year as a result of the recent national declining trend in the housing market, construction activity -- particularly in the residential sector -- has historically supported the county's property tax base growth. Secondary AV had increased at a 12% average annual rate during fiscal 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 but gained a modest 1.7% for fiscal 2012 to $8.5 billion. Full property valuation for fiscal 2012 totals $69.5 billion, or $70,270 per capita, which we consider to be strong. The tax base is, in our view, diverse, with the 10 largest taxpayers accounting for 6.3% of secondary AV. The county projects secondary AV to decline by approximately 3% for fiscal 2013.

Finances And Debt

Based on audited fiscal 2011 results, the county had an approximately $44 million general fund surplus. But as a result of transfers out of the general fund, it closed the year with a total fund balance that was $4 million less than the prior-year result, or $77.5 million for fiscal 2011. General fund expenditure was nearly flat for the year, but revenue declined by 3.4% as a result of lower property tax revenue, intergovernmental revenue stemming from state shared vehicle license tax revenue, and state shared sales tax revenue. During the year the county transferred approximately $22 million into an unreserved property tax stabilization fund, which it reports as unrestricted. The county closed fiscal 2011 with an available fund balance (assigned and unassigned) of approximately $73 million, or 18.1% of expenditures, which we consider to be very strong. The audited results closely resemble the county's projections, and we believe that this demonstrates management's sound budgeting practices.

General fund revenue is primarily generated from property tax revenues (64%), followed by intergovernmental revenues (26%). The county projects closing fiscal 2012 with nearly the same level as in fiscal 2011. The county projects revenues to be nearly 3% higher, at nearly $471 million, than the adopted budget, mainly because of the increase in state shared sales tax revenue receipts. The county also projects closing the year with approximately $66 million in general fund cash reserves, which should translate into approximately 18% of expenditures on a modified accrual basis. The county anticipates that its unreserved general fund balance will stay at or exceed its aimed policy of 5% of expenditures, which would be $25 million (in fiscal 2011).

For fiscal 2013, the county does not anticipate increasing the property tax levy rate although it projects a contraction in property tax revenue. (The county projects that an increase in state shared sales tax revenue will partially mitigate the decline.) 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, once the county meets certain obligations, nearly $20 million of the county health care fund's available fund balance will be transferred to the county's general fund during fiscal 2013.

The county has entered into a 25-year lease, effective June 2004, with University Physicians Healthcare (UPH), a nonprofit organization affiliated with the University of Arizona School of Medicine. Under this agreement, UPH assumes full responsibility for the operations of Kino Community Hospital, while the county pays UPH an annual service fee if operating costs exceed revenue that UPH generates at the hospital. We understand the county provided $20 million to UPH in fiscal 2011. 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 2012.

We consider Pima County's management practices "strong" under our Financial Management Assessment (FMA) methodology. In our framework, an FMA of "strong" indicates that practices are strong, well embedded, and likely sustainable.

Overall net debt levels are low, in our view, at $1,400 per capita and 1.8% of market value. We consider amortization of the county's direct GO and COP debt to be rapid, with approximately 75% of principal maturing in 10 years and all retired in 20 years. Thus, the county's carrying charge is what we consider moderate, at 14% of governmental expenditures. We understand that the county plans to issue additional GO debt within the next few years depending on secondary AV growth. 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 to employees and reports that it lacks an unfunded liability associated with other postemployment benefits.

Outlook

The stable outlook reflects our anticipation that the county will properly manage its financial operations during the next two years based on further potential reductions in revenue. We do anticipate that the county might reduce its general fund reserves during the next year, but we do not anticipate the reduction to be substantial. If the county is unable to appropriately balance its budget and becomes heavily reliant on its reserves, we could lower the rating.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007

Ratings Detail (As Of May 2, 2012)		
Pima Cnty COP ser 2009		
Long Term Rating	A+/Stable	Affirmed
Pima Cnty COP ser 2010 due 06/01/2019		
Long Term Rating	A+/Stable	Affirmed

Ratings Detail (As Of May 2, 2012) **(cont.)**		
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 on the Global Credit Portal 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.

FitchRatings

Fitch Rates Pima Co., AZ GOs 'AA'; Outlook Stable

Ratings Endorsement Policy

26 Apr 2012 3:10 PM (EDT)

Fitch Ratings-Austin-26 April 2012: Fitch Ratings has assigned a 'AA' rating to the following Pima County, Arizona's general obligation (GO) bonds:

--$60.0 million general obligation bonds, series 2012A;
--$16.45 million general obligation refunding bonds, series 2012B.

Both series of bonds are scheduled for a negotiated sale in mid-May. Proceeds from the series 2012A bonds will finance various county improvements, and series 2012B proceeds will refund a portion of the county's outstanding GO debt for interest savings.

In addition, Fitch affirms the following ratings:

--$452.8 million outstanding GO bonds (pre-refunding) at 'AA';
--$22.7 million outstanding series 2009 and 2010 certificates of participation (COPs) at 'AA-'.

The Rating Outlook is Stable.

SECURITY
GO bonds are secured by an unlimited ad valorem tax levied against all taxable property in the county. COPs are secured by lease payments from the county to the trustee, subject to annual appropriation.

KEY RATING DRIVERS

SOLID FINANCIAL PROFILE: The county maintains a sound financial profile, with healthy operating reserves.

REVENUES UNDER PRESSURE: County management has responded aggressively to the economic downturn and accompanying drops in intergovernmental and local revenues, making necessary spending adjustments to maintain a satisfactory financial cushion.

RECENT TAX BASE WEAKNESS: Tax base growth reversed in fiscal 2011, and the cumulative decline in secondary assessed valuation over the last two fiscal years is roughly 15%. Fitch views management's expectation for two more years of smaller declines before values stabilize and begin to climb as consistent with other local government forecasts, but thinks there may be additional vulnerability if real estate prices remain under pressure.

LARGE, DIVERSE REGIONAL ECONOMY: The local economy remains a positive long-term credit consideration, with its diverse elements providing stability.

POSITIVE DEBT PROFILE; UNDERFUNDED PENSIONS: The county's debt burden is manageable and debt repayment is rapid; the CIP is sizable, but should not result in meaningful changes to debt ratios. State pension plans are underfunded and while the county's annual costs are manageable, Fitch expects those to rise over time.

RATING DISTINCTION ON COPs: The COP rating is one notch lower than the ULT rating because, although lease payments are subject to annual appropriation, Fitch believes incentive to continue to appropriate is strong. The county is a regular debt issuer, most of the leased assets are essential to governmental purposes, and the estimated value of the leased assets -- whose use would be lost in the event of non-appropriation -- is far greater than the amount outstanding on the COPs. Management reports its intention to retire the remaining outstanding Fitch-rated COPs by June 1, 2012.

