



MEMORANDUM

Date: September 7, 2021

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH Huckelberry", is written over the printed name and title.

Re: **Resolutions Relating to Debt Issues for September 21, 2021 Board Meeting**

There are two Resolutions that will be on the Board of Supervisors September 21, 2021 Agenda relating to the following debt issuances:

- \$45,000,000 of Sewer System Revenue Obligations (Attachment 1)
- \$50,000,000 of Certificates of Participation (Attachment 2)

Sewer System Revenue Obligations

This resolution would authorize staff to sell additional sewer system revenue obligations not to exceed \$45,000,000 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 (Attachment 3). Pima County routinely pays for the capital costs of its sewer system by financing them over time. 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. Unlike other Sewer Revenue Obligations, which are repaid within 15 years, these obligations will be repaid over a maximum period of 10 years from Wastewater revenues.

Certificates of Participation

Due to expenditure limitations restricting the use of cash reserves, we are required to fund projects through issuing debt, such as Certificates of Participation. This resolution would authorize staff to sell additional Certificates of Participation not to exceed \$50,000,000 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 the Road Repair Program included in the FY 2021-22 budget to be repaid within five years using the annual road repair allocation of General Fund PAYGO revenues per Board of Supervisors policy D22.12 approved by the Board November 5, 2019.

While these two issuances represent \$95 million of new debt, approximately \$68 million of it will be repaid by the end of fiscal year 2027. In addition to that repayment, Pima County's repayment of existing capital program debt this fiscal year totals approximately \$134 million and, by the end of Fiscal Year 2026-27 the County will have repaid \$683 million. Pima

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Resolutions Relating to Debt Issues for September 21, 2021 Board Meeting**
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Page 2

County continues to repay its debt on a very short term basis compared to most jurisdictions that issue debt for 25, 30 or even 40 year terms.

Recommendation

I recommend the Board of Supervisors approve the attached Resolutions authorizing the issuance of Sewer Revenue Obligations and Certificates of Participation debt.

CHH/mp

Attachments

c: Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer,
Health and Community Services
Michelle Campagne, Director, Finance and Risk Management

ATTACHMENT 1



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 9/21/2021

**= 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, TO FUND A DEBT SERVICE RESERVE ACCOUNT AND 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 2021-22 budget the Board of Supervisors approved the Regional Wastewater Reclamation Department's capital improvement program.

***Discussion:**

The Regional Wastewater Reclamation Department budgeted \$40 million in debt proceeds to fund the fiscal year 2021-22 sewer system capital improvement program. By issuing up to \$45 million in sewer system revenue obligations for fiscal year 2021-22 and part of 2022-23, 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 up to \$45 million of 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 2021-22 capital improvement program along with part of the fiscal year 2022-23 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: 724-8410

Contact: Michelle Campagne

Telephone: 724-8410

Department Director Signature:  Date: 9/2/2021

Deputy County Administrator Signature: _____ Date: _____

County Administrator Signature:  Date: 9/2/2021

RESOLUTION NO. 2021- ____

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, TO FUND A DEBT SERVICE RESERVE ACCOUNT AND 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 2012A	\$ 128,795,000	December 6, 2012
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

(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 2020B Purchase Agreement, dated December 1, 2020, 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 2020B Obligation Indenture, dated December 1, 2020, 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 2020B 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 2020B 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 a "Continuing Disclosure 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, to fund a debt service reserve account and 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, 2031. 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 September 21, 2021.

By: _____
Chair,
Board of Supervisors

ATTEST:

Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US), LLP
Special Counsel

By:  _____
Timothy E. Pickrell

ATTACHMENT 2



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 9/21/2021

**= 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 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 road repair 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 up to \$50 million of Pima County Certificates of Participation to fund road repair 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 funding will be made available for road repair projects totaling \$50 million to be repaid over a five year period from the PAYGO allocation for roads. The County will transfer monies from the Transportation Fund, General Fund, or 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: 724-8410

Contact: Michelle Campagne

Telephone: 724-8410

Department Director Signature: _____



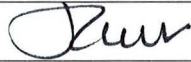
Date: _____

9/2/2021

Deputy County Administrator Signature: _____

Date: _____

County Administrator Signature: _____



Date: _____

9/2/2021

RESOLUTION NO. 2021 - ____

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 an Eleventh Amendment to Lease-Purchase Agreement, dated as of December 1, 2020 (collectively, and as further amended by the Lease Amendments hereinafter described, the "Lease-Purchase Agreement") with 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 an Eleventh Supplement to Trust Agreement, dated as of December 1, 2020 (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 2013A (the "2013A Certificates"), Certificates of Participation, Series 2014 (the "2014 Certificates"), Certificates of Participation, Series 2016A (the "2016A 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, Series 2020A (the "2020A Certificates"), Certificates of Participation, Tax-Exempt Series 2020B (the "2020B Certificates") and Certificates of Participation, Taxable Series 2020C (the "Taxable 2020C Certificates" and, together with the 2013A Certificates, the 2014 Certificates, the 2016A Certificates, the Taxable 2016B Certificates, the 2019 Certificates, the 2019A Certificates, the 2020A Certificates and the 2020B 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 \$50,000,000 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 2020B Certificates and the Taxable 2020C 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 2020B Certificates and the Taxable 2020C 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 Undertaking 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 \$50,000,000 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 Director of Finance to be most advantageous to the County.

(b) The execution, sale and delivery of Refunding Certificates, in one or more series, in 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 September 21, 2021.

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: 
Timothy E. Pickrell

ATTACHMENT 3

Sewer System Revenue Obligations Project List

Project ID	Project Name	Amount
CWW.3CFS15	Continental Ranch Pump Station - Second Force Main	9,350,137
CWW.3ANOMX	Anammox Treatment Process	7,423,902
CWW.3ASC15	Old Nogales Interconnect Augmentation of New Aerospace Corridor Sewer	6,976,435
CWW.3THBOC	Tres Rios Headworks Biofilter Odor Control	4,640,526
CWW.3TRSTA	Tres Rios Sludge Thickening Augmentation	4,550,000
CWW.3CRAEX	Canoa Ranch Sewer Extension	3,070,000
Subtotal		36,011,000

Other Wastewater Projects

CWW.3MR221-23	Sewer Manhole Rehabilitation Projects
CWW.3NWO19	Northwest Outfall Siphon at Santa Cruz River
CWW.3TDEIU	Tres Rios Digester Electrical Infrastructure Upgrade
CWW.3TROCC	Tres Rios Wastewater Reclamation Facility Operational Command Control Center
CWW.3TRP22	System-wide Treatment Rehabilitation Program
CWW.3TRPTA	Tres Rios Wastewater Reclamation Facility Primary Treatment Augmentation

Other Wastewater Projects	8,989,000
Total	45,000,000

Note: The amounts presented above are based upon current forecasts that capture the best information at this time. These amounts are subject to change based on schedule changes and actual project costs.