



MEMORANDUM

Date: August 18, 2023

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshor 
County Administrator

Re: **Resolutions Relating to Debt Issues for August 21, 2023 Board Meeting**

There are three Resolutions on the Board of Supervisors August 21, 2023, agenda relating to the following debt issuances:

- \$40,000,000 of Certificates of Participation (Attachment 1)
- \$45,000,000 of Sewer System Revenue Obligations (Attachment 2)
- Authorization for General Obligations Refunding Bonds if financially advantageous (Attachment 3)

Certificates of Participation

Due to expenditure limitations restricting the use of cash reserves, we fund projects by issuing debt, such as Certificates of Participation, since debt payments are excluded from the spending limit. This resolution would authorize staff to sell additional Certificates of Participation in an amount sufficient to provide up to \$40,000,000 in proceeds and to refinance existing debt provided it is financially advantageous and does not extend the final maturity. The proceeds will be used to fund capital projects approved by the Board as part of the annual budget such as the Office of the Medical Examiner Building, the Sheriff's San Xavier Substation, and the new Enterprise Resource Planning (ERP) system with a repayment period of fifteen years.

Sewer System Revenue Obligations

This resolution would authorize staff to sell additional sewer system revenue obligations in an amount sufficient to provide up to \$45,000,000 in proceeds and to refinance existing debt provided it is financially advantageous and does not extend the final maturity. The proceeds of the debt will be used to fund treatment and conveyance projects within the Regional Wastewater Reclamation Fund's Capital Improvement Program. Pima County routinely pays for the capital costs of the sewer system by financing them over time as this allows the capital asset costs to be better spread throughout the period of time the assets are providing benefits to the system's users. These obligations will be repaid over a maximum period of ten years from the Wastewater revenues.

General Obligation Refunding Bonds

This resolution would authorize staff to issue General Obligation Refunding Bonds, contingent upon achieving a present value debt service savings of not less than 2.0%, net of all Refunding Bonds related costs, and ensuring that there is no extension to the final maturity date. The final maturity of the existing General Obligation debt is in fiscal year 2029.

FILED IN 13-14-15
AUG 22 2023
PAG 13-14-15

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Resolutions Relating to Debt Issues for August 21, 2023 Board Meeting**
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While these issuances represent \$85 million of new debt, Pima County's repayment of existing capital program debt this fiscal year totals approximately \$132 million. Pima County continues to repay its debt on a very short-term basis compared to most jurisdictions that issue debt with 25, 30 or even 40-year terms.

JKL/je

Attachments

c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer
Steve Holmes, Deputy County Administrator
Ellen Moulton, Director, Finance and Risk Management

ATTACHMENT 1



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 8/21/2023

**= Mandatory, information must be provided*

Click or tap the boxes to enter text. If not applicable, indicate "N/A".

***Title:**

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

***Introduction/Background:**

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

***Discussion:**

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

***Conclusion:**

This resolution authorizes staff to sell Pima County Certificates of Participation in order to fund \$40 million dollars of capital projects approved by the Board of Supervisors and to refinance existing debt when financially advantageous to the County.

***Recommendation:**

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

***Fiscal Impact:**

The proceeds will be made available for capital projects totaling \$40 million to be repaid over up to fifteen years. The County will transfer monies from the General Fund and any other funds, as appropriate, to repay the Certificates of Participation.

***Board of Supervisor District:**

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☒ All

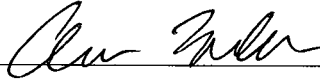
Department: Finance & Risk Management

Telephone: 724-3138

Contact: Ellen Moulton

Telephone: 724-3138

Department Director Signature: _____



Date: _____

8/3/23

Deputy County Administrator Signature: _____



Date: _____

County Administrator Signature: _____

Date: _____

8/4/2024

RESOLUTION NO. 2023 - ____

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

WHEREAS, Pima County, Arizona (the "County"), as lessee, previously entered into a Lease-Purchase Agreement, dated as of June 1, 2008 (the "Original Lease-Purchase Agreement"), as amended, most recently by a Thirteenth Amendment to Lease-Purchase Agreement, dated as of November 1, 2022 (collectively, and as further amended by the Lease Amendments hereinafter described, the "Lease-Purchase Agreement") with U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee under the below-described Trust Agreement (the "Trustee"), as lessor (in such capacity, the "Lessor"), pursuant to which the Lessor leases to the County, as lessee, certain leased property (the "Leased Property") as described therein; and

WHEREAS, the Trustee and the County have previously entered into a Trust Agreement, dated as of June 1, 2008 (the "Original Trust Agreement"), as supplemented, most recently by a Thirteenth Supplement to Trust Agreement, dated as of November 1, 2022 (collectively, and as further supplemented by the Trust Supplements hereinafter described, the "Trust Agreement"), pursuant to which the Trustee executed and delivered the following currently outstanding series of certificates of participation: Certificates of Participation, Series 2014 (the "2014 Certificates"), Certificates of Participation, Taxable Series 2016B (the "Taxable 2016B Certificates"), Certificates of Participation, Series 2019 (the "2019 Certificates"), Certificates of Participation, Series 2019A (the "2019A Certificates"), Certificates of Participation, Tax-Exempt Series 2020B (the "2020B Certificates"), Certificates of Participation, Taxable Series 2020C (the "Taxable 2020C Certificates"), Certificates of Participation, Taxable Series 2021 (the "Taxable 2021 Certificates"), Certificates of Participation, Tax-Exempt Series 2022A (the "2022A Certificates") and Certificates of Participation, Taxable Series 2022B (the "Taxable 2022B Certificates" and, together with the 2014 Certificates, the Taxable 2016B Certificates, the 2019 Certificates, the 2019A Certificates, the 2020B Certificates, the Taxable 2020C Certificates, the Taxable 2021 Certificates, the 2022A Certificates and the Taxable 2022B Certificates the "Outstanding Certificates"), for the purpose of financing and refinancing the costs of certain projects of the County approved by this Board, and amending and

restructuring the County's lease payments (the "Lease Payments") under the Lease-Purchase Agreement; and

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

WHEREAS, the County has determined that it will be advantageous to cause the execution and delivery of certain Additional Certificates (the "New Money Certificates"), in one or more series, in a principal amount, net of any original issue discount, which will produce \$[40,000,000] in net proceeds for financing projects of the County approved by this Board, plus any amount approved by an Authorized Officer as being necessary to pay the costs associated with the execution and delivery of such New Money Certificates, and to restructure the Lease Payments under the Lease-Purchase Agreement; and