CREDIT PROFILE

HEALTHY FINANCIAL PROFILE

The county's financial profile remains sound, characterized by healthy operating reserves. After recording a string of positive general fund results from fiscal 2005 to fiscal 2008 (and the unreserved fund balance nearly doubling from $33 million to $65 million during that period), fiscal 2009 posted a drawdown of roughly $30 million as the county continued its practice of accumulating reserves to pay off outstanding COPs every several years.

Fiscal 2010 results included an operating surplus (after transfers) of more than $41 million and a corresponding increase in reserves, as management continued with expenditure reduction measures first introduced in fiscal 2008 -- including staff reductions (primarily through attrition) and periodic, measured reductions in department budgets. To date, the county has been able to avoid large-scale layoffs, furloughs and pay reductions and service cutbacks. The unrestricted general fund balance (committed, assigned and unassigned per GASB 54) was $76.9 million at fiscal 2010 year-end, or roughly 17% of spending.

Spending reductions continued in fiscal 2011 with nearly an 11% decline in budgeted general fund spending and transfers out. Actual results bettered original projections, despite a $13.4 million outlay to pay for additional healthcare-related outlays. The $3.9 million drop in operating reserves was much smaller than the originally projected $20 million decline and resulted in an unrestricted general fund balance at year-end of $74 million or a satisfactory 15% of spending. As a result of the positive results, $22 million in funds originally set aside for temporary budget/tax rate relief was funneled towards pay-go capital financing.

The fiscal 2012 budget featured additional staff reductions through attrition, a modest property tax rate increase and more restrained spending cutbacks. The county's current forecast is for a moderate $8 million reduction in general fund reserves at fiscal 2012 year-end to a still-healthy $66 million, or more than 13% of budgeted general fund spending.

A primary source of budgetary pressure has been the steady decline in intergovernmental support over the past three fiscal years. The second largest general fund revenue source, intergovernmental revenues peaked in fiscal 2007 at more than $152 million (33% of revenue) and by fiscal 2011 had shrunk to $122 million, or 25%. The budgeted amount for fiscal 2012 was up slightly at $123.4 million, and management reports that state shared sales tax receipts are on pace to outperform the budget by roughly $6 million. Given the improving economic reports from the state and other Arizona cities in recent months, Fitch considers this expectation reasonable. Fitch observes that financial challenges remain, as evidenced by the county's roughly $20 million annual support for indigent care and the county stadium district, along with pressing transportation needs and uneven state transportation funding levels.

MANAGEABLE DEBT BURDEN, DECLINING TAX BASE

Series 2012A GO bond proceeds will fund various municipal projects including completion of large public safety and courts projects. The Series 2012B GO bonds will refund a portion of the county's outstanding debt for savings. County officials anticipate no tax rate impact from these offerings despite recent secondary assessed value (SAV) declines totaling 15% since fiscal 2011. Fitch views the county's rapid amortization of GO debt (nearly 90% in ten years) as offering significant flexibility regarding additional debt.

Fitch considers county overall debt ratios moderate at about $1,600 per capita and 2.3% of fiscal 2012 market value. General government capital needs through fiscal 2016 appear manageable at roughly $600 million, while wastewater system capital needs over this timeframe are comparably sized. The county has aggressively paid down COP principal, retiring $40 million in fiscal 2010 and another $20 million in 2011. Management reports plans to retire the remainder of the $84 million in COPs issued since 2007 by June 1, 2012; roughly $22 million is currently outstanding. The county participates in state-sponsored pension and post-employment health insurance programs for its retirees and funding levels (using a more conservative 7% investment return assumption) are weak?ranging from 55% to 65% funded. County contributions to the pension plans are consistently at or above 100% of the required amount.

LARGE, DIVERSE REGIONAL ECONOMY

With a population of roughly 1 million, Pima County is home to Tucson, Arizona's second largest city. Fitch cites as a positive credit factor the area's historically diverse economy, featuring higher education, healthcare, government, technology, tourism and manufacturing as primary anchors. Major southern Arizona employers include Raytheon Missile Systems (10,500 employees), the University of Arizona (10,481), the State of Arizona (8,866), Davis-Monthan Air Force Base (8,462), the U.S. Army Intelligence Center & Fort Huachuca (6,225), and Freeport-McMoRan Copper & Gold Inc. (4,803).

After a series of annual increases dating back to 2000, county employment levels have weakened moderately with a 0.6% dip in 2010, essentially flat in 2011 and then a 1% decline as of February 2012, compared to the year prior. Due to a larger decline in the labor force in the twelve months ending February 2012, the county unemployment rate dropped to 7.8% from 8.7% the year prior. This most recent rate compares favorably with the state and U.S. averages for the month.

While the housing sector has weakened considerably, residential foreclosure and delinquency numbers are below U.S. averages and well below those of the Phoenix market due to less speculative building in the Tucson area over the past decade. County wealth levels are moderately below state and national averages; median household income is $45,885, compared to the Arizona average of $50,296 and the U.S. average of $51,425.

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Managing Director
+1-212-908-0608

