



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 9/3/2024

*= 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 CAPITAL PROJECTS FOR THE COUNTY; AUTHORIZING NOTICE TO THE PUBLIC OF THE LEASE OR SALE OF THE PROPERTY AND PROVIDING FOR THE AWARD THEREOF TO THE HIGHEST RESPONSIBLE BIDDER; AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, AMENDMENTS AND SUPPLEMENTS TO A LEASE-PURCHASE AGREEMENT AND A TRUST AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION TO PROVIDE THE NECESSARY FINANCING THEREFOR; AND AUTHORIZING OTHER ACTIONS AND MATTERS IN CONNECTION THEREWITH.

***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, 33 N. Stone will be amended to add this debt and replace the Legal Services Building with the Administration West building, the Superior Court building and the Fleet Services facility.

***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 up to \$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 up to \$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:**

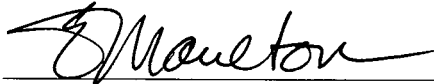
1 2 3 4 5 All

Department: Finance & Risk Management


Telephone: 724-3138

Contact: Ellen Moulton

Telephone: 724-3138

Department Director Signature:  Date: 8/16/24

Deputy County Administrator Signature: _____ Date: _____

County Administrator Signature:  Date: 8/16/2024

RESOLUTION NO. 2024-__

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 NOTICE TO THE PUBLIC OF THE LEASE OR SALE OF THE PROPERTY AND PROVIDING FOR THE AWARD THEREOF TO THE HIGHEST RESPONSIBLE BIDDER; AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, 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") upon due investigation and consideration deems it advantageous and necessary to lease at public auction and to lease-purchase back certain land, buildings, structures and improvements comprised of the Superior Court Building located at 110 West Congress Street, the County Office Building located at 150 West Congress Street, and the Fleet Services Facility located at 1291 South Mission Road, all in Tucson, Arizona (collectively, the "Facilities"); and

WHEREAS, the Board of Supervisors (the "Board"), is authorized to lease, at public auction, after notice to the public, County property pursuant to Arizona Revised Statutes § 11-256; and

WHEREAS, the County, in accordance with applicable law, will request bids for the lease of the Facilities, all as more fully described in the legal notice requesting such bids (the "Request for Bids"); and

WHEREAS, upon receipt of sealed bid proposals and following the public auction, the County intends that the Facilities be leased and awarded to the bidder which submits the highest bid as determined by the requirements of and responsive to the Request for Bids (the "Successful Bidder"); and

WHEREAS, the County intends that the proceeds received from the lease of the Facilities be applied by the County to pay or to reimburse costs of the acquisition, construction, improvement and equipping of various County sites, buildings and facilities and for other capital purposes (the "Projects"); and

WHEREAS, the County intends to lease-purchase back the Facilities through amendments or supplements to the existing Lease-Purchase Agreement (defined below) executed and delivered pursuant to Arizona Revised Statutes § 11-251(46);

WHEREAS, it is presently anticipated that (a) any Successful Bidder of the Facilities will finance its bid through the execution and delivery of certificates of participation, in one or more series (the “New Money Certificates”), evidencing and representing proportionate interests of the owners thereof in lease payments to be made by the County pursuant to amendments or supplements to the Lease-Purchase Agreement and to approve and execute all required legal documents in connection with such financing, including, without limitation a ground lease (the “Ground Lease”) between the County and the Trustee (defined below), as lessee, relating to the Facilities; and

WHEREAS, the New Money Certificates will be executed, delivered and paid in accordance with the terms of amendments or supplements to the existing Trust Agreement (defined below); and

WHEREAS, 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 Fourteenth Amendment to Lease-Purchase Agreement, dated as of November 1, 2023 (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 Fourteenth Supplement to Trust Agreement, dated as of November 1, 2023 (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”) Certificates of Participation, Taxable Series 2022B (the “Taxable 2022B Certificates”), Certificates of Participation, Tax-Exempt Series 2023A (the “2023A Certificates”) and Certificates of Participation, Taxable Series 2023B (the “Taxable 2023B 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, the Taxable 2022B Certificates and the 2023A 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 (i) to cause the execution and delivery of the New Money Certificates; and (ii) 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, 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, the New Money Certificates and the Refunding Certificates of each series will be offered for sale pursuant to a Preliminary Official Statement (the "Preliminary Official Statement"), which, with conforming changes, will become the Official Statement (the "Official Statement") and sold, as it relates to the New Money Certificates, in a principal amount not exceeding the principal amount specified in the bid of the Successful Bidder, and, as it relates to the Refunding Certificates, in a principal amount necessary to pay costs associated with the execution and delivery of the Refunding Certificates which achieve a present value debt service savings net of all costs of issuance

of at least the Saving Threshold, pursuant to one or more Certificate Purchase Agreements (collectively, the "Purchase Agreement") between the County and the purchaser of such series of the New Money Certificates and the Refunding Certificates (collectively, the "Original Purchaser"); and

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

WHEREAS, the County has the power and authority to enter into and deliver the Lease Amendments, the Ground Lease, the Trust Supplements, the Purchase Agreement, the Continuing Disclosure Undertaking, the 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 the Additional Certificates in order to secure the financial advantages for the County;

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

Section 1. It is hereby found and determined that the lease and lease-purchase back of all or a portion of the Facilities pursuant to the Request for Bids are advantageous to the County and in furtherance of the purposes of the County and in the public interest.