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

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

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

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

WHEREAS, New Money Certificates and Refunding Certificates of any series sold through an underwritten offering to the Underwriter, will be offered for sale pursuant to a Preliminary Official Statement (each, a "Preliminary Official Statement"), in a form substantially the same as that used in connection with the sale of the 2022A Certificates and the Taxable 2022B Certificates which, with conforming changes, will become the Official Statement (the "Official Statement"); and

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

WHEREAS, New Money Certificates and Refunding Certificates of any series will be sold pursuant to a certificate purchase agreement (each, a "Purchase Agreement") between the County and the Purchaser or the Underwriter, as applicable, which (a) with respect to the sale of a series of New Money Certificates or Refunding Certificates to a bank or banks pursuant to a lending proposal, shall be evidenced by the Purchaser's certificate and receipt, or (b) with respect to the sale of New Money Certificates and Refunding Certificates to the Underwriter through a negotiated underwritten offering, shall be evidenced by a certificate purchase agreement between the County and the Underwriter in a form substantially the same as that used in connection with the sale of the 2022A Certificates and the Taxable 2022B Certificates, or (c) with respect to the sale of New Money Certificates and Refunding Certificates to the Underwriter through a sealed bid offering, shall be evidenced by a notice of sale disseminated by the County in a form substantially the same as that used in connection with the most recent sealed bid sale of securities by the County, with appropriate changes to reflect the offering of New Money Certificates and Refunding Certificates; and

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

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

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

Section 1. (a) The execution, delivery and issuance of New Money Certificates, in one or more series, for financing projects of the County approved by this Board, plus any amount approved by an Authorized Officer as being necessary to pay the costs associated with the execution and delivery of such New Money Certificates, and to restructure the Lease Payments under the Lease-Purchase Agreement is hereby approved.

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

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

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

Section 4. (a) New Money Certificates in a principal amount, net of any original issue discount, which will produce not more than \$[40,000,000] in net proceeds for projects for the County approved by this Board, plus any amount approved by an Authorized Officer as being necessary to pay the costs associated with the execution and delivery of such New Money Certificates, may be executed and delivered, in one or more series, on a tax-exempt or taxable basis, bearing interest at the rate or rates per annum not to exceed a yield of 6.00% per annum computed in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and have series designations and other terms and conditions to be provided in the related Purchase Agreement and the Trust Supplement (as executed and delivered) and consistent with this Resolution. Each series of New Money Certificates shall be sold and awarded to the Purchaser or the Underwriter, as applicable, at a price of not less than 98% of par (excluding any original issue discount). Each series of New Money Certificates shall mature over a period ending not later than fifteen (15) years from the date of execution and delivery thereof, may be subject to mandatory or

optional redemption prior to maturity, and shall have such other terms, all as provided in the related Trust Supplement and Purchase Agreement (as executed and delivered). Each series of New Money Certificates shall be sold to the Purchaser or to the Underwriter, in either case as determined by the Director of Finance to be most advantageous to the County.

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

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

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

Section 7. The Authorized Officers, and the designees of any of them, are each hereby designated and appointed as the Lessee Representative, as defined in the Lease-Purchase Agreement, and each of them is authorized to execute in the name of and on behalf of the County any closing documents, certificates, or other instruments or documents necessary or appropriate in connection with the transactions described in or contemplated by the related Official Statement, Purchase Agreement, Lease-Purchase Agreement or Trust Agreement or amendments or supplements thereto and to do all acts and things as may be necessary or desirable to carry out the terms and intent of this Resolution and of any of the documents referred to herein.

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

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

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PASSED, ADOPTED AND APPROVED, by the Board of Supervisors of Pima County, Arizona, on August 21, 2023.

PIMA COUNTY, ARIZONA

By: _____
Chair, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

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

By: Pedro J. Miranda
Pedro J. Miranda

ATTACHMENT 2



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 8/21/2023

**= Mandatory, information must be provided*

Click or tap the boxes to enter text. If not applicable, indicate "N/A".

***Title:**

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, PROVIDING FOR THE EXECUTION, DELIVERY AND SALE OF (A) SEWER SYSTEM REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO PROVIDE UP TO \$45,000,000 TO PURCHASE PROPERTY CONSTITUTING ADDITIONS AND IMPROVEMENTS TO THE SEWER SYSTEM OF THE COUNTY, PLUS AN AMOUNT TO FUND A DEBT SERVICE RESERVE ACCOUNT AND PLUS AN AMOUNT TO PAY COSTS OF DELIVERY, AND (B) SEWER SYSTEM REVENUE REFUNDING OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO ACCOMPLISH THE REFINANCING OF OUTSTANDING SEWER REVENUE OBLIGATIONS BEING REFUNDED THEREBY, TO FUND A DEBT SERVICE ACCOUNT AND TO PAY COSTS OF DELIVERY; AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE OBLIGATION INDENTURES IN CONNECTION THEREWITH AND THE EXECUTION AND DELIVERY OF ONE OR MORE PURCHASE AGREEMENTS PROVIDING FOR INSTALLMENT PAYMENTS BY THE COUNTY FOR THE PURCHASE OR REFINANCING OF SAID PROPERTY TO BE MADE FROM REVENUES OF THE SEWER SYSTEM OF THE COUNTY; AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY OF ALL NECESSARY OR APPROPRIATE AGREEMENTS OR DOCUMENTS AND THE TAKING OF ALL ACTIONS AND MATTERS IN CONNECTION THEREWITH.

***Introduction/Background:**

Pima County routinely pays for the capital costs of its sewer system by financing them over time. In this way, the costs of the capital assets are better spread throughout the period of time the assets are providing benefits to the system's users. When adopting the fiscal year 2023-24 budget the Board of Supervisors approved the Regional Wastewater Reclamation Department's capital improvement program.

***Discussion:**

The Regional Wastewater Reclamation Department budgeted up to \$55 million in debt proceeds to fund the fiscal year 2023-24 sewer system capital improvement program. By issuing sewer system revenue obligations for fiscal year 2023-24, the cost of capital assets will be better spread over time to the existing and future sewer system users. This resolution will also allow the County to refinance existing debt provided it is financially advantageous and does not extend the final maturity.

***Conclusion:**

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

***Recommendation:**

Staff recommends that the Board of Supervisors approve this resolution authorizing the sale of sewer system revenue obligations to finance the Regional Wastewater Reclamation Department's fiscal year 2023-24 capital improvement program.