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

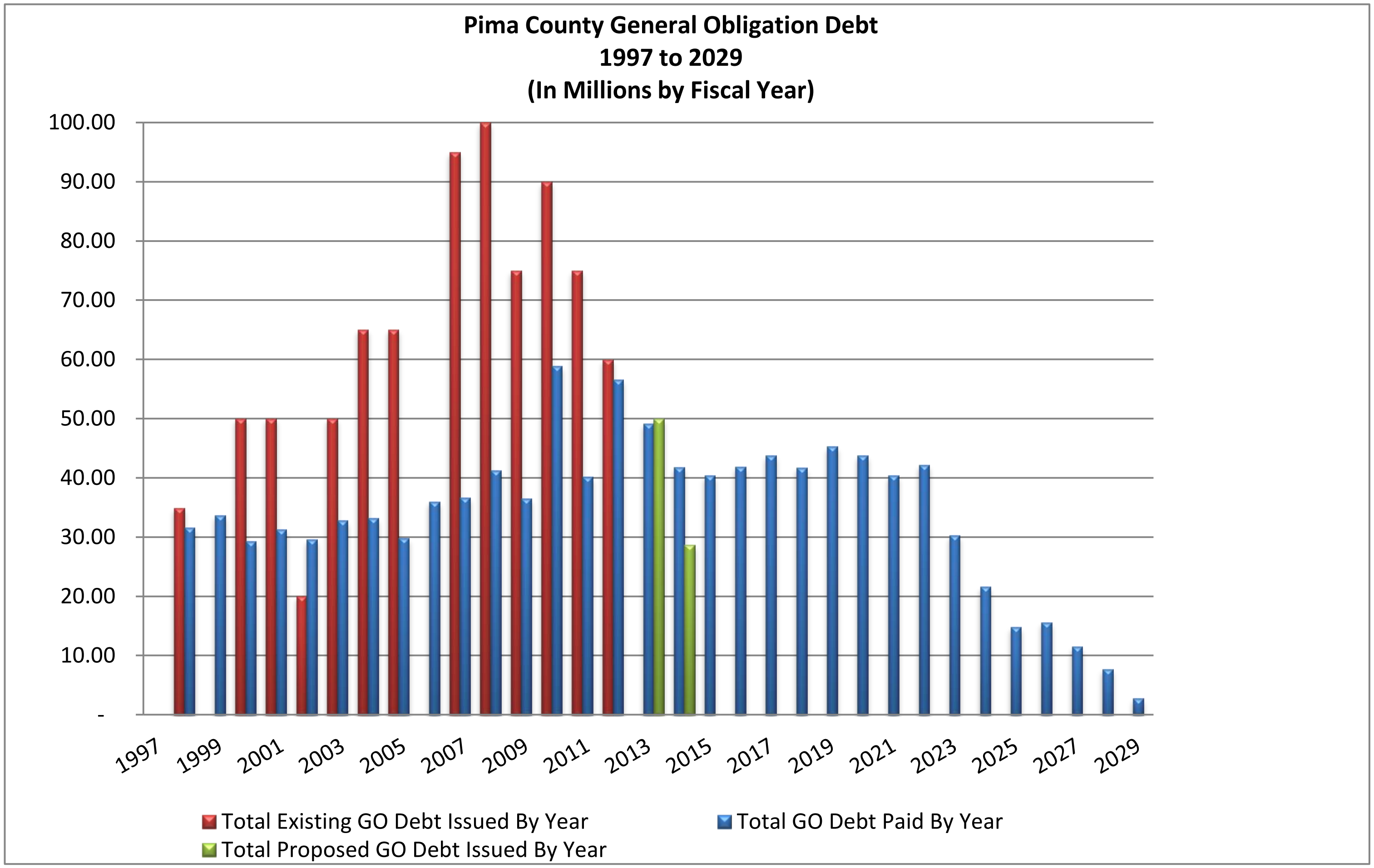
Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, Zillow.com, and the National Association of Realtors.

Applicable Criteria and Related Research:
--'Tax-Supported Rating Criteria' (Aug. 15, 2011);
--'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 15, 2011).

Applicable Criteria and Related Research:
Tax-Supported Rating Criteria
U.S. Local Government Tax-Supported Rating Criteria

FIGURES


Pima County General Obligation Debt
1997 to 2029
(In Millions by Fiscal Year)
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
1997
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2001
2003
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2007
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2013
2015
2017
2019
2021
2023
2025
2027
2029
Total Existing GO Debt Issued By Year
Total GO Debt Paid By Year
Total Proposed GO Debt Issued By Year

FIGURE 1

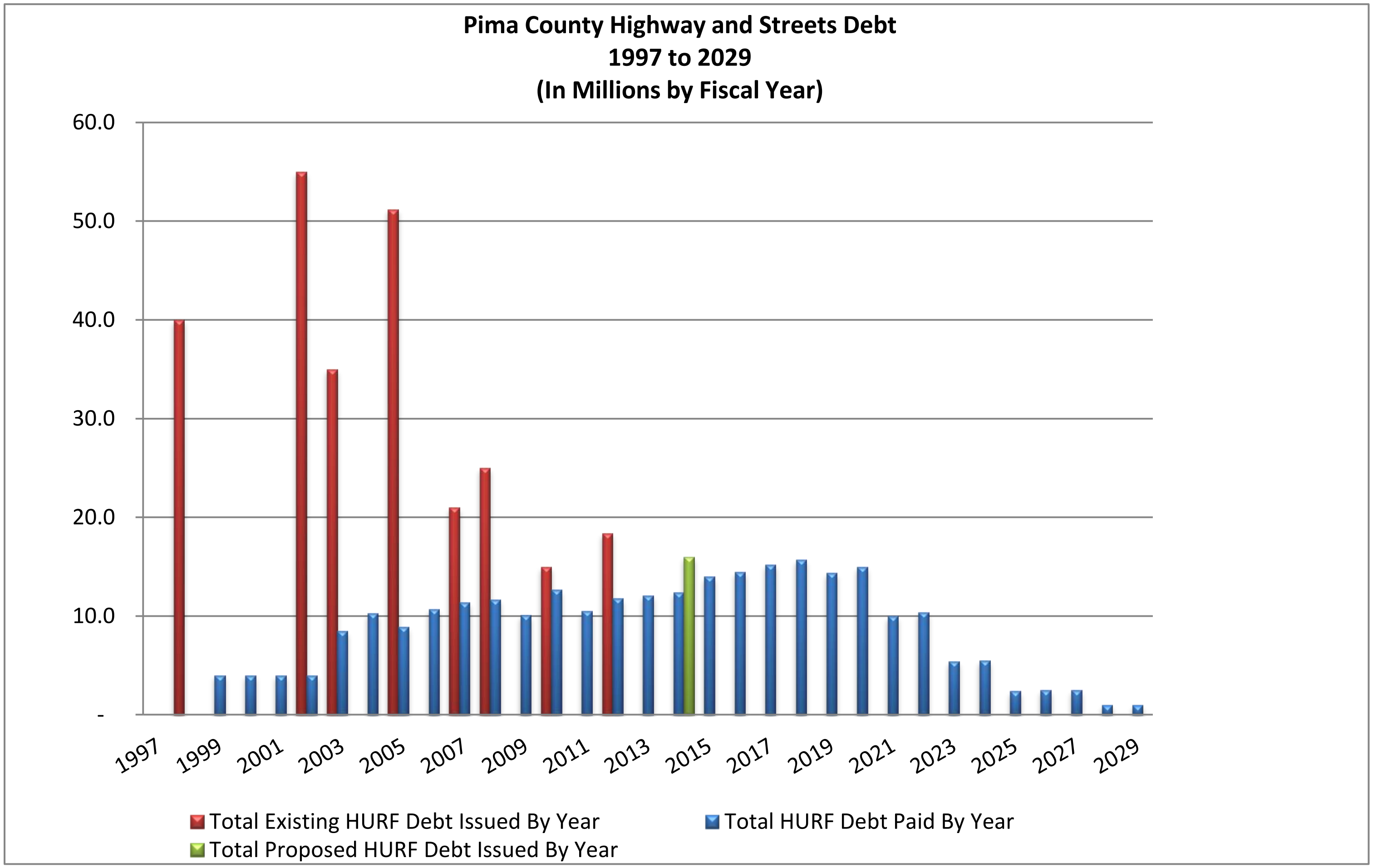

Pima County Highway and Streets Debt
1997 to 2029
(In Millions by Fiscal Year)
60.0
50.0
40.0
30.0
20.0
10.0
-
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
2025
2027
2029
Total Existing HURF Debt Issued By Year
Total HURF Debt Paid By Year
Total Proposed HURF Debt Issued By Year

