

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY __, 2022

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See “RATINGS” herein.

THE PORTION OF EACH INSTALLMENT PAYMENT MADE BY THE COUNTY PURSUANT TO THE 2022 PURCHASE AGREEMENT AND DENOMINATED AS AND COMPRISING INTEREST PURSUANT TO THE 2022 PURCHASE AGREEMENT AND RECEIVED BY THE OWNERS OF THE 2022 OBLIGATIONS IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT EXEMPT FROM TAXATION UNDER THE LAWS OF THE STATE OF ARIZONA. SEE “TAX MATTERS” HEREIN.

\$126,595,000*
PINAL COUNTY, ARIZONA
PLEDGED REVENUE OBLIGATIONS,
TAXABLE SERIES 2022

Draft II
6-20-22

Dated: Date of Delivery

Due: August 1, as shown on the inside front cover page

The Pledged Revenue Obligations, Taxable Series 2022 (the “2022 Obligations”) will be executed and delivered for the purpose of (i) acquiring the Property (as defined herein) and (ii) paying costs incurred in connection with the execution and delivery of the 2022 Obligations. See “THE PROPERTY AND THE PROJECT” herein.

Interest on the 2022 Obligations will be payable semiannually on each August 1 and February 1, commencing February 1, 2023*. The 2022 Obligations will be dated the date of delivery and will be issuable as fully registered obligations without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the 2022 Obligations. Beneficial interests in the 2022 Obligations will be available to purchasers in amounts of \$5,000 of principal due on a specific payment date and any integral multiple thereof only under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants (as defined herein). Purchasers will not receive physical certificates. So long as any purchaser is the beneficial owner of a 2022 Obligation, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal and interest on such 2022 Obligation. See APPENDIX G - “BOOK-ENTRY-ONLY SYSTEM” herein.

The 2022 Obligations will be subject to optional prepayment on or after ____ 1, 20__, as described herein. See “THE 2022 OBLIGATIONS – Prepayment Provisions” herein.

SEE PAYMENT SCHEDULE ON INSIDE FRONT COVER PAGE

The 2022 Obligations will be undivided, proportionate interests in the installment payments (the “Payments”) to be made by Pinal County, Arizona (the “County”) pursuant to an Eighth Combined Lien Purchase Agreement, to be dated as of August 1, 2022* (the “2022 Purchase Agreement”), between the County and [TRUSTEE] (the “Trustee”). The Payments to be made by the County under the 2022 Purchase Agreement will be payable from and secured by a first lien pledge upon County General Excise Tax Revenues (as defined herein), State Shared Revenues (as defined herein), and Vehicle License Tax Revenues (as defined herein) in amounts sufficient to make such Payments. The 2022 Purchase Agreement provides that (a) the County may not further encumber County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues on a basis prior to the pledge of County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues under the 2022 Purchase Agreement, and (b) may not encumber any of such sources on a basis equal to the pledge under the 2022 Purchase Agreement unless certain requirements of the 2022 Purchase Agreement are satisfied. See “SECURITY AND SOURCES OF PAYMENT” herein.

THE 2022 OBLIGATIONS WILL BE SPECIAL, LIMITED, REVENUE OBLIGATIONS OF THE COUNTY AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE 2022 OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE COUNTY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF AND THE FULL FAITH AND CREDIT OF THE COUNTY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL NOT BE PLEDGED FOR THE PAYMENT OF THE 2022 OBLIGATIONS.

The 2022 Obligations are offered when, as and if executed and delivered, subject to the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel, as to validity of the 2022 Obligations and tax matters. Certain matters will be passed upon for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona. It is anticipated that the 2022 Obligations in definitive form will be available for delivery through DTC on or about August __, 2022*.

This cover page contains only a brief description of the 2022 Obligations and the security therefor. It is not a summary of material information with respect to the 2022 Obligations. Investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the 2022 Obligations.

STIFEL

* Subject to change.

