



MEMORANDUM

Date: May 3, 2018

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CH Huckelberry", is written over the printed name of the County Administrator.

Re: **Schedule of the County's Certificates of Participation**

Attached is an April 30, 2018 memorandum from the Finance Director regarding a summary of Certificates of Participation (COPs) sales from the County's first issue in 1997 through the most recent issues of 2018. The memorandum provides the Board of Supervisors with information for each issuance, its term, repayment schedule and whether the specific COP has been repaid.

Please note that some of the repayment periods approach 15 years, with some as short as 2 years. The longer term COPs are used to buy capital buildings. For example, Series 2016B was for the County building leased to World View with a term of 15 years, in the amount of \$15,185,000 and now with an outstanding balance of \$13,740,000. Series 2015 used to finance sewer improvements was in the amount of \$57,025,000 for a period of four years and the current outstanding balance is \$12,025,000.

This information should provide an easy method for tracking the various COPs issued by the County over the past few years. This process is used because of our expenditure limitation. Although we receive fees and, in some times, have sufficient cash to finance capital improvements, our expenditure limitation prohibit us from using pay-as-you-go financing. Hence, the need to enter into short term COPs debt.

In addition, in the Fiscal Year (FY) 2018/19 Recommended Budget is the amount of \$160,950,259 for debt service payments. These payments are categorized as either General Obligation bonds, street and highway revenue bonds, or COPs as shown in the table below:

Debt Service Fund FY 2018/19 Recommended Budget				
	Principal/Debt Retirement	Interest/Note Expense	Fiscal Charges	Total
General Obligation Debt Bonds	\$48,655,000	\$9,470,672	\$3,660	\$58,129,332
Street and Highway Revenue Bonds	\$14,815,000	\$3,770,973	\$3,090	\$18,589,063
Certificates of Participation	\$74,485,000	\$9,732,714	\$14,150	\$84,231,864
Total FY 2018/19	\$137,955,000	\$22,974,359	\$20,900	\$160,950,259

The Honorable Chairman and Members, Pima County Board of Supervisors
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During FY 2018/19, Pima County's Regional Wastewater Reclamation Department plans to repay \$70,314,367 of sewer revenue debt and spend \$14,907,715 for interest and fiscal charges. The Department is an enterprise fund and uses accounting similar to for-profit businesses where repayment of borrowed principal is not an expense. Consequently, the Department's expense budget only includes the \$14,907,715 of interest and fiscal charges.

If you have any questions regarding the County's issuance of COPs or our debt service payments scheduled for FY 2018/19, please contact me.

CHH/anc

Attachment

c: Jan Leshar, Chief Deputy County Administrator
Tom Burke, Deputy County Administrator for Administration
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Keith Dommer, Director, Finance and Risk Management



Date: April 30, 2018

To: C.H. Huckelberry
County Administrator

From: Keith Dommer
Director

Thru: Tom Burke
Deputy County Administrator for Administration

Re: **Schedule of the County's Certificates of Participation**

Attached is a schedule of Pima County's Certificates of Participation from the County's first issue in 1997 through the most recent issue in 2018. For each issue, the schedule shows:

- the principal amount issued
- the originally scheduled year of final payment
- the originally scheduled repayment period
- the actual or current repayment period
- the year of final payment
- the current outstanding principal balance
- the specific purpose of the financing

Pima County has issued 15 series of Certificates of Participation totaling \$427 million. At April 27, 2018, the County had \$166 million outstanding. The County has issued these Certificates for relatively short repayment periods, never longer than 15 years and sometimes as short as 2 years. The originally scheduled repayment period for the County's Certificates averages less than 10 years. When conditions permit, the County periodically refinances higher interest Certificates with lower interest Certificates without extending the original maturity dates. Refinancing has reduced the County's average repayment period to less than 9 years.

The County uses Certificates of Participation to fund capital improvements. Recent projects have included the construction of the Public Service Center and the Fleet Services Facility, the road improvement projects from Years 1 and 2 of the Road Property Tax, and various significant improvements to the County's wastewater system.

The County's Certificates of Participation are rated AA by Fitch Ratings and AA- by S&P Global Ratings.