FIGURE 2

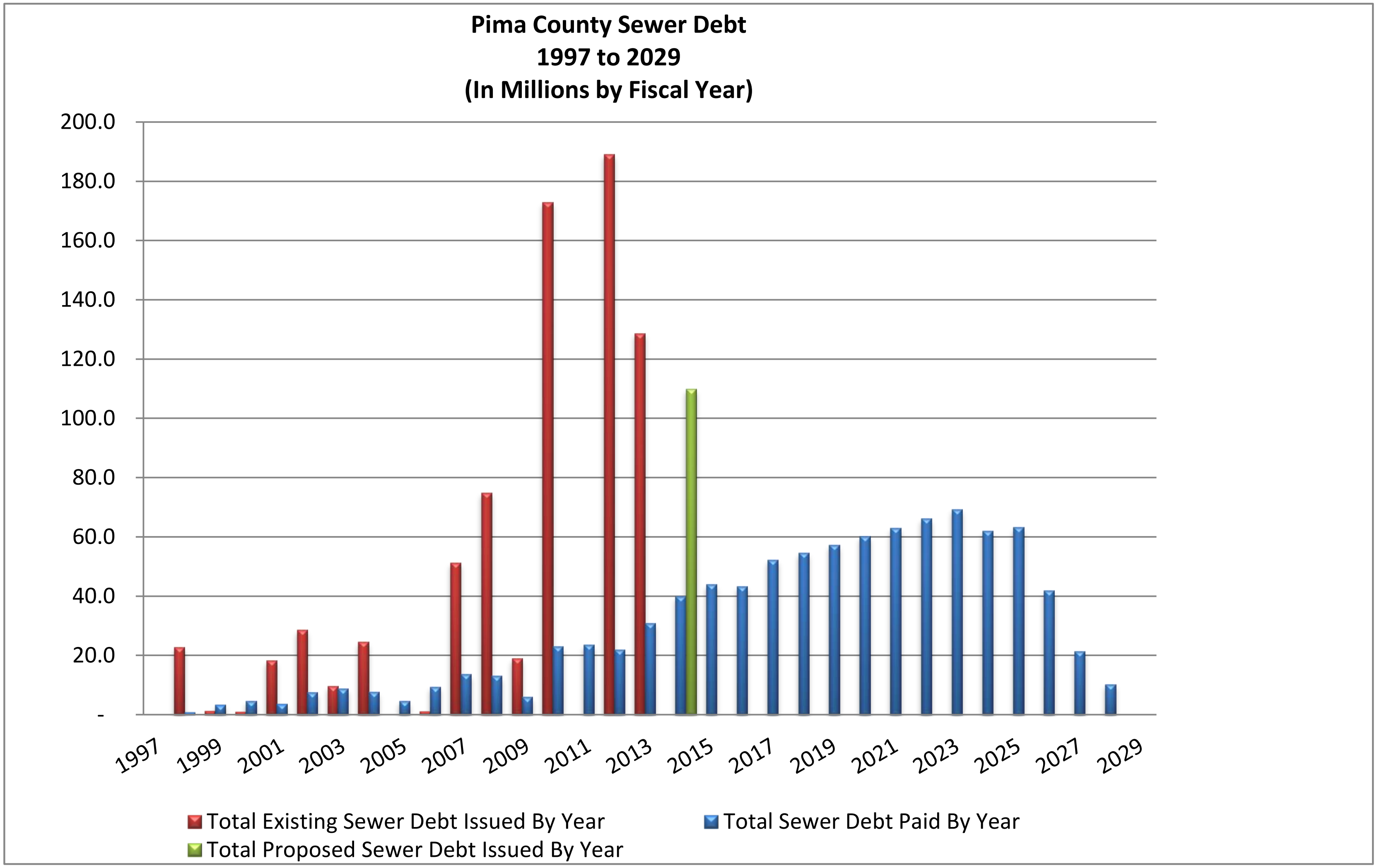
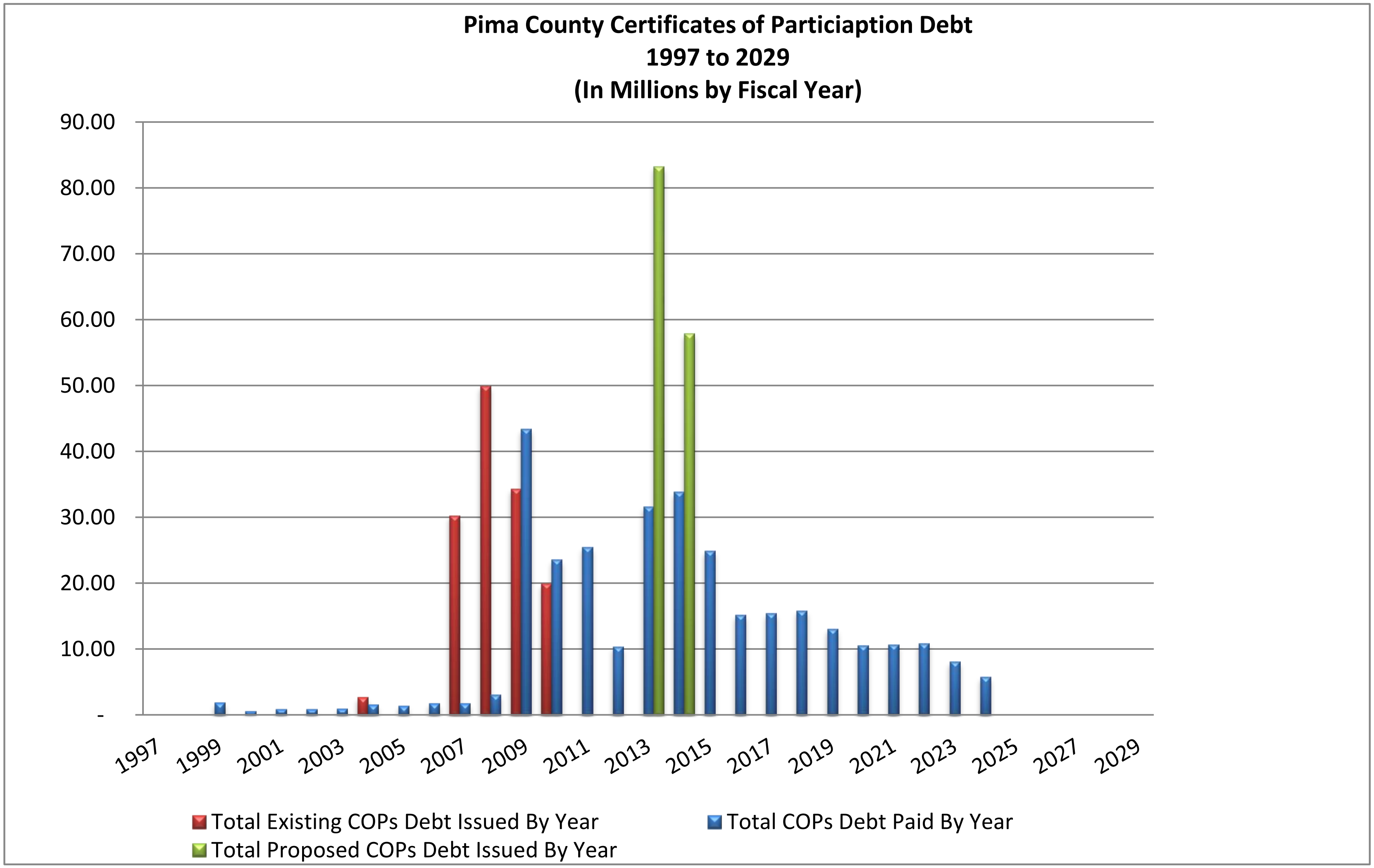