Section 2. The Board hereby directs, approves and authorizes the lease and lease-purchase back of all or a portion of the Facilities pursuant to the Request for Bids and in accordance with the requirements of all applicable laws. The County Administrator, the Director of Finance of the County and all other appropriate officers and employees of the County are hereby authorized and directed to prepare the form of the Request for Bids. The publication and advertisement of such lease in accordance with the applicable law and the taking of all necessary steps to effectuate such lease in accordance with the applicable law is hereby authorized, approved, ratified, and confirmed in all respects.

Section 3. Upon the receipt of sealed bid proposals at the date, time and place prescribed by the Request for Bids, whether continued, postponed or rescheduled, and following the public auction and the consideration of bids received and the recommendation of the Director of Finance of the County, the lease of the Facilities described in the Request for Bids will be awarded to the Successful Bidder by this Board acting through its Chairman on behalf of the County to the highest bid as determined by the requirements of and responsive to the Request for Bids, unless all bids are rejected.

Section 4. (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 5. The Chairman, Vice Chairman or Acting Chairman of this Board, the County Administrator of the County or the Director of Finance of the County (each an "Authorized Officer") are each hereby authorized, empowered and directed, with the approval of counsel to the County, in the name and on behalf of the County, to execute or attest, as required, and deliver the County Documents, in such forms as shall be reviewed by counsel to the County and approved by the Authorized Officer executing the same.

Section 6. 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 7. (a) The execution, sale and delivery of New Money Certificates, which in the aggregate will not exceed the principal amount specified in the bid of the Successful Bidder, plus any amount approved by an Authorized Officer as being necessary to fund a debt service reserve fund, bearing interest at the rate or rates per annum not to exceed a yield of 6.00% per annum computed in accordance with Section 148 of the Internal Revenue Code of 1986 as amended, with respect to any New Money Certificates issued on a tax-exempt basis, and at the rate or rates per annum not to exceed 7.00% per annum with respect to New Money Certificates issued on a taxable basis, and having the other terms and conditions to be provided in the related Purchase Agreement and the Trust Agreement (as executed and delivered) and consistent with this Resolution, are in all respects approved. Each series of New Money Certificates shall be sold and awarded to the Original Purchaser at a price of not less than 98% of par (excluding any original issue discount). Each series of New Money Certificates shall mature over a period ending not later than fifteen years from its execution and delivery, may be subject to mandatory or optional redemption prior to maturity, and shall have such other terms, all as provided in the related Trust Agreement and Purchase Agreement

(as executed and delivered). The New Money Certificates shall be executed and delivered for any or all of the following purposes: (a) financing or reimbursing costs of the Projects, and (b) funding any amount required to be deposited into a debt service reserve fund and paying the costs associated with the execution and delivery of such New Money Certificates.

(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 Original Purchaser 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 Original Purchaser as determined by the Director of Finance to be most advantageous to the County.

Section 8. The distribution of the Preliminary Official Statement by the Original Purchaser with respect to each series of Certificates is hereby ratified and approved in the form approved by an Authorized Officer and an Official Statement for such series is hereby authorized and approved, in substantially the form of the related Preliminary Official Statement, with such changes or revisions as may be approved by the Authorized Officer executing the same. Any Authorized Officer is hereby authorized, empowered and directed, in the name and on behalf of the County, to execute and deliver the same to the Original Purchaser, and to execute and deliver instruments confirming that the Preliminary Official Statement is "deemed final" in accordance with Securities and Exchange Commission Rule 15(c)2-12.

Section 9. 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, or a surety bond or other reserve fund guaranty, would be advantageous to the County, any officer, agent or employee of the County is hereby authorized to negotiate with and secure, with proceeds of such series of New Money Certificates or Refunding Certificates or otherwise, such an insurance policy or reserve fund guaranty, or both, from one or more institutions the claims-paying ability of which are then assigned a rating of "Aa3/AA-" or better by a nationally recognized credit rating agency at the time of issuance of the insurance policy and/or reserve fund guaranty. Each Authorized Officer is hereby further authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such insurance policy and/or reserve fund guaranty, including those making provision for the

repayment of amounts advanced by the institutions issuing such insurance policy and/or reserve fund guaranty.

Section 10. 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, Ground Lease 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 11. The proceeds received by the Trustee from the sale of each series of New Money Certificates and 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.

Section 12. All actions of the officers, agents and employees of the County which are in conformity with the purposes and intent of the foregoing resolutions be, and the same are hereby, in all respects, authorized, approved, ratified and confirmed.

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PASSED, ADOPTED AND APPROVED, by the Board of Supervisors of Pima County, Arizona, on September 3, 2024.

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