***Fiscal Impact:**

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

***Board of Supervisor District:**

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☒ All

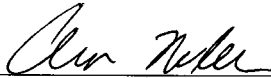
Department: Finance & Risk Management

Telephone: 724-3138

Contact: Ellen Moulton

Telephone: 724-3138

Department Director Signature: _____



Date: _____

8/3/23

Deputy County Administrator Signature: _____



Date: _____

County Administrator Signature: _____

Date: _____

8/4/23

RESOLUTION NO. 2023- ____

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, PROVIDING FOR THE EXECUTION, DELIVERY AND SALE OF (A) SEWER SYSTEM REVENUE OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO PROVIDE UP TO \$45,000,000 TO PURCHASE PROPERTY CONSTITUTING ADDITIONS AND IMPROVEMENTS TO THE SEWER SYSTEM OF THE COUNTY, PLUS AN AMOUNT TO FUND A DEBT SERVICE RESERVE ACCOUNT AND PLUS AN AMOUNT TO PAY COSTS OF DELIVERY, AND (B) SEWER SYSTEM REVENUE REFUNDING OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO ACCOMPLISH THE REFINANCING OF OUTSTANDING SEWER REVENUE OBLIGATIONS BEING REFUNDED THEREBY, TO FUND A DEBT SERVICE ACCOUNT AND TO PAY COSTS OF DELIVERY; AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE OBLIGATION INDENTURES IN CONNECTION THEREWITH AND THE EXECUTION AND DELIVERY OF ONE OR MORE PURCHASE AGREEMENTS PROVIDING FOR INSTALLMENT PAYMENTS BY THE COUNTY FOR THE PURCHASE OR REFINANCING OF SAID PROPERTY TO BE MADE FROM REVENUES OF THE SEWER SYSTEM OF THE COUNTY; AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY OF ALL NECESSARY OR APPROPRIATE AGREEMENTS OR DOCUMENTS AND THE TAKING OF ALL ACTIONS AND MATTERS IN CONNECTION THEREWITH.

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

Section 1. Recitals, Findings and Conclusions.

(a) Pursuant to Title 11, Chapter 2, Article 4, Arizona Revised Statutes, as amended (the "Act"), Pima County, Arizona (the "County"), is authorized to purchase, construct or operate a sewer system (the "System"), including the collection, transportation, pumping, treatment and disposal of sewage and to charge fees therefor.

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

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

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

<u>Series Designation</u>	<u>Original Aggregate Amount</u>	<u>Dated Date</u>
Series 2014	48,500,000	February 12, 2014
Series 2016	211,595,000	July 7, 2016
Series 2017	45,000,000	February 9, 2017
Series 2018	38,205,000	April 12, 2018
Series 2019	21,245,000	April 24, 2019
Series 2020A	35,295,000	March 5, 2020
Series 2020B	45,715,000	December 16, 2020
Series 2021	45,000,000	November 4, 2021
Series 2022	68,225,000	November 16, 2022

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

(f) In connection with the execution and delivery of the New Money Obligations and Refunding Obligations, the Board intends to execute and deliver one or more Purchase Agreements (each a “Series Purchase Agreement”), by which the County will agree to purchase or refinance the purchase of the applicable Property. Each Series Purchase Agreement shall be in a form that is substantially similar to the Series 2022 Purchase Agreement, dated November 1, 2022, between the County and the seller thereunder.

(g) The acquisition or refinancing of the Property will be financed or refinanced through the sale, execution and delivery of securities representing proportionate interests in the applicable Series Purchase Agreement pursuant to, and secured by, an obligation indenture (each a “Series Obligation Indenture”), by and between the County and a financial institution selected by the Director of Finance and Risk Management of the County (the “Director of Finance”) to serve in its separate capacity as trustee thereunder (including any successor thereto, the “Series Trustee”), in a form that is substantially similar to the Series 2022 Obligation Indenture, dated November 1, 2022, between the County and trustee thereunder.

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

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

(j) New Money Obligations and Refunding Obligations of any series sold through an underwritten offering to the Underwriter, will be offered for sale pursuant to a Preliminary Official Statement (each, a "Preliminary Official Statement"), in a form substantially the same as that used in connection with the sale of the Sewer System Revenue and Revenue Refunding Obligations, Series 2022 (the "2022 Obligations") which, with conforming changes, will become the Official Statement (the "Official Statement").

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

(l) New Money Obligations and Refunding Obligations of any series will be sold pursuant to an obligation purchase contract (each, an "Obligation Purchase Contract") between the County and the Purchaser or the Underwriter, as applicable, which (a) with respect to the sale of a series of New Money Obligations or Refunding Obligations to a bank or banks pursuant to a lending proposal, shall be evidenced by the Purchaser's certificate and receipt, or (b) with respect to the sale of New Money Obligations or Refunding Obligations to the Underwriter through a negotiated underwritten offering, shall be evidenced by a purchase agreement between the County and the Underwriter in a form substantially the same as that used in connection with the sale of the 2022 Obligations or (c) with respect to the sale of New Money Obligations and Refunding Obligations to the Underwriter through a sealed bid offering, shall be evidenced by a notice of sale disseminated by the County in a form substantially the same as that used in connection with the most recent sealed bid sale of securities by the County, with appropriate changes to reflect the offering of New Money Obligations and Refunding Obligations.

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

(n) The County has the requisite power and authority to execute and deliver each Series Purchase Agreement and to cause the sale, execution and delivery of each series of

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

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

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

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

(c) The aggregate principal amount of the New Money Obligations shall not exceed the amount sufficient to provide up to \$45,000,000 to purchase the New Money Property, plus an amount to fund a debt service reserve account and plus an amount to pay costs of delivery as provided in the Series Purchase Agreement and the Obligation Purchase Contract, the New Money Obligations shall not mature later than July 1, 2038. Each series of New Money Obligations shall be sold at such prices and shall bear interest at such rates as to result in an effective yield as calculated for federal income tax purposes relative to the issuance of obligations, the interest income on which is excluded from gross income, of not to exceed six percent (6.00%) per annum.

(d) The aggregate principal amount of each series of Refunding Obligations shall not exceed the amount sufficient to accomplish the refinancing of the Obligations to be Refunded and amounts, if any, necessary to fund a debt service reserve account and to pay

transaction costs in order to achieve a present value debt service savings net of all costs of issuance of at least the Savings Threshold and each series of Refunding Obligations shall mature over a period of not more than the final maturity of the Obligations to be Refunded. Each series of Refunding Obligations shall be sold at such prices and shall bear interest at such rates as to result in an effective yield as calculated for federal income tax purposes relative to the issuance of obligations, the interest income on which is excluded from gross income, of not to exceed six percent (6.00%) per annum.