Pima County Sewer Debt
1997 to 2029
(In Millions by Fiscal Year)
200.0
180.0
160.0
140.0
120.0
100.0
80.0
60.0
40.0
20.0
-
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
2025
2027
2029
Total Existing Sewer Debt Issued By Year
Total Sewer Debt Paid By Year
Total Proposed Sewer Debt Issued By Year

FIGURE 3


Pima County Certificates of Particiaption Debt
1997 to 2029
(In Millions by Fiscal Year)
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
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2001
2003
2005
2007
2009
2011
2013
2015
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2023
2025
2027
2029
Total Existing COPs Debt Issued By Year
Total COPs Debt Paid By Year
Total Proposed COPs Debt Issued By Year

FIGURE 4

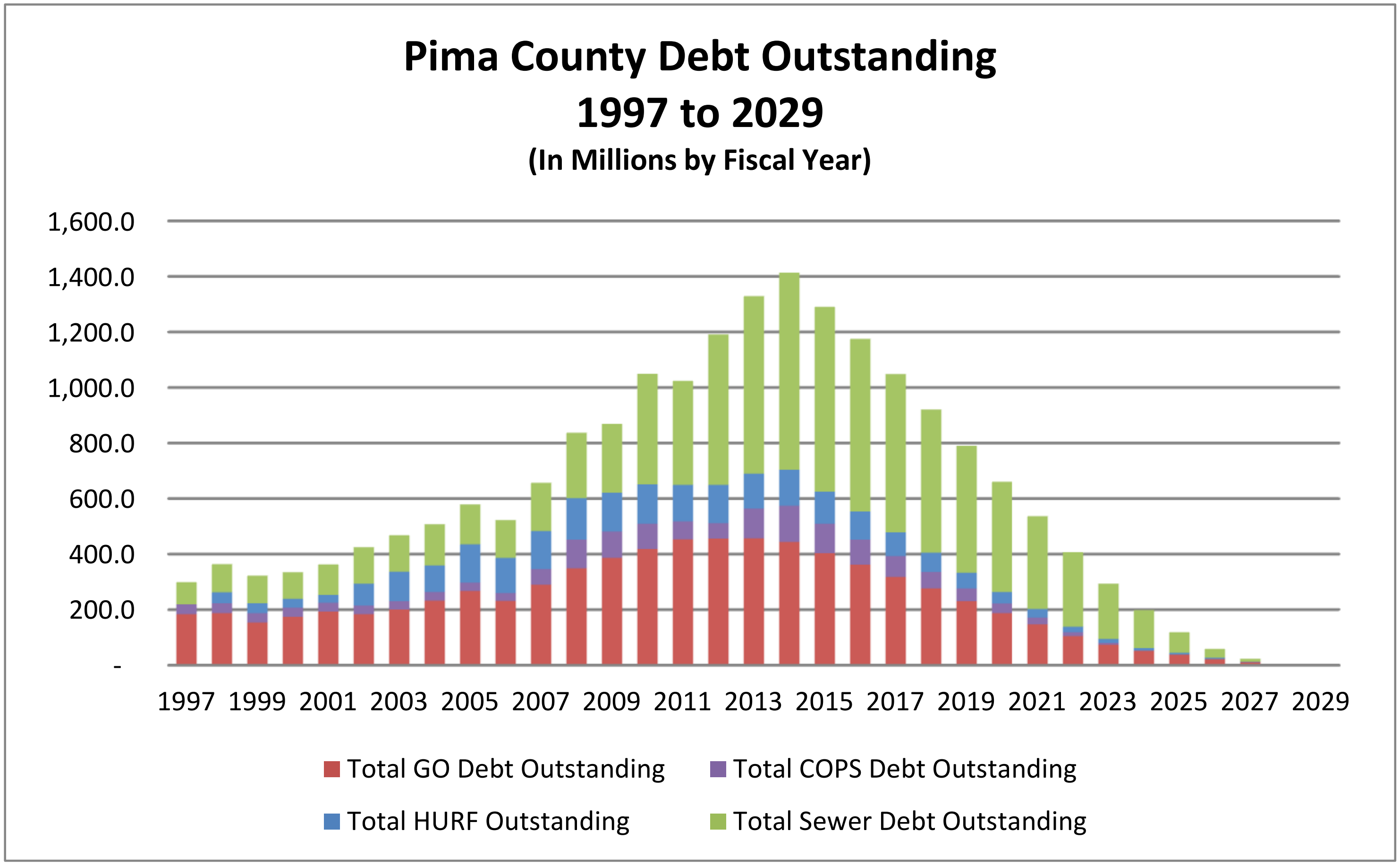
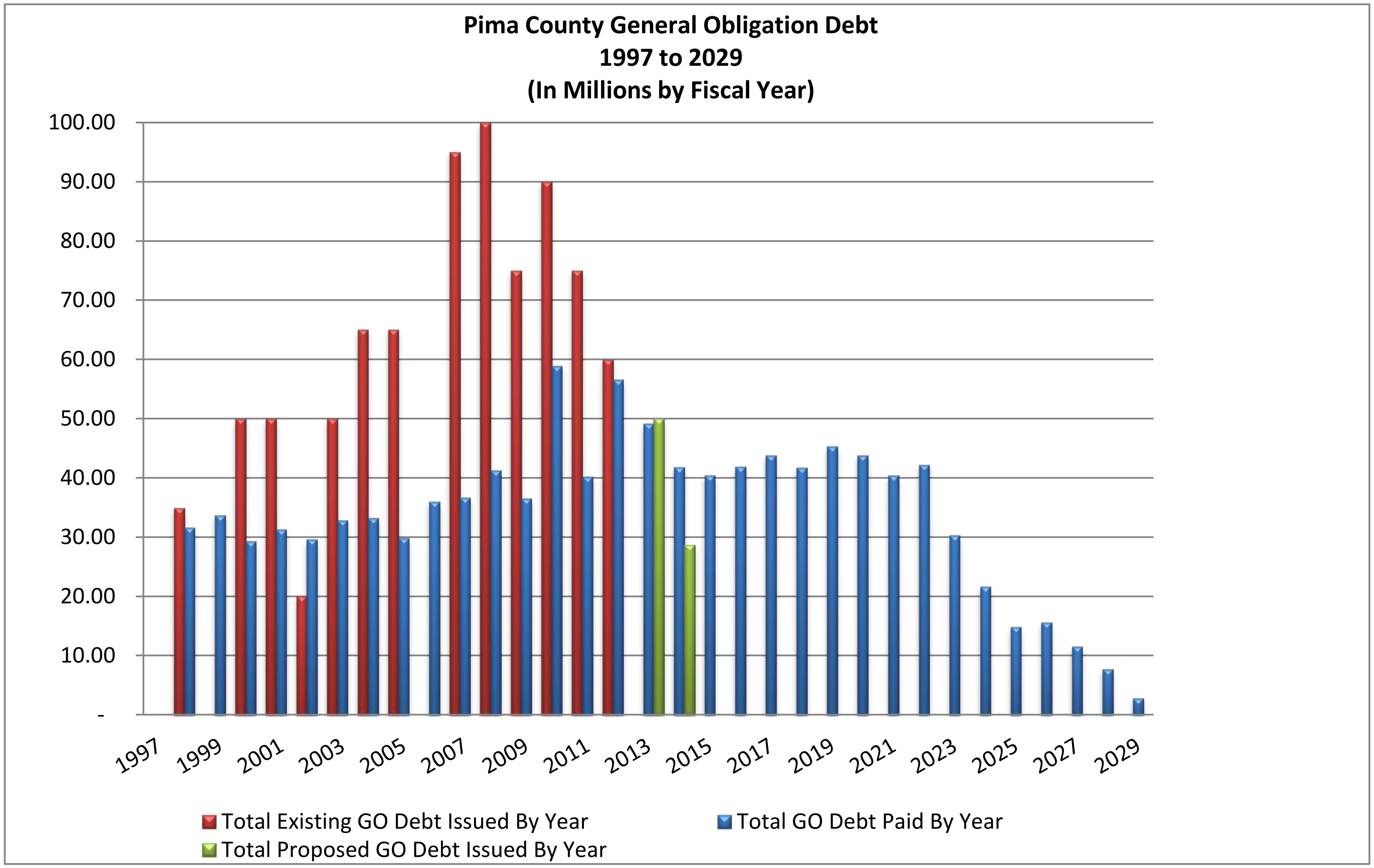