\$126,595,000*
PINAL COUNTY, ARIZONA
PLEGED REVENUE OBLIGATIONS,
TAXABLE SERIES 2022

MATURITY SCHEDULE*

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP®⁽¹⁾ No. 72205R</u>
2023	\$ 1,920,000	%	%	
2024	1,985,000			
2025	2,060,000			
2026	2,140,000			
2027	2,225,000			
2028	2,325,000			
2029	2,430,000			
2030	2,545,000			
2031	2,665,000			
2032	2,795,000			
2033	2,940,000			
2034	3,090,000			
2035	3,255,000			
2036	3,430,000			
2037	3,620,000			
2038	3,825,000			
2039	4,040,000			
2040	4,265,000			
2041	4,505,000			
2042	4,755,000			
2043	5,025,000			
2044	5,315,000			
2045	5,630,000			
2046	5,960,000			
2047	6,310,000			
2048	6,680,000			
2049	7,070,000			
2050	7,485,000			
2051	7,920,000			
2052	8,385,000			

* Subject to change.

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PINAL COUNTY, ARIZONA

BOARD OF SUPERVISORS

Jeffery McClure, *Chairman*

Jeff Serdy, *Vice Chairman*

Mike Goodman, *Member*

Kevin Cavanaugh, *Member*

Stephen Q. Miller, *Member*

COUNTY ADMINISTRATIVE STAFF

Leo Lew, *County Manager*

Himanshu Patel, *Deputy County Manager*

Angeline Woods, *Finance & Budget Director*

Kent Volkmer, *County Attorney*

Natasha Kennedy, *Clerk of the Board*

SPECIAL COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

[TRUSTEE]
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Pinal County, Arizona (the “County”) or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) to give any information or to make any representations with respect to the County’s Pledged Revenue Obligations, Taxable Series 2022 (the “2022 Obligations”), other than those in this Official Statement, which includes the cover page, the inside front cover page and the appendices hereto and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the 2022 Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from representatives of the County and the Arizona Department of Revenue and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the County or the Underwriter. The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the County has been identified by source and has not been independently confirmed or verified by the County or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the County or any of the other parties or matters described herein since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

None of the County, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the County’s share of the unfunded liabilities of the Arizona State Retirement System, the Public Safety Personnel Retirement System, the Corrections Officers Retirement Plan or the Elected Officials Retirement Plan.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2022 OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2022 OBLIGATIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE 2022 TRUST AGREEMENT (AS DEFINED HEREIN) BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. ANY REGISTRATION OR QUALIFICATION OF THE 2022 OBLIGATIONS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH 2022 OBLIGATIONS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY, NOR ANY AGENCY OR DEPARTMENT THEREOF, HAS PASSED UPON THE MERITS OF THE 2022 OBLIGATIONS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The County has undertaken to provide continuing disclosure with respect to the 2022 Obligations as required by Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” herein.

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OFFICIAL STATEMENT

\$126,595,000*

PINAL COUNTY, ARIZONA PLEDGED REVENUE OBLIGATIONS, TAXABLE SERIES 2022

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the Pledged Revenue Obligations, Taxable Series 2022 (the “2022 Obligations”), to be executed and delivered in the principal amount indicated above. The 2022 Obligations will be undivided proportionate interests in installment payments (the “Payments”) to be made by Pinal County, Arizona (the “County”), pursuant to an Eighth Combined Lien Purchase Agreement, to be dated as of August 1, 2022* (the “2022 Purchase Agreement”), between the County, as purchaser, and [TRUSTEE], in its capacity as trustee (the “Trustee”), as seller. The 2022 Obligations are being executed and delivered for the purpose of (i) acquiring the Property (as defined herein), and (ii) paying costs incurred in connection with the execution and delivery of the 2022 Obligations. See “THE PROPERTY AND THE PROJECT” herein. Pursuant to the 2022 Purchase Agreement, the Trustee will sell and convey to the County, and the County will buy and accept from the Trustee, the Property.