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

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

(g) The Authorized Officers are authorized to:

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

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

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

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

Section 3. Acceptance of Proposal. If the terms for a series of New Money Obligations or Refunding Obligations comply with Section 2 hereof, the Authorized Officers are authorized to determine whether to accept the proposal of the Underwriter pursuant to an Obligation Purchase Contract or the proposal of the Purchaser. Each series shall be prepared, executed and delivered following the adoption of this Resolution, and shall be delivered upon payment therefor to either the Underwriter (in accordance with the terms of the Obligation Purchase Contract) or the Purchaser.

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

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

(b) execute and approve the preparation and delivery to, and use by, the Underwriter of one or more final Official Statements relating to such series, in substantially the form of the Preliminary Official Statement with such additions, deletions and modifications consistent with this Resolution as shall be approved by the Authorized Officers.

For purposes of the Rule, if applicable, the Authorized Officers shall certify or represent that each Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement. If necessary, the distribution and use of each Preliminary Official Statement and each Official Statement by the County and the Underwriter are authorized, ratified and approved. If necessary, the Authorized Officers are further authorized (i) to use and distribute, or authorize the use and distribution of, any supplements in connection with the original execution and delivery of any series and (ii) to sign and deliver, on behalf of the County, each Official Statement and such certificates in connection with the accuracy of each Official Statement and any amendment thereto.

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

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

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

documents on behalf of the County as may be necessary to carry out the terms and intent of this Resolution.

PASSED, ADOPTED, AND APPROVED by the Board of Supervisors of Pima County,
Arizona, on August 21, 2023.

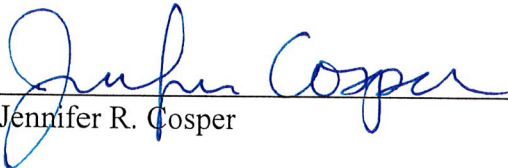
By: _____
Chair, Board of Supervisors

ATTEST:

Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US), LLP
Special Counsel

By: 
Jennifer R. Cospers

ATTACHMENT 3



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 8/21/2023

**= Mandatory, information must be provided*

Click or tap the boxes to enter text. If not applicable, indicate "N/A".

***Title:**

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2023, IN ONE OR MORE SERIES; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE REFUNDING BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE REFUNDING BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE REFUNDING BONDS; AUTHORIZING AND DIRECTING THE REFUNDING OF CERTAIN OUTSTANDING BONDS; AUTHORIZING THE APPOINTMENT OF AN INITIAL REGISTRAR AND PAYING AGENT FOR THE REFUNDING BONDS; AND APPROVING AND RATIFYING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

***Introduction/Background:**

The County has approximately \$65 million of outstanding General Obligation Bonds from the 2012A, 2013A, 2014, 2015 and 2016 issues. Each year the outstanding debt is evaluated to determine if any savings could be realized by refinancing this debt. The benchmark the County uses to evaluate refinancing opportunities is that the refinancing results in at least a 2% present value debt service savings, net of all costs of issuance, with no extension to the final maturity date.

***Discussion:**

This resolution will allow the County to refinance existing General Obligation debt provided it is financially advantageous and does not extend the final maturity. The final maturity of the existing General Obligation debt is in fiscal year 2029.

***Conclusion:**

This resolution authorizes staff to issue Pima County General Obligation Refunding Bonds to refinance existing debt when financially advantageous for the County and does not extend the final maturity.

***Recommendation:**

Staff recommends that the Board of Supervisors approve this resolution authorizing the potential future sale of General Obligation Refunding Bonds at such time as the present value of the debt service savings, net of all costs associated with the Refunding Bonds, is not less than 2.0% and there is no extension to the final maturity of the issue.

***Fiscal Impact:**

Any issuance of General Obligation Refunding Bonds would result in an overall reduction of General Obligation Bond debt service and thereby reduce the required secondary property tax for debt service.

***Board of Supervisor District:**

☒ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☒ All

Department: Finance & Risk Management

Telephone: 724-3138

Contact: Ellen Moulton

Telephone: 724-3138

Department Director Signature: _____



Date: _____

8/3/23

Deputy County Administrator Signature: _____



Date: _____

County Administrator Signature: _____



Date: _____

8-11-2023

RESOLUTION NO. 2023-____

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2023, IN ONE OR MORE SERIES; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE REFUNDING BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE REFUNDING BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE REFUNDING BONDS; AUTHORIZING AND DIRECTING THE REFUNDING OF CERTAIN OUTSTANDING BONDS; AUTHORIZING THE APPOINTMENT OF AN INITIAL REGISTRAR AND PAYING AGENT FOR THE REFUNDING BONDS; AND APPROVING AND RATIFYING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

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

Section 1. Recitals, Findings and Conclusions.

A. (i) Pursuant to Title 35, Chapter 3, Articles 3 and 4, Arizona Revised Statutes (the "Act"), Pima County, Arizona (the "County") is authorized to issue general obligation bonds to refund all or any portion of its outstanding general obligation bonds at or prior to maturity. The County has issued and currently has outstanding certain of its General Obligation Bonds, Series 2012A, General Obligation Bonds, Series 2013A, General Obligation Bonds, Series 2014, General Obligation Bonds, Series 2015 and General Obligation Refunding Bonds, Series 2016 (the "2016 Bonds" and, collectively, the "Prior Bonds") which were issued pursuant to the provisions of the Act.

(ii) Pursuant to the Act, the Board of Supervisors of the County (the "Board of Supervisors") may issue additional general obligation bonds for authorized purposes after receiving voter approval and additional general obligation refunding bonds for the purpose of refunding all or any portion of its outstanding general obligation bonds (collectively, the "Additional Bonds").

(iii) The Board of Supervisors has determined that it is expedient and necessary to issue Refunding Bonds (as defined below), from time to time, in compliance with the parameters set forth herein, to achieve the most attractive terms available to the County, and to use the proceeds of Refunding Bonds to refinance all or a portion of certain maturities of outstanding Bonds (defined below) (the "Bonds to be Refunded"), in advance of their maturity.

B. The Board of Supervisors intends to issue Refunding Bonds, in one or more series, on a tax-exempt or taxable basis, for the purpose of and in an aggregate principal amount sufficient to refund the Bonds to be Refunded and for the purpose of paying costs of issuance of the Refunding Bonds.