Pima County Debt Outstanding
1997 to 2029
(In Millions by Fiscal Year)
1,600.0
1,400.0
1,200.0
1,000.0
800.0
600.0
400.0
200.0
-
1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021 2023 2025 2027 2029
Total GO Debt Outstanding
Total COPS Debt Outstanding
Total HURF Outstanding
Total Sewer Debt Outstanding

FIGURE 5

FIGURES



Pima County General Obligation Debt
1997 to 2029
(In Millions by Fiscal Year)
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
1997
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2013
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2017
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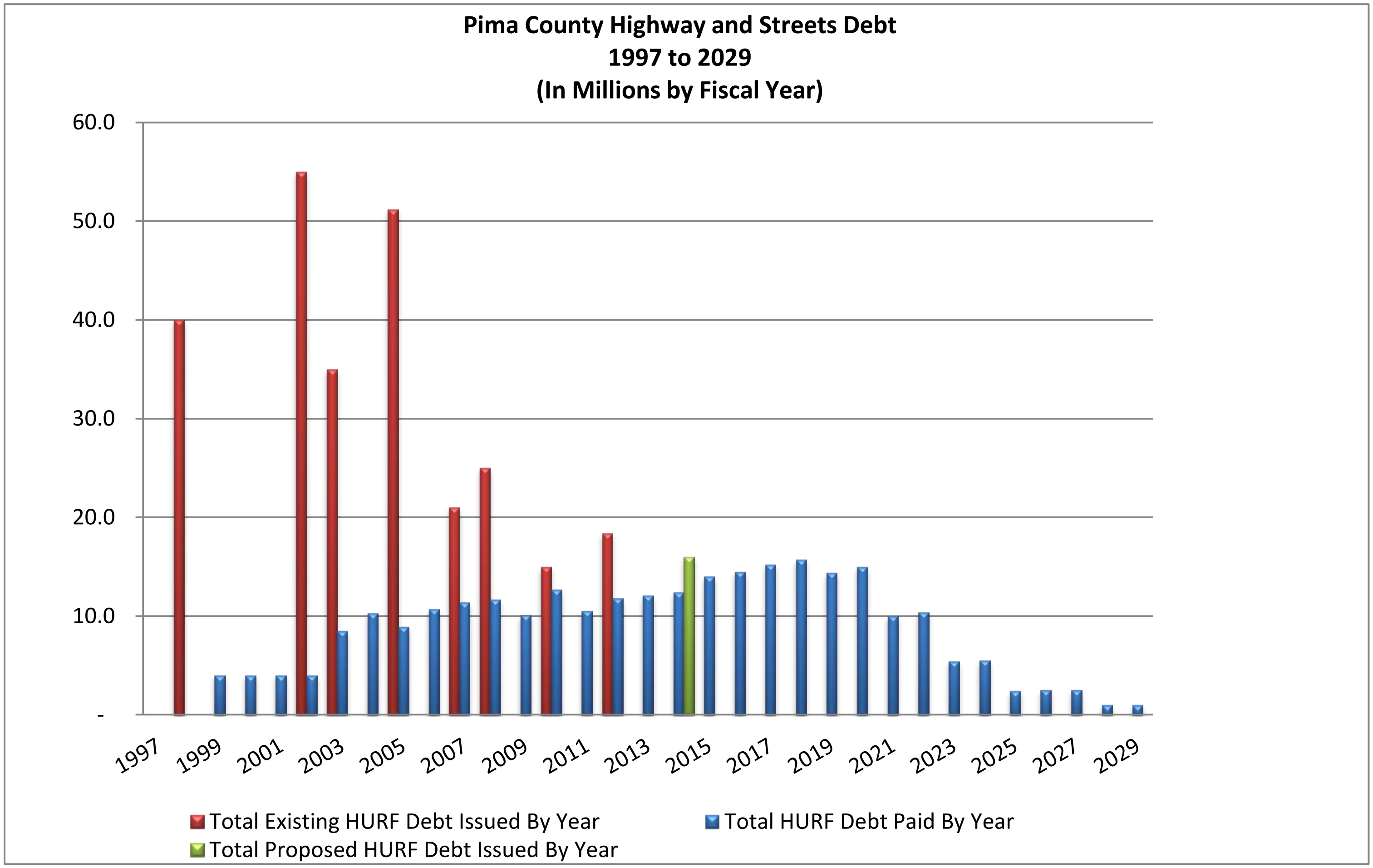
2021
2023
2025
2027
2029
Total Existing GO Debt Issued By Year
Total GO Debt Paid By Year
Total Proposed GO Debt Issued By Year

