



MEMORANDUM

Date: July 17, 2023

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

From: Jan Leshner 
County Administrator

Re: **Building Ownership – Collateral Pool**

During the Board meeting on July 11, 2023, a question was raised regarding the ownership and maintenance of the Public Works Building.

In FY 2007/08, the County changed its capital projects funding strategy from using voter-authorized debt to Certificates of Participation (COPs). As part of this strategy shift, several buildings, including the Public Works building, were identified as collateral for the County's issuance of these COPs. This financial mechanism enables the County to utilize these assets as a collateral pool for COPs issuances, supporting various Board approved capital improvement projects.

To facilitate this arrangement, the County entered into a lease-purchase agreement with U.S. Bank Trust Company, National Association for the buildings included in the collateral pool. A critical aspect of this arrangement is ensuring that the replacement value of the collateralized properties surpasses or equals the amount of the outstanding COPs, which requires the County to maintain the building and equipment such as the heating, ventilation and air conditioning (HVAC) units. This criterion is diligently reviewed whenever considering additional debt issuances.

Please refer to the table below for a comprehensive list of the buildings currently included in the collateral pool:

Tax Parcel	Property
117-12-011O	Legal Services - 32 N Stone
117-11-001D	Public Works Building - 201 N Stone
117-11-001E	Public Works Garage & Other Improvements - 50 W Alameda
117-16-015A	Public Service Center - 240 N Stone
117-16-015A	Public Service Center Garage - 38 E Alameda
117-12-032B	Justice Building - 33 N Stone
118-09-031D	Adult Detention Center - 1270 W Silverlake Rd

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By utilizing these buildings as collateral, the County has successfully secured the necessary financing to undertake numerous Board approved capital improvement projects including \$150 million to help fund the 10-Year Road Repair and Preservation Program.

JKL/je

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