C. The Board of Supervisors shall authorize its Chair (the “Chair”), as its representative, to either (i) sell the Refunding Bonds directly to one or more banks or financial institutions submitting a lending or purchase proposal to the County, as purchaser of the Refunding Bonds (the “Purchaser”), pursuant to a solicitation by RBC Capital Markets, LLC, as solicitor for the County, or (ii) through an underwritten offering, to one or more firms then eligible to serve as underwriter for County obligations or to the winning bidder through a sealed bid offering (the “Underwriter”), in either case as determined by the Director of Finance and Risk Management of the County (the “Director of Finance”), to be most advantageous to the County; provided, however, that the Refunding Bonds shall be sold at the price the Chair, on behalf of the Board of Supervisors, deems to be the best price available therefor and in compliance with the Act and the Savings Threshold (defined below).

D. The Refunding Bonds, if sold through an underwritten offering to the Underwriter, will be offered for sale pursuant to a Preliminary Official Statement in a form substantially the same as that used in connection with the offering of the County’s 2016 Bonds, with such changes as are approved by the Director of Finance (the “Preliminary Official Statement”), which, with conforming changes, will become the Official Statement (the “Official Statement”).

E. By this resolution, the Board of Supervisors shall approve the entering into one or more bond purchase agreements with the Underwriter or a certificate and receipt of the Purchaser (each a “Bond Purchase Agreement”) in a form approved by the Director of Finance, and, if the Refunding Bonds are sold to a Purchaser, one or more solicitor agreements (a “Solicitor Agreement”) with RBC Capital Markets, LLC, as solicitor, in a form approved by the Director of Finance. Such Bond Purchase Agreement is to be completed with the final terms of the Refunding Bonds and entered into between the County and the Underwriter or the Purchaser, if and as applicable, when the final terms of the sale have been determined.

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

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

Section 2. Authorization. The Board of Supervisors hereby authorizes the issuance and sale of Pima County, Arizona General Obligation Refunding Bonds (with such series designation as set forth in the Bond Purchase Agreement) (the “Refunding Bonds” and, collectively with the Prior Bonds and the Additional Bonds, the “Bonds”) to be issued and sold pursuant to Section 35-475, Arizona Revised Statutes, in one or more series, as tax-exempt or taxable, in an aggregate principal amount not exceeding an amount sufficient to refund the Bonds to be Refunded and pay the costs of issuance of the Refunding Bonds. The Refunding Bonds shall be issued and sold in accordance with the provisions of this resolution provided that

(i) the refunding shall produce a present value debt service savings, net of all costs associated with the Refunding Bonds, of not less than 2.0% of the par amount of the Bonds to be Refunded (the "Savings Threshold") and delivered against payment therefor by the Underwriter or the Purchaser, as applicable, and (ii) the total aggregate of taxes levied to pay principal and interest on each series of Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds to be Refunded by such applicable series of Refunding Bonds from the date of issuance of such series of Refunding Bonds to the final date of maturity on the applicable Bonds to be Refunded.

Section 3. Terms. The Refunding Bonds will be dated the date of initial delivery thereof and will bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from such date to the maturity or prior redemption of each of the Refunding Bonds at the rate or rates per annum set forth in the Bond Purchase Agreement as executed and delivered, the first interest payment date to be such date as is set forth in the Bond Purchase Agreement as executed and delivered, interest to be payable semiannually thereafter on each January 1 and July 1, or such other dates as set forth in the Bond Purchase Agreement, during the term of the Refunding Bonds, the Refunding Bonds to be in the denomination of \$5,000 each or integral multiples thereof, or such other denomination set forth in the Bond Purchase Agreement, in fully registered form. The Refunding Bonds shall be sold at prices such that the yield on any issue of the Refunding Bonds for purposes of the federal income tax law arbitrage rules does not exceed 6.00% per annum. Interest will be paid on each interest payment date by check mailed by the Paying Agent (as hereinafter defined) to each registered owner of the Refunding Bonds at the address shown on the registration book of the Registrar (as hereinafter defined) on the Record Date (as described in Section 11 hereof), or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least \$1,000,000 aggregate principal amount of Refunding Bonds. Principal of the Refunding Bonds, at maturity or upon redemption prior to maturity, will be payable upon presentation and surrender at the designated office of the Paying Agent. The Refunding Bonds will mature (or be subject to mandatory redemption) on July 1, or such other dates as set forth in the Bond Purchase Agreement, in the years and in the amounts as set forth in the accepted proposal and the Bond Purchase Agreement as executed and delivered, but not later than the final maturity of the Bonds to be Refunded. The principal amount of the Refunding Bonds, the principal amount maturing in each year, the interest rates applicable to each maturity, the optional, mandatory and extraordinary optional redemption, if any, provisions, whether tax-exempt or taxable, and any other final terms of the Refunding Bonds and of the sale of the Refunding Bonds shall be as set forth in the Bond Purchase Agreement as executed and delivered, and such approval shall be evidenced by the execution and delivery of the Bond Purchase Agreement.

Section 4. Prior Redemption; Defeasance.

A. Optional Redemption. The Refunding Bonds may be subject to optional redemption as provided in the Bond Purchase Agreement.

B. Mandatory Redemption. The Refunding Bonds may be subject to mandatory redemption as provided in the Bond Purchase Agreement.

C. Notice of Redemption. Notice of redemption will be given by mail to the registered owners of the Refunding Bonds at the address shown on the bond register maintained by the Registrar not less than 30 days nor more than 60 days prior to the specified redemption date. Neither failure to give such notice, nor any defect therein, with respect to any Refunding Bond shall affect the regularity of the proceedings for redemption of any other Refunding Bond. Notwithstanding the foregoing, notice of redemption may be given in accordance with the procedures of a securities depository for the Refunding Bonds. If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or by a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

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

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

F. Defeasance. Any unpaid principal amount of the Refunding Bonds or portion thereof in authorized denominations shall be deemed paid and defeased and thereafter shall have no claim on ad valorem taxes levied on taxable property in the County (i) if there is deposited with a bank or comparable financial institution, in trust, moneys or obligations issued by or guaranteed by the United States government ("Defeasance Obligations") or both which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, in the case of Defeasance Obligations as evidenced by a certificate or report of an accountant, to pay the principal of and interest and any premium on such Refunding Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption and (ii) if such defeased Refunding Bond or portion thereof is to be redeemed, notice of such redemption has been given in accordance with provisions hereof or the County has submitted to the Bond Registrar and Paying Agent instructions expressed to be irrevocable as to the date upon which such bond of the Refunding Bonds or portion thereof is to be redeemed and as to the giving of notice of such redemption. Principal amounts of the Refunding Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed payable or outstanding hereunder and thereafter such Refunding Bonds shall be entitled to payment only

from the moneys or Defeasance Obligations deposited to provide for the payment of such Refunding Bonds.