KD/tp

Attachment

Pima County, Arizona

Certificates of Participation - History

From the first COPS issue in 1997 through April 27, 2018

Series 1997

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Actual Fiscal Year of Final Payment ¹	Actual Repayment Period	Outstanding Balance at April 27, 2018
\$ 35,660,000	2012	15 Years	2004	7 Years	\$ -

Proceeds of this issue were used to finance the construction of sports and recreational facilities for the Stadium District.

¹This issue was partially refunded by the 1999 and 2003 series. The refinancing changed the fiscal year of final payment to 2004, shortening the repayment period by 8 years.

Series 1999 Refunding

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Actual Fiscal Year of Final Payment ²	Actual Repayment Period	Outstanding Balance at April 27, 2018
\$ 4,875,000	2014	15 Years	2013	14 Years	\$ -

Proceeds of this issue were used to refund a portion of the 1997 series.

²This issue was partially refunded by the 2003 series. The refinancing changed the fiscal year of final payment to 2013, shortening the repayment period by 1 year.

Series 2003 Refunding

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Actual Fiscal Year of Final Payment ³	Actual Repayment Period	Outstanding Balance at April 27, 2018
\$ 27,525,000	2018	15 Years	2013	10 years	\$ -

Proceeds of this issue were used to refund a portion of the 1997 and 1999 series.

³This issue was partially refunded by the 2013B series. The refinancing changed the fiscal year of final payment to 2013, shortening the repayment period by 5 years.

Series 2007A

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment ⁴	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 28,765,000	2022	15 Years	2018	11 Years	\$ 2,280,000

Proceeds of this issue were used to finance the purchase of the building located at 33 North Stone.

⁴This issue was partially refunded by the 2016A series. The refinancing changed the fiscal year of final payment to 2018, shortening the repayment period by 4 years.

Series 2007B

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Actual Fiscal Year of Final Payment	Actual Repayment Period	Outstanding Balance at April 27, 2018
\$ 1,555,000	2009	2 Years	2009	2 Years	\$ -

Proceeds of this issue were used to finance the purchase of the building located at 33 North Stone. This series was taxable as some of the tenants were private businesses.

Series 2010

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 20,000,000	2019	9 Years	2019	9 Years	\$ 5,150,000

Proceeds of this issue were used to finance the purchase of the County's comprehensive enterprise information system. The system includes finance, budget, procurement, human resources, and materials management.

Series 2013A

Principal Amount Issued	Original Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 80,175,000	2023	10 Years	2023	10 Years	\$ 13,150,000

Proceeds of this issue were used to finance the construction of a new Fleet Services building, sewer improvements and various facilities improvements.

Series 2013B Refunding

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Actual Fiscal Year of Final Payment	Actual Repayment Period	Outstanding Balance at April 27, 2018
\$ 12,705,000	2018	5 Years	2018	5 Years	\$ -

Proceeds of this issue were used to refund a portion of the 1999 and 2003 series.

Series 2014

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 52,160,000	2029	15 Years	2029	15 Years	\$ 42,315,000

Proceeds of this issue were used to finance the construction of the Public Service Center.

Series 2015

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 57,025,000	2019	4 Years	2019	4 Years	\$ 12,025,000

Proceeds of this issue were used to finance sewer improvements.

Series 2016A Refunding

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 9,640,000	2022	6 Years	2022	6 Years	\$ 9,135,000

Proceeds of this portion of the issue were used to refund a portion of the 2007A series.

Series 2016A

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 19,110,000	2019	3 Years	2019	3 Years	\$ 5,610,000

Proceeds of this portion of the issue were used to expand and improve the County's existing sewer system facilities.

Series 2016B

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 15,185,000	2031	15 Years	2031	15 Years	\$ 13,740,000

Proceeds of this issue were used to finance the construction of the County building leased to World View.

Series 2018A

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 23,265,000	2021	3 Years	2021	3 Years	\$ 23,265,000

Proceeds of this issue were used to finance the restoration of the Historic Courthouse and other improvements to County property.

Series 2018B

Principal Amount Issued	Original Fiscal Year of Final Payment	Original Repayment Period	Current Fiscal Year of Final Payment	Current Repayment Period	Outstanding Balance at April 27, 2018
\$ 39,395,000	2021	3 Years	2021	3 Years	\$ 39,395,000

Proceeds of this issue were used to finance the Years 1 and 2 Property Road Tax projects.

**Total Pima County
COPS Issued**

\$ 427,040,000

**Total Pima
County COPS
Outstanding at
April 27, 2018**

\$ 166,065,000