The 2022 Obligations will be executed and delivered pursuant to an Eighth Combined Lien Trust Agreement, to be dated as of August 1, 2022* (the “2022 Trust Agreement”), between the County and the Trustee. Certain of the Trustee’s interests under the 2022 Purchase Agreement, including, without limitation, the right to receive and collect the Payments and the right to enforce the payment of the Payments, will be held by the Trustee for the benefit of the registered owners of the 2022 Obligations. See APPENDIX D - “SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS” in addition to the information herein for descriptions of the terms of the 2022 Purchase Agreement and the 2022 Trust Agreement. See APPENDIX A – “PINAL COUNTY, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION,” APPENDIX B – “PINAL COUNTY, ARIZONA - FINANCIAL INFORMATION” and APPENDIX C – “PINAL COUNTY, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020” for information about the County.

The Payments will be payable from and secured by a first lien pledge upon County General Excise Tax Revenues (as defined below), State Shared Revenues (as defined below), and Vehicle License Tax Revenues (as defined below), all on a parity with the payments required pursuant to the installment purchase agreements executed and delivered by the County in connection with \$210,270,000 outstanding aggregate principal amount of the County’s Pledged Revenue Obligations, Series 2014, Pledged Revenue Refunding Obligations, Tax-Exempt Series 2015, Pledged Revenue Obligations, Series 2018, Pledged Revenue Obligations, Taxable Series 2018, Pledged Revenue Obligations, Series 2019, Pledged Revenue Refunding Obligations, Series 2020 and Pledged Revenue Obligations, Taxable Series 2020 (such installment purchase agreements are collectively referred to herein as the “Outstanding Parity Lien Obligations”) and any Parity Lien Obligations (as defined herein) hereafter issued or incurred by the County as provided in the 2022 Purchase Agreement. “County General Excise Tax Revenues” means any amounts of the general excise taxes of the County authorized by Section 42-6103, Arizona Revised Statutes, which the County imposes; provided that the County may, if permitted by law, impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of the Board of Supervisors of the County (the “Board”) and which, if so restricted, will not be deemed County General Excise Tax Revenues for purposes of the Purchase Agreement. (See footnote (b) to TABLE 2 for information on sales tax revenues of the County which will not be pledged as security for the 2022 Obligations.) “State Shared Revenues” means any amounts of excise taxes and transaction privilege (sales) taxes imposed by the State of Arizona (the “State” or “Arizona”) or any agency thereof and returned, allocated or apportioned to the County, except the County’s share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes. “Vehicle License Tax Revenues” means vehicle license

* Subject to change.

tax revenues distributed or deposited by the Director of the Arizona Department of Transportation to the County's general fund pursuant to Section 28-5808, Arizona Revised Statutes.

The Payments will be payable from and secured by County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues on a parity with the installment payments due pursuant to the Outstanding Parity Lien Obligations. See "SECURITY AND SOURCES OF PAYMENT" herein.

No Prior Lien Obligations; Parity Lien Obligations. The 2022 Purchase Agreement provides that (a) the County may not encumber the County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues on a basis prior to the pledge of County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues under the 2022 Purchase Agreement, and (b) may not encumber any of such sources on a basis equal to the pledge under the 2022 Purchase Agreement ("Parity Lien Obligations") unless certain requirements of the 2022 Purchase Agreement are satisfied. See "SECURITY AND SOURCES OF PAYMENT – No Additional Prior Lien Obligations; Parity Lien Obligations." See APPENDIX B - "PINAL COUNTY, ARIZONA – FINANCIAL INFORMATION – Statements of Bonded Indebtedness" for detail about amounts due pursuant to the Outstanding Parity Lien Obligations.

A brief description of the security for the 2022 Obligations and of matters related to the County are included in this Official Statement together with a summary of select provisions of the 2022 Purchase Agreement and the 2022 Trust Agreement. Such descriptions do not purport to be comprehensive or definitive. All references to the 2022 Purchase Agreement and the 2022 Trust Agreement are qualified in their entirety by reference to such documents, and references herein to the 2022 Obligations are qualified in their entirety by reference to the form thereof included in the 2022 Trust Agreement, copies of all of which are available for inspection at the designated corporate trust office of the Trustee.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes, or uncoded, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or beneficial owners of the 2022 Obligations.