Section 5. Use of Bond Proceeds.

A. Pursuant to Section 35-473.01(H), Arizona Revised Statutes, premium received for the Refunding Bonds may be, at the direction of the Director of Finance or her or his designee, (i) applied to pay costs of issuance of the Refunding Bonds, (ii) deposited in the Interest Fund to pay interest on the Refunding Bonds, or (iii) deposited in the Trust (as defined below) to pay a portion of the Bonds to Be Refunded; provided, however, that the portion of premium deposited in the Trust must comply with the provisions of Section 35-473.01(I), Arizona Revised Statutes.

B. If and to the extent that any of the Bonds to be Refunded are to be refunded with proceeds from the sale of the Refunding Bonds, as determined by the Director of Finance, a portion of the proceeds of the Refunding Bonds, as determined by the Director of Finance, shall be applied, along with the moneys to be transferred from the interest and redemption funds for the Bonds to be Refunded, if any, as determined by the Director of Finance, to create the Trust, which shall be an irrevocable trust for the benefit of the owners of the Refunding Bonds or the Bonds to be Refunded related thereto, as applicable, as described below in Section 14.C. and D. As provided in Section 14.B hereof, amounts credited to the Trust may be invested immediately in Government Obligations (defined below), the maturing principal of and interest on which, together with any beginning cash balance, are to be sufficient to pay the principal of and premium, if any, and interest on the Bonds to be Refunded as the same become due. A report of a firm of qualified certified public accountants will be provided as to the arithmetical accuracy of such calculations. If applicable, the yields on the investments purchased with the proceeds of the Refunding Bonds held under the Depository Trust Agreement shall not exceed the yield permitted under the Code (as defined and used in Section 16) and the regulations thereunder, as determined by the County's bond counsel upon a report of such certified public accountants.

C. Pending any disbursement(s), the County Treasurer is directed to invest the proceeds from the sale of the Refunding Bonds that are not deposited with the Depository Trustee, and that are in the possession of the County Treasurer, in the State Treasurer's Local Government Investment Pool (LGIP); provided, however, that the County, acting through the Director of Finance, may at any time provide other written investment instructions to the County Treasurer and the County Treasurer, to the extent that such investments are lawful, is authorized and directed to invest the monies designated in the written instructions in the investments set forth in the instructions.

Section 6. Form of Refunding Bonds.

A. The Refunding Bonds shall be in substantially the form of Exhibit A, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and as necessary to reflect the terms set forth in the Bond Purchase Agreement and are approved by those officers

executing the Refunding Bonds and the execution thereof by such officers shall constitute conclusive evidence of such approval.

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

Section 7. Book Entry Only System.

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

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

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

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

E. The provisions of this Section 7 shall not apply to the Refunding Bonds if the Purchaser thereof requests that the Refunding Bonds be issued and registered in its name.

Section 8. Execution of Refunding Bonds.

A. The Refunding Bonds shall be executed for and on behalf of the County by the Chair of the Board of Supervisors, countersigned by the County Treasurer and attested by the Clerk of the Board of Supervisors by their manual or facsimile signatures and a manual or facsimile of the County seal shall be affixed to each bond.

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

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

Section 9. Mutilated, Lost or Destroyed Bonds. In case any Refunding Bond becomes mutilated, destroyed or lost, the County shall cause to be executed and delivered a new Refunding Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Refunding Bond or in lieu of and in substitution for such Refunding Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the County in connection therewith and, in the case of a Refunding Bond destroyed or lost, upon the registered owner filing with the Clerk of the Board of Supervisors and the Registrar evidence satisfactory to the County and the Registrar that such Refunding Bond was destroyed or lost, and furnishing the County with a sufficient indemnity Refunding Bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 10. Sale of Refunding Bonds; Award of Refunding Bonds; Limitations of Transfer.

A. The County anticipates receiving proposals from the Underwriter and/or Purchaser for the purchase of the Refunding Bonds. Such proposal as the Chair or the Director of Finance determines to result in the best result for the County shall be accepted, provided that the Refunding Bonds shall not be sold for less than 100% of the principal amount thereof. When the final terms of the Refunding Bonds are known, the Bond Purchase Agreement shall be finalized. The Chair of the Board of Supervisors or the Director of Finance are authorized and directed to cause the Bond Purchase Agreement to be completed and executed; provided, however, that the parameters of this resolution shall govern the Bond Purchase Agreement and provided further that no terms or conditions may be inserted in the Bond Purchase Agreement which would be contrary to this resolution. Upon the completion, execution and delivery of the Bond Purchase Agreement, the Refunding Bonds are ordered sold to the Underwriter or the Purchaser, as applicable, pursuant to the Bond Purchase Agreement. The execution and delivery of the Bond Purchase Agreement as completed shall be conclusive evidence of such approval of the final terms and provisions.

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

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

Section 11. Registrar and Paying Agent.

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

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

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

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

E. The Registrar shall authenticate Refunding Bonds for original issue upon the written request of the Director of Finance or her or his designee. The aggregate principal amount of Refunding Bonds outstanding at any time may not exceed the amount authorized by this resolution except for replacement Refunding Bonds as to which the requirements of the Registrar and the County are met.

Section 12. Depository Trust Agreement. The financial institution to serve as Depository Trustee under each Depository Trust Agreement shall be designated by the Director of Finance. The Depository Trust Agreement, which will be in substantially the form executed and delivered by the County in connection with the sale of the 2016 Bonds, with such changes as are approved by the Director of Finance is hereby approved, and the Chair of the Board is hereby authorized, empowered and directed, for and on behalf of the County, to execute and deliver the Depository Trust Agreement with such changes therein as

they shall approve, their execution and delivery thereof to serve as conclusive evidence of such approval.

Section 13. Call for Redemption of Bonds To Be Refunded. The Director of Finance or her or his designee is hereby authorized and directed, if necessary and advantageous to the County, to call for redemption (subject to the delivery of the Refunding Bonds) on the first available redemption dates, each applicable maturity of the Bonds to be Refunded, as provided in the Depository Trust Agreement or such other similar document, as executed and delivered.