FIGURE 1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1997 to 2029
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60.0
50.0
40.0
30.0
20.0
10.0
-
1997
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2001
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2005
2007
2009
2011
2013
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2017
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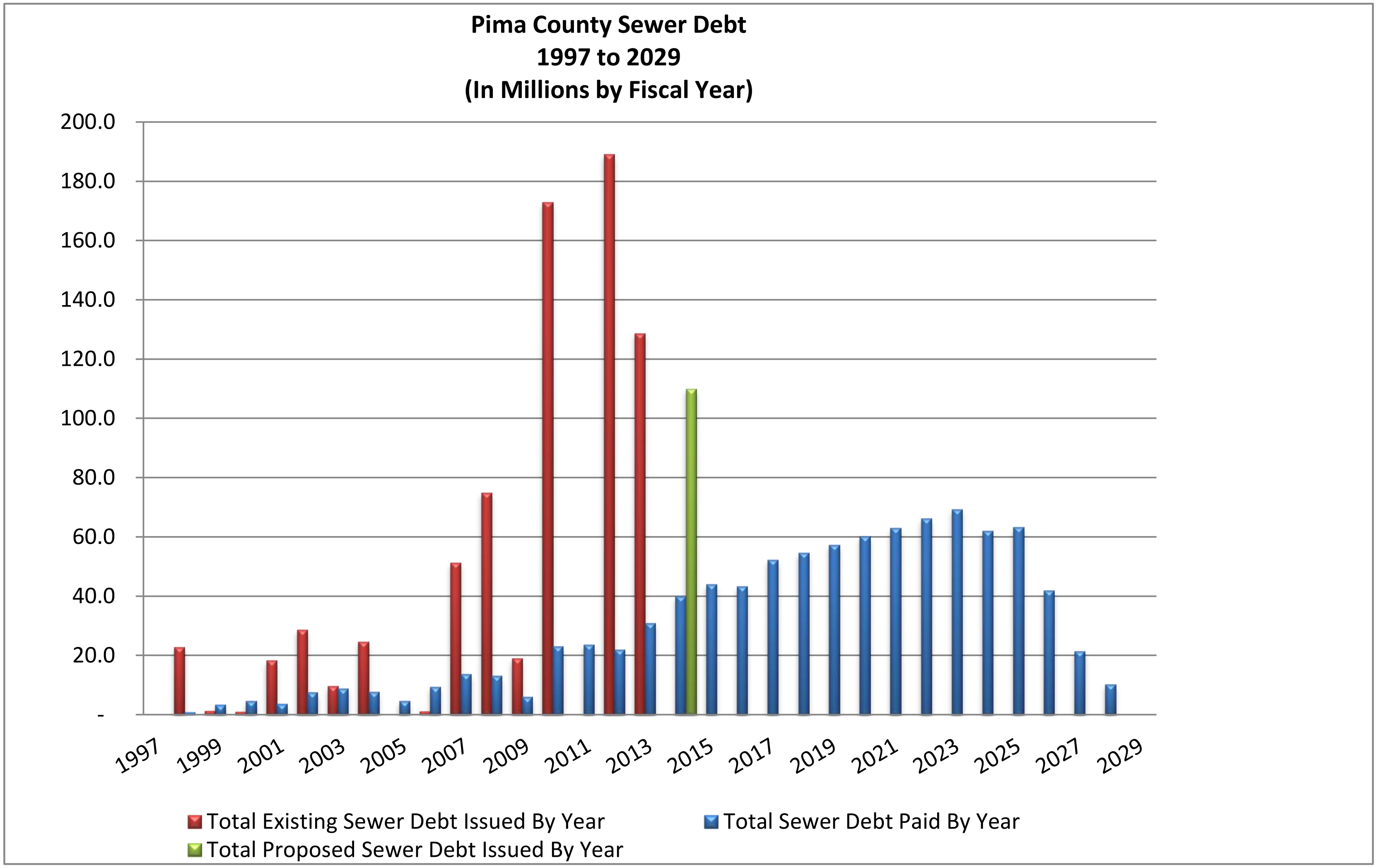
2021
2023
2025
2027
2029
Total Existing HURF Debt Issued By Year
Total HURF Debt Paid By Year
Total Proposed HURF Debt Issued By Year