THE 2022 OBLIGATIONS

General Provisions

The 2022 Obligations will be dated the date of their initial execution and delivery and will bear interest from such date, at the rates, and will mature on the dates and in the amounts, all as set forth on the inside front cover page hereof. Interest on the 2022 Obligations will be payable on each August 1 and February 1 (each such date is referred to herein as an “Interest Payment Date”), commencing February 1, 2023*.

The 2022 Obligations will be registered only in the name of Cede & Co., the nominee of the Depository Trust Company, New York, New York (“DTC”), under the book-entry only system described in APPENDIX G. Beneficial ownership interests in the 2022 Obligations may be purchased through direct and indirect participants of DTC in amounts of \$5,000 of principal of a series due on a specific maturity date or integral multiples thereof. See APPENDIX G - “BOOK-ENTRY ONLY SYSTEM.”

Prepayment Provisions*

Optional Prepayment of 2022 Obligations. The 2022 Obligations will be subject to prepayment in such order and from such payment dates as may be selected by the County and by lot within any payment date by such methods as may be selected by the Trustee from prepayments made at the option of the County pursuant to the 2022 Purchase Agreement, in whole or in part on any date, on or after [REDACTED], at a prepayment price equal to the principal amount of 2022 Obligations or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium.

County’s Expectation of Using Property Sale Proceeds to Pay Principal Represented by the 2022 Obligations. The 2022 Obligations will be amortized over a period ending August 1, 2052 and will be payable from the Payments made by the County under the 2022 Purchase Agreement, secured solely by a pledge of General County Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues as described under “SECURITY AND SOURCES OF PAYMENT.” The County expects that the developer expected to lease the Property will exercise its option to purchase the Property in 20__ at a purchase price equal to not less than the then-outstanding principal amount of the 2022 Obligations (the “20__ Purchase Price”). If the developer exercises its option to purchase the Property, it is expected that the County would use the 20__ Purchase Price to prepay the 2022 Obligations in whole or in part at a prepayment price equal to the principal amount of 2022 Obligations or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium. Such expectations, if realized, will materially increase the likelihood that the 2022 Obligations will be prepaid prior to their stated maturity dates.

Manner of Selection for Prepayment of the 2022 Obligations. The 2022 Obligations will be prepaid only in payment amounts of \$5,000 each or integral multiples thereof. The County will, at least 45 days prior to the prepayment date, notify the Trustee of such prepayment date and of the maturities of the 2022 Obligations and the payment amount of the 2022 Obligations of any such stated payment date to be prepaid on such date. For the purposes of any prepayment of less than all of the 2022 Obligations of a single stated payment date, the particular 2022 Obligations or portions of the 2022 Obligations to be prepaid shall be selected through the procedures of DTC.

Notice of Prepayment of the 2022 Obligations. Prepayment notices will be sent only to DTC by electronic media, not more than 60 nor less than 30 days prior to the date set for prepayment. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.” Such notice will state that if, on the specified prepayment date, moneys for prepayment of all the 2022 Obligations to be redeemed together with interest to the date of prepayment, is held by the Trustee, then, from and after said date of prepayment, interest with respect to the 2022 Obligations will cease to accrue and become payable and that if such moneys are not so held, the prepayment will not occur.

Notice of any prepayment will also be provided as set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” but no defect in said further notice or record nor any failure to give all or a portion

* Subject to change

of such further notice shall in any manner defeat the effectiveness of a prepayment for redemption if notice thereof is given as prescribed above.

SECURITY AND SOURCES OF PAYMENT

General

The 2022 Obligations will be special, limited, revenue obligations, taking the form of undivided, participating, proportionate interests in the Payments. The obligation of the County to make the Payments will be limited to payment from the County General Excise Tax Revenues, the State Shared Revenues and the Vehicle License Tax Revenues and will in no circumstances constitute a general obligation or a pledge of the full faith and credit of the County, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

The Payments will be payable from and secured, on a parity with payments by the County pursuant to the Outstanding Parity Lien Obligations and any Parity Lien Obligations hereafter issued or incurred by the County, by a first lien pledge upon County General Excise Tax Revenues, State Shared Revenues, and Vehicle License Tax Revenues. County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under the 2022 Purchase Agreement and the 2022 Trust Agreement will constitute surplus revenues and may be used by the County for any lawful purpose for the benefit of the County. The County may make such payments from its other funds as permitted by law and as the County determines from time to time, and the Trustee will thereafter have no claim to such other funds.