Section 14. Tax Levy for Payment.

A. For the purpose of providing for the payment of interest on the Refunding Bonds herein authorized and to create a redemption fund for the purpose of paying the Refunding Bonds at their respective maturity dates, there will be levied on all of the taxable property in the County, and irrevocably pledged pursuant hereto, a continuing, direct, annual, ad valorem tax sufficient to pay the principal of and interest on the Refunding Bonds as they become due, without limitation as to rate but limited in an amount such that the total aggregate of taxes levied to pay principal and interest on each series of Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds to be Refunded by such applicable series of Refunding Bonds from the date of issuance of such series of Refunding Bonds to the final date of maturity on the applicable Bonds to be Refunded. Upon collection, said taxes will be placed in a fund to be designated the "Interest and Redemption Fund" and the taxes therein will be applied solely for the purpose of payment of principal of and interest on the Refunding Bonds and for no other purpose whatsoever until all of the Refunding Bonds authorized hereunder have been fully paid, satisfied and discharged.

B. As provided in Section 5.B hereof, the net proceeds of the sale of the Refunding Bonds shall be deposited in the hereinafter defined Trust or invested in obligations issued by or guaranteed by the United States government ("Government Obligations"), so long as such Government Obligations shall mature with interest so as to provide funds to pay at maturity or upon earlier redemption the Bonds to be Refunded together with interest thereon and redemption premiums, if any, and such proceeds or Government Obligations shall, and other funds legally available for such purposes may, be deposited in respective principal and interest redemption funds and shall be held in trust (the "Trust") for the payment of the Bonds to be Refunded with interest and redemption premiums, if any, at maturity or upon redemption.

C. For Refunding Bonds that are issued to refund Bonds to be Refunded that were issued before September 1, 2016 (the "Pre-2016 Amendment Bonds to be Refunded"), the owners of such series of Refunding Bonds shall rely upon the sufficiency of the funds or Government Obligations held in the Trust for the payment of the Pre-2016 Amendment Bonds to be Refunded. The issuance of such series of Refunding Bonds shall in no way infringe upon the rights of the owners of the Pre-2016 Amendment Bonds to be Refunded to rely upon a tax levy for the payment of principal and interest on the Pre-2016 Amendment Bonds to be Refunded if the investments in the Trust prove insufficient.

D. For Refunding Bonds that are issued to refund or refinance outstanding Bonds to be Refunded that were issued from and after August 31, 2016 (the "Post-2016

Amendment Bonds to be Refunded”), the owners of the Post-2016 Amendment Bonds to be Refunded shall rely upon the sufficiency of the funds or Government Obligations held in the Trust for the payment of the Post-2016 Amendment Bonds to be Refunded. To the extent that payment of amounts on the Post-2016 Amendment Bonds to be Refunded is provided for by the deposit of funds or Government Obligations held in the Trust for the payment of the Post-2016 Amendment Bonds to be Refunded, all obligations of the County to levy a tax for the payment of such amounts shall cease and terminate. The Post-2016 Amendment Bonds to be Refunded shall in no way infringe upon the rights of the owners such series of Refunding Bonds to rely upon a tax levy for the payment of principal and interest on such series of Refunding Bonds if the investments in the Trust prove insufficient.

Section 15. Resolution a Contract. This Resolution shall constitute a contract between the County and the registered owners of the Refunding Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Refunding Bonds then outstanding.

Section 16. Tax Covenants. For Refunding Bonds issued on a tax-exempt basis:

A. The County recognizes that the purchasers and owners of the Refunding Bonds issued on a tax-exempt basis (for purposes of this section, the “Tax-Exempt Refunding Bonds”) will have accepted them on and paid a price for them reflecting the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the Tax-Exempt Refunding Bonds are delivered. In this connection, the County covenants that it will use, and will restrict the use and investment of, the proceeds of the Tax-Exempt Refunding Bonds in such manner and to such extent as may be necessary so that (i) the Tax-Exempt Refunding Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Section 141, 148 or 149 of the Code, or to be treated other than as bonds to which Section 103(a) of the Code applies, and (ii) the interest on the Tax-Exempt Refunding Bonds will not be an item of tax preference under Section 57 of the Code. For purposes of this Resolution, the “Code” means, collectively, the Internal Revenue Code of 1986, as amended, the Treasury Regulations (whether temporary or final) promulgated pursuant thereto, and any amendments or successor provisions thereto, any official rulings, announcements, notices, procedures and judicial determinations regarding any of them.

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

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

D. The County authorizes the creation by the Director of Finance or her or his designee of a fund that is hereinafter referred to as the "Rebate Fund," and any other such accounts or sub-accounts as necessary or advisable in order to comply with the foregoing covenants and the Tax Compliance Certificate. The County will comply with the rebate requirements set forth in the Tax Compliance Certificate.

E. The Director of Finance or her or his designee is hereby authorized to execute on behalf of the County the Tax Compliance Certificate. The Tax Compliance Certificate shall constitute a certification, representation and agreement of the County and no investment shall be made of the proceeds of the Tax-Exempt Refunding Bonds herein authorized nor of the money in the accounts established hereunder in violation of the expectations and covenants prescribed by the Tax Compliance Certificate. The Tax Compliance Certificate shall constitute an agreement of the County to follow certain covenants which may require the County to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Compliance Certificate.

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

Section 17. Continuing Disclosure Undertaking. The County recognizes that the initial purchaser of the Refunding Bonds may be required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with purchasing or selling the Refunding Bonds. Upon request of the Underwriter or Purchaser of the Refunding Bonds, in order to assist the initial Underwriter or Purchaser in complying with the Rule, the County will enter into a Continuing Disclosure Undertaking with respect to the Refunding Bonds, and a Continuing Disclosure Undertaking, which will be in substantially the form entered into by the County in connection with the sale of the 2016 Bonds with such changes as are approved by the Director of Finance is hereby approved. The Director of Finance or her or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Undertaking and to do all such acts and things necessary to carry out the terms and intent of the Continuing Disclosure Undertaking.

Section 18. Official Statement. If a series of the Refunding Bonds are the subject of an underwritten offering, the Director of Finance or her or his designee is hereby authorized and directed to prepare or authorize to be prepared, and to complete the Preliminary Official Statement in connection with the original issuance of such series of Refunding Bonds and a final Official Statement relating to the original issuance of such series of Refunding Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the Director of Finance or her or his designee. If and to the extent applicable, the Director of Finance or her or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the final Official Statement by the County and the original purchaser of the Refunding Bonds is hereby authorized, ratified, confirmed and approved.