FIGURE 2



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200.0
180.0
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-
1997
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2003
2005
2007
2009
2011
2013
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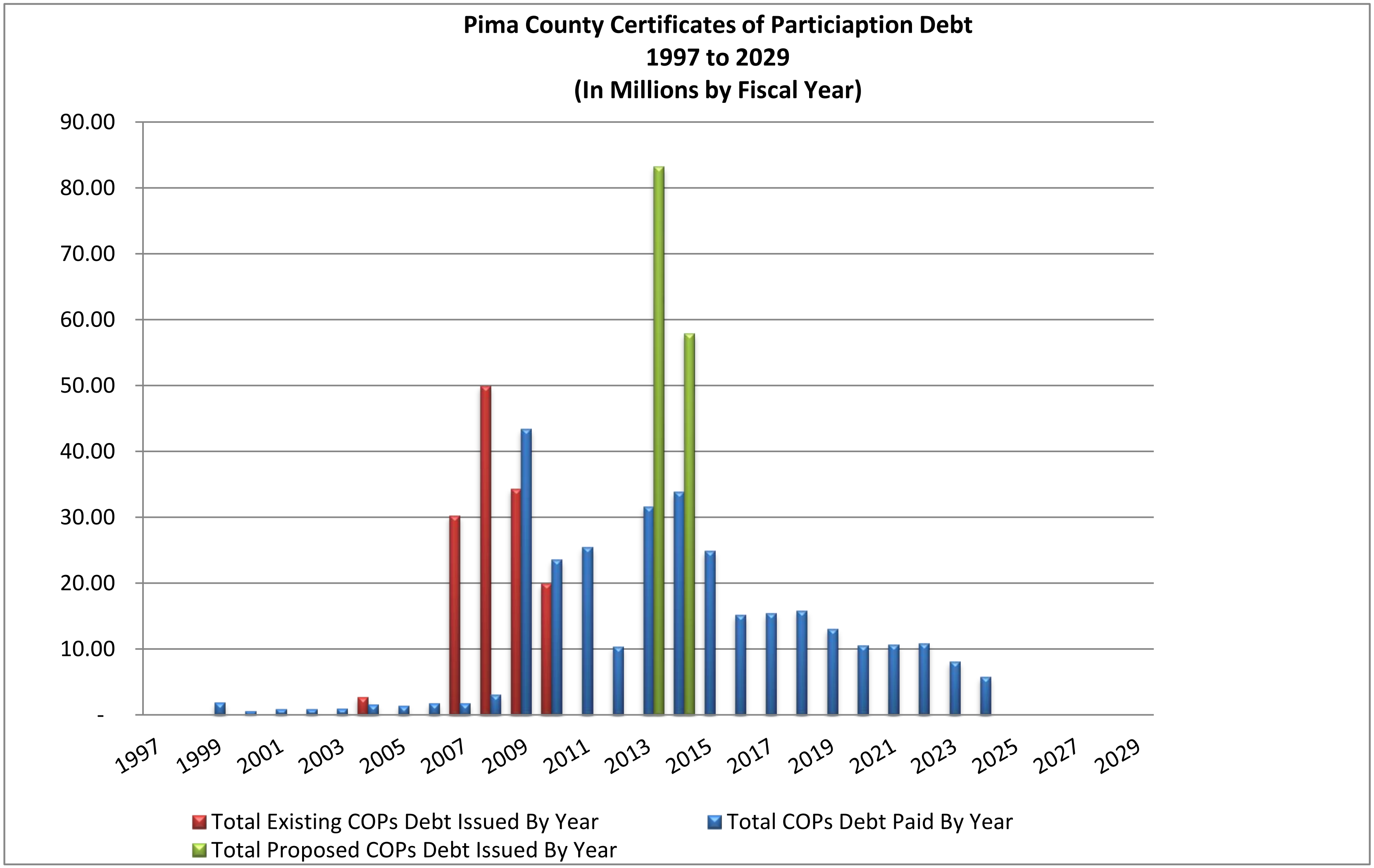
2017
2019
2021
2023
2025
2027
2029
Total Existing Sewer Debt Issued By Year
Total Sewer Debt Paid By Year
Total Proposed Sewer Debt Issued By Year

FIGURE 3


Pima County Certificates of Particiaption Debt
1997 to 2029
(In Millions by Fiscal Year)
90.00
80.00
70.00
60.00
50.00
40.00
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10.00
-
1997
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2001
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2013
2015
2017
2019
2021
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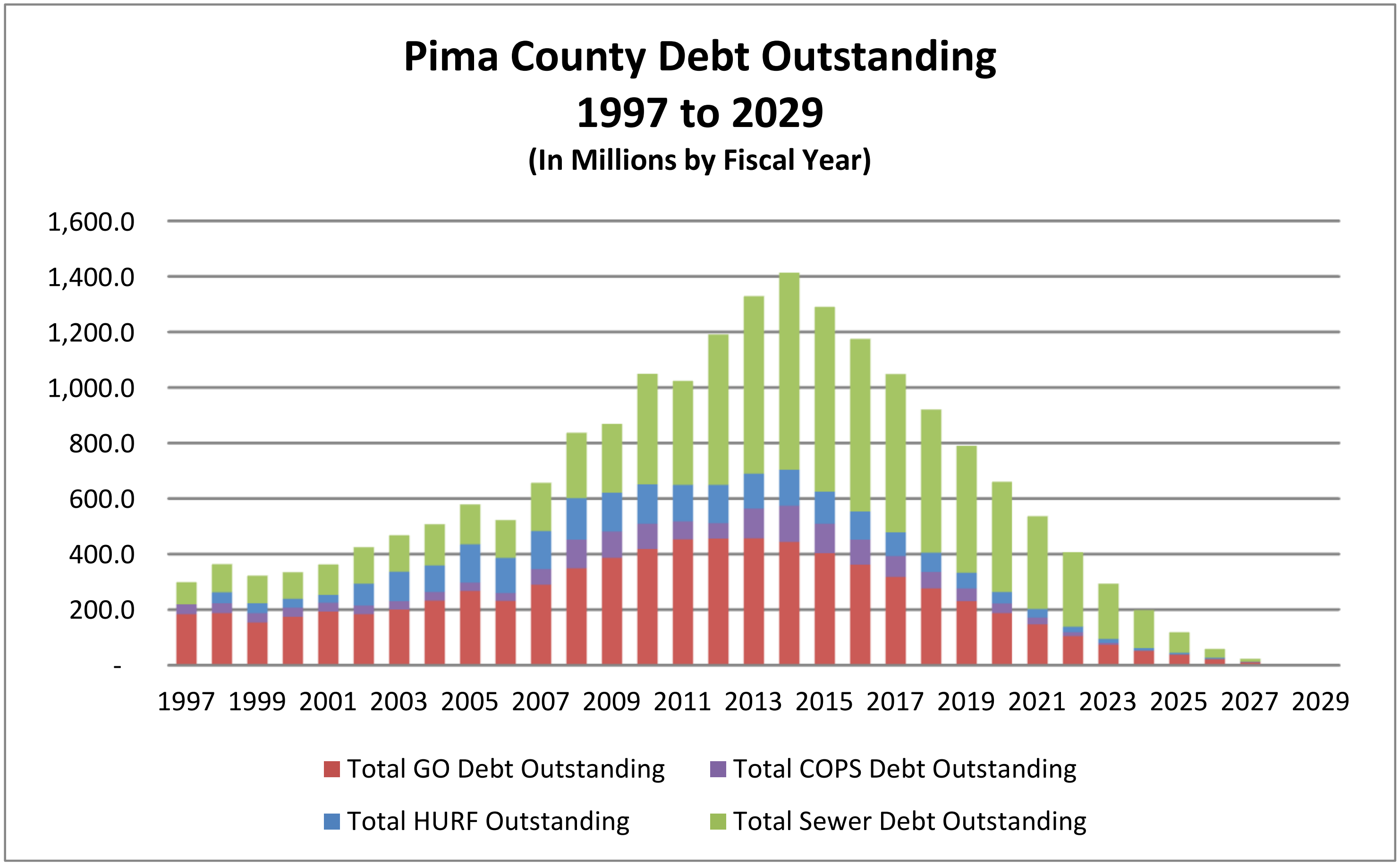
2025
2027
2029
Total Existing COPs Debt Issued By Year
Total COPs Debt Paid By Year
Total Proposed COPs Debt Issued By Year

FIGURE 4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1,600.0
1,400.0
1,200.0
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800.0
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-
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
2025
2027
2029
Total GO Debt Outstanding
Total COPS Debt Outstanding
Total HURF Outstanding
Total Sewer Debt Outstanding

FIGURE 5