Under the terms of the 2022 Trust Agreement, an irrevocable trust will be administered by the Trustee for the equal and proportionate benefit of the Owners of the 2022 Obligations, which trust includes: (1) all right, title and interest of the Trustee, as seller, in the 2022 Purchase Agreement and the right to (a) make claim for, collect or receive all amounts payable or receivable thereunder, (b) bring actions and proceedings thereunder or for the enforcement of such rights, and (c) do any and all other things which the Trustee is entitled to do thereunder; (2) amounts on deposit from time to time in the funds created pursuant to the 2022 Trust Agreement; and (3) any and all other property of any kind hereafter conveyed as additional security for the 2022 Obligations. See APPENDIX D – “SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS – THE TRUST AGREEMENT.”

Pledge

The Payments will be secured by a first lien pledge upon County General Excise Tax Revenues, State Shared Revenues, and Vehicle License Tax Revenues. All of the Payments will be co-equal as to the pledge of and lien on the County General Excise Tax Revenues, the State Shared Revenues and the Vehicle License Tax Revenues and will share ratably, without preference, priority or distinction, as to the source or method of payment from the County General Excise Tax Revenues, the State Shared Revenues or the Vehicle License Tax Revenues. If at any time the moneys in the funds held for payment of amounts due under the 2022 Purchase Agreement or the 2022 Trust Agreement are not sufficient to make the deposits and transfers required, any such deficiency will be made up from the first moneys thereafter received and available for such transfers under the terms of the 2022 Purchase Agreement and, with respect to payment from the County General Excise Tax Revenues, the State Shared Revenues and the Vehicle License Tax Revenues, pro rata, as applicable, with amounts due with respect to the Outstanding Parity Lien Obligations, the 2022 Purchase Agreement and any Parity Lien Obligations. The 2022 Purchase Agreement will not terminate so long as any of the Payments are due and owing pursuant to the terms of the 2022 Obligations.

Payment of the 2022 Obligations will not be secured by the Property, and the Owners of the 2022 Obligations have no claim or lien on the Property or any part thereof.

THE PAYMENTS WILL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE COUNTY NOR WILL THE COUNTY BE LIABLE FOR THE PAYMENTS FROM AD VALOREM PROPERTY TAXES. PURSUANT TO THE 2022 TRUST AGREEMENT, THE 2022 OBLIGATIONS WILL BE SPECIAL, LIMITED REVENUE OBLIGATIONS, PAYABLE SOLELY FROM THE PAYMENTS MADE PURSUANT TO

THE 2022 PURCHASE AGREEMENT. THE 2022 OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND WILL NOT REPRESENT OR CONSTITUTE A DEBT OR A DIRECT OR INDIRECT PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF.

No Prior Lien Obligations; Parity Lien Obligations

The 2022 Purchase Agreement provides that so long as any of the 2022 Obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the County may not encumber the County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues on a basis prior to the pledge of County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues under the 2022 Purchase Agreement.

The 2022 Purchase Agreement also provides that so long as any of the 2022 Obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the County may not further encumber the County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues on a basis equal to the pledge under the 2022 Purchase Agreement by issuing or incurring Parity Lien Obligations unless the County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues, in the most recently completed fiscal year of the County, shall have amounted to at least one and one-half (1.5) times the highest combined interest and principal requirements for any succeeding fiscal year pursuant to the Outstanding Parity Lien Obligations, the 2022 Purchase Agreement and any Parity Lien Obligations (i.e. those already, or so proposed to be, secured by such pledge).

Coronavirus Disease 2019 (“COVID-19”)

The COVID-19 global pandemic continues to affect the nation and the State with ongoing concerns related to health and safety, appropriate preventative protocols, fiscal and economic issues, and student learning loss. At present, government and business operations in the State, following the rescindment of numerous COVID-19-related Executive Orders by Arizona Governor Doug Ducey, essentially function without government-imposed restrictions relating to the pandemic.