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

Section 19. Bond Insurance or Other Credit Enhancement. The Director of Finance is authorized to contract for one or more credit enhancements for all or any part of such series of Refunding Bonds, and to pay the costs of them from proceeds of such series of Refunding Bonds or other monies of the County, if she or he determines that the credit enhancement will result in a savings in financing costs to the County. If she or he determines that one or more credit enhancements will result in savings in the cost of this financing to the County, the Finance Director is authorized to cause to be completed, signed and delivered, on behalf of the County, appropriate agreements with credit enhancement providers concerning matters customary to be covered by such agreements, including, without limitation, any of the following: (a) the terms of the credit or liquidity support instrument and the amounts to be paid for it, (b) procedures for payments pursuant to the credit or liquidity support instrument and reimbursement of amounts

advanced, including subrogation of the provider to the rights of owners of bonds receiving payment from monies furnished by the provider, (c) voting rights, (d) remedies, (e) notices and providing of information, and (f) permitted investments of monies with respect to all or any series of the Refunding Bonds. If one or more credit enhancements are obtained with respect to any of the Refunding Bonds, the provider of credit enhancement may be deemed to be the owner of the Refunding Bonds supported for purposes of demands, requests, consents, waivers or other actions by owners of the Refunding Bonds so long as the provider has not failed to comply with its obligations.

Section 20. Authorization to Purchase Government Obligations. Upon the direction of the Director of Finance, the Depository Trustee is hereby authorized to purchase the Government Obligations to be purchased and held pursuant to the provisions of the Depository Trust Agreement.

Section 21. Other Actions. From and after the execution and delivery of the Bond Purchase Agreement in definitive form by the County and the other parties thereto, as required, the officers, agents and employees of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such agreements, documents, instruments and certificates as may be necessary to carry out and comply with the provisions thereof, including but not limited to the execution of a Solicitor Agreement, if applicable, and the execution of tax compliance certificates or any other such document necessary in relation to the tax-exempt status of any series of Refunding Bonds intended by the County to be executed and delivered bearing tax-exempt interest or otherwise required by the Bond Purchase Agreement.

Section 22. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The Board of Supervisors hereby declares that the County would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Refunding Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 23. Ratification of Actions. All actions of the officers, employees, and agents of the County which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Refunding Bonds as contemplated by this Resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. The proper officers and agents of the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County as may be necessary to carry out the terms and intent of this Resolution.

[Remainder of page left blank intentionally]

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County,
Arizona, on _____, 2023.

PIMA COUNTY, ARIZONA

By: _____
Chair, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP
Bond Counsel


By:  _____
Jennifer R. Cospers

EXHIBIT A

RESOLUTION NO. 2023-_____

FORM OF BOND***

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BOND
SERIES _____**

Number: _____ Denomination: \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u> *
_____%	July 1, 20____	_____, ____	721663____

Registered Owner: CEDE & CO.*

Principal Amount: _____ AND NO/100 DOLLARS

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

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

Interest is payable on January 1 and July 1 of each year, commencing _____, and will accrue from the most recent date to which interest has been paid, or, if no interest has

* Insert so long as DTC is the Securities Depository.

** The series name and designation of this Bond is subject to change as determined in the Resolution to which this Form is attached as Exhibit A.

*** Certain provisions regarding denominations and transferability are subject to change if directly purchased as determined in the Resolution to which this Form is attached as Exhibit A.

been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least \$1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of _____.

This bond is one of an issue of bonds in the total principal amount of \$_____ of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to refund outstanding general obligations bonds of the County (the "Bonds Being Refunded"), pursuant to a resolution of the Board of Supervisors of the County duly adopted prior to the issuance hereof, and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of such bonds.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the County are hereby irrevocably pledged, without limitation as to rate but limited in an amount such that the total aggregate of taxes levied to pay principal and interest on this bond in the aggregate shall not exceed the total aggregate principal and interest to become due on the bonds to be refunded by the issue of which this bond is one (the "Bonds to be Refunded") from the date of issuance of this bond to the final date of maturity on the Bonds to be Refunded. [The owners of this bond shall rely upon the sufficiency of the funds or Government Obligations held in the Trust (each as defined in the hereinafter defined Resolution) for the payment of the Bonds to be Refunded. The issuance of this bond shall in no way infringe upon the rights of the owners of the Bonds to be Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds to be Refunded if the investments in the Trust prove insufficient.]

Upon collection, said taxes will be placed in a fund to be designated the "Interest and Redemption Fund" and the taxes therein will be applied solely for the purpose of payment of principal of and interest on the bonds and for no other purpose whatsoever until all the bonds authorized hereunder have been fully paid, satisfied, and discharged.

This bond is issued under the provisions of Title 35, Chapter 3, Article 4 of the Arizona Revised Statutes (the "Act") and a Resolution adopted by the Board of Supervisors of the County on August 21, 2023 (the "Resolution"). Reference is hereby made to the Act and the Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

The bonds maturing on or before July 1, 20__ are not subject to call for redemption prior to their respective maturity dates. The bonds maturing on or after July 1, 20__ are subject to call for redemption on any date on or after July 1, 20__ at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

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

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

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

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

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

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

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to

and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual ad valorem tax upon all of the taxable property in the County for the payment of this bond and of the interest hereon as each becomes due, without limitation as to rate but limited in an amount such that the total aggregate of taxes levied to pay principal and interest on this bond in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds to be Refunded from the date of issuance of this bond to the final date of maturity on the Bonds to be Refunded. [The owners of this bond shall rely upon the sufficiency of the funds or Government Obligations held in the Trust for the payment of the Bonds to be Refunded. The issuance of this bond shall in no way infringe upon the rights of the owners of the Bonds to be Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds to be Refunded if the investments in the Trust prove insufficient.].

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

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

PIMA COUNTY, ARIZONA

(facsimile)
Chair, Board of Supervisors

COUNTERSIGNED:

(facsimile)
County Treasurer

ATTEST:

(facsimile)
Clerk, Board of Supervisors

SEAL

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Refunding Bonds, Series _____, described in the Resolution mentioned herein.

Date of Authentication: _____, 20__

_____,
as Registrar

By: _____
Authorized Representative

ASSIGNMENT

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

(Name and Address of Transferee)

(Social Security or other Federal Tax Identification Number of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises,

Dated: _____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

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

ABBREVIATIONS

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

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

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

(State)

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