County General Excise Taxes collections and other collections dependent on tourism or local business activity may be materially adversely affected by the continued spread of COVID-19 due to slower business activity. The County, however, cannot predict the extent of the impact COVID-19 will have on County General Excise Tax Revenues, State Shared Revenues or Vehicle License Tax Revenues, which could have a negative impact on County revenues and ability to pay operating expenses and debt service on the 2022 Obligations.

The State’s finances are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions taken in response thereto and changes in the behavior of businesses and people, which all could affect the amount of State Shared Revenues or Vehicle License Tax Revenues, components of the security for the 2022 Obligations, distributed to counties and municipalities, including the County.

County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues are major sources of revenue of the County’s general fund and the security for and source of payment of the 2022 Obligations. The County, however, cannot predict how the spread of COVID-19 or the various governmental or private actions taken in response thereto will affect its finances or operations, including the receipt of these funds.

COUNTY GENERAL EXCISE TAX REVENUES, STATE SHARED REVENUES AND VEHICLE LICENSE TAX REVENUES

County General Excise Tax Revenues

The authority to levy and collect general excise taxes of the County (the “County General Excise Tax”) is not subject to expiration, and the County currently imposes the County General Excise Tax at the statutory maximum rates upon persons and entities on account of their business activities within the County for general County expenditure purposes. **Accordingly, the County is unable to covenant in the 2022 Purchase Agreement to maintain the County General Excise Tax Revenues at any particular level of coverage to debt service with respect to the 2022 Obligations, and no assurances can be given that the County General Excise Tax Revenues will be sufficient to pay such debt service.** The amount of the County General Excise Tax due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities being taxed. The County General Excise Tax is levied at a rate equal to ten percent (10%) of the general excise tax rates levied by the State (the “State Rate”) which for most tax categories, results in a County General Excise Tax rate of five-tenths of a percent (0.5%), as set forth in TABLE 2 below. The County General Excise Tax is levied against the same categories of business activity as the State transaction privilege (sales) taxes, with the exception of food sales, which the State exempts from tax.

The County General Excise Tax is collected in the same manner as transaction privilege (sales) taxes levied by the State and are collected by the Arizona Department of Revenue and paid to the County. Collections are accounted for in the month received by the Arizona Department of Revenue. Collections received in July are accrued as revenue in the prior fiscal year.

TABLE 3 shows the audited amounts of the County’s General Excise Tax Revenues collections by industry classification for fiscal years 2015/16 through and including 2019/20, estimated actual collections for fiscal year 2020/21 and budgeted collections for fiscal year 2021/22.

Other County Excise Taxes Not Included As County General Excise Tax. The County currently levies and collects a road sales tax for the purpose of road improvement projects (the “County Road Excise Tax”) and a public health district sales tax for the purpose of maintaining public health programs (the “County Public Health Tax”). Most County Road Excise Tax items are taxed at five-tenths of a percent (0.5%) and most County Public Health Tax items are taxed at one-tenth of a percent (0.1%), but both can vary depending on the taxable item. **The County Road Excise Tax and the County Public Health Tax are not part of the County General Excise Tax Revenues and collections from such taxes are not pledged as a security for amounts due under the 2022 Purchase Agreement.** Current State law permits and future State law may further permit counties to levy and collect additional excise taxes for statutorily prescribed purposes. If the County ever authorized and levied such additional special purpose excise taxes in the future, the revenues collected from those special purpose excise taxes would not be considered part of the County General Excise Tax Revenues and would not be subject to the pledge under the 2022 Purchase Agreement.

The following table shows the monthly County Transaction Privilege (Sales) Tax collections of the County for the current fiscal year and the previous three fiscal years.

TABLE 1

County Transaction Privilege (Sales) Tax Collections (a)
Pinal County, Arizona

Month	FY 2019	FY 2020	FY 2021	FY 2022 (b)
July	\$1,404,037	\$1,516,725	\$1,864,819	\$2,257,011
August	1,409,654	1,654,836	1,936,033	2,145,728
September	1,400,177	1,606,647	1,886,861	2,102,799
October	1,382,441	1,501,484	1,884,598	2,339,245
November	1,383,906	1,567,517	1,912,253	2,286,390
December	1,445,389	1,208,065	1,936,824	2,316,916
January	1,631,910	1,901,916	2,258,860	2,882,084
February	1,452,537	1,654,990	1,862,261	2,371,037
March	1,419,173	1,597,243	2,051,811	2,548,421
April	1,725,589	1,786,511	2,367,656	2,961,879
May	1,560,435	1,744,871	2,164,723	2,793,096
June	1,524,191	2,032,556	2,173,437	
	<u>\$17,739,440</u>	<u>\$19,773,363</u>	<u>\$24,300,136</u>	<u>\$27,004,606</u>

- (a) Includes certain amounts that are not part of the revenues from County General Excise Taxes pledged to payment of the Payments. See footnotes (a) and (b) to TABLE 2.
- (b) The County Transaction Privilege (Sales) Tax collections for Fiscal Year 2021/22 are only available through May 2022.

Source: Arizona Department of Revenue, for month reported.

State Shared Revenues

Pursuant to statutory formula, counties in Arizona receive a portion of the State levied general transaction privilege (sales) taxes, from which amounts composing the State Shared Revenues are generated. The State transaction privilege (sales) taxes are levied against a variety of business activities set forth in TABLE 2. As TABLE 2 indicates, the State Rate varies among the different types of business activities taxed, with the most common combined rate being 5.6% of the amount or volume of business transacted.

Under current State law, the aggregate amount distributed to all Arizona counties is 40.51% of the “distribution base” of revenues attributable to each category of taxable activity. The allocation to each county of the revenues available for distribution requires determining each county’s allotment. To compute each county’s allotment, the State assumes 38.08% of the distribution base will be distributed and uses two different methodologies. Each county is given the greater amount. The first methodology is based on the relative population of each county to the population of all counties, as shown by the most recent census, and each county’s transaction privilege tax contribution relative to the contribution of all counties. The second methodology is based on each county’s relative taxable secondary assessed property valuation and such county’s relative transaction privilege tax contribution. Any amounts remaining of the 40.51% total county share of the distribution base are distributed to the counties using the relative population/transaction privilege tax proportions described above.

Legislation Regarding Withholding of State Shared Revenues. Section 41-194.01, Arizona Revised Statutes, permits the State to withhold from a county, city or town (“Local Jurisdiction”) State revenues that would otherwise be shared with Local Jurisdictions.

Under such statute, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action (“Local Action”) adopted or taken by the governing body of a Local Jurisdiction that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State-shared excise taxes otherwise due to the Local Jurisdiction pursuant to Section 42-5029(L), Arizona Revised Statutes and all State-shared income taxes otherwise due to the Local Jurisdiction pursuant to Section 43-206(F), Arizona Revised Statutes, until such time as the Attorney General determines that the violation has been resolved. However, the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred.

The County is not aware of any Local Action by the County taken or currently under consideration that does or if taken would violate State law or the State Constitution. State Shared Revenues are a component of the revenues pledged to payments due with respect to the 2022 Purchase Agreement. The withholding of State Shared Revenues could have a material adverse effect on the payment of principal of and interest on the 2022 Obligations during any period of withholding.

TABLE 2**State and County Transaction Privilege (Sales) Tax Rates
Taxable Activities and Distribution Base**

Taxable Activities	State Tax Rate	Distribution Base	0.60% Education Tax Rate (a)	Combined Tax Rate	County General Excise Tax Rate (b)
Transporting	5.000%	20.00%	0.60%	5.600%	0.500%
Utilities	5.000	20.00	0.60	5.600	0.500
Telecommunications	5.000	20.00	0.60	5.600	0.500
Pipeline	5.000	20.00	0.60	5.600	0.500
Private car line	5.000	20.00	0.60	5.600	0.500
Publication	5.000	20.00	0.60	5.600	0.500
Job printing	5.000	20.00	0.60	5.600	0.500
Prime contracting	5.000	20.00	0.60	5.600	0.500
Owner builder sales	5.000	20.00	0.60	5.600	0.500
Amusement	5.000	40.00	0.60	5.600	0.500
Restaurant	5.000	40.00	0.60	5.600	0.500
Personal property rental	5.000	40.00	0.60	5.600	0.500
Retail (excluding food sales)	5.000	40.00	0.60	5.600	0.500
Transient lodging	5.500	50.00	N/A	5.500	0.550
Mining – non-metal, oil/gas	3.125	32.00	N/A	3.125	0.313
Commercial lease	0.000	N/A	N/A	0.000	N/A
Severance – metalliferous mining	2.500	80.00	N/A	2.500	N/A
Use tax utilities	5.000	20.00	0.60	5.600	0.500
Jet fuel use tax	(c)	N/A	N/A	(c)	(c)

N/A = Not applicable.

- (a) Represents the State transaction privilege (sales) tax rate originally approved by voters of the State in November 2000 and extended by the State legislature (the “Education Tax”) on certain of the categories of business activity at six-tenths of a percent (0.6%). The Education Tax collections are dedicated exclusively to education and are not distributed to the County or pledged as a security for amounts due under the 2022 Purchase Agreement. The effective dates for the Education Tax are June 1, 2001 through June 30, 2022.

The County General Excise Tax rate is a percentage of the State Rate exclusive of the Education Tax.

- (b) The Payments are secured, in part, by a first lien pledge of the County General Excise Tax Revenues. Neither the County Road Excise Tax nor the County Public Health Tax rates are included in TABLE 2 nor are they pledged as a security for amounts due under the 2022 Purchase Agreement.
- (c) Does not include \$0.0305 per gallon State tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.

Source: Arizona Revised Statutes, Arizona Department of Revenue and the Arizona Secretary of State.

The State has shared transaction privilege (sales) tax receipts with Arizona counties continuously since 1942. The State Legislature could, however, at any time, eliminate the State Shared Revenues or change the amount or timing of the State Shared Revenues and is under no legal obligation to maintain the amount of the State Shared Revenues distributed to the County at any amount or level. **Accordingly, the County is unable to covenant in the 2022 Purchase Agreement to maintain the State Shared Revenues at any particular level of coverage to debt service with respect to the 2022 Obligations, and no assurances can be given that the State Shared Revenues will be sufficient to pay such debt service.**

From time to time bills are introduced in the State Legislature to make changes in the formula to allot the State Shared Revenues. The County cannot determine whether any such measures will become law or how such measures might affect the revenues that comprise the State Shared Revenues. In addressing State budgetary deficiencies, the Governor and members of the State Legislature have occasionally proposed certain adjustments that would reduce the distribution of the State Shared Revenues to cities, towns and counties. The County cannot determine whether such measures will become law in the future or how they might affect the State Shared Revenues.

In addition, initiative measures may be circulated from time to time seeking to place on the ballot changes in State law which repeal or modify the State Shared Revenues. The County cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Vehicle License Tax Revenues

Article IX, Section 11 of the Arizona Constitution provides that from and after December 31, 1973, a vehicle license tax shall be imposed as provided by law on vehicles registered for operation upon the highways in Arizona, which vehicle license tax shall be in lieu of all ad valorem property taxes on any vehicle subject to such license tax. The constitutional provision further provides that the Arizona Legislature shall provide for the distribution of the proceeds from such vehicle license tax to the State, counties, school districts, cities and towns, including distributions to the State General Fund.

Pursuant to statutory formula, counties in Arizona, including the County, receive two separate distributions from revenues of the State vehicle license tax from the Arizona Department of Transportation, which is the State agency charged with collecting the tax: one distribution is made for deposit into the County's general fund (the "County General Fund Vehicle License Tax") and the other is made for and restricted to any transportation purpose as determined by the County's board of supervisors (the "County Transportation-Restricted Vehicle License Tax"). Currently, the County General Fund Vehicle License Tax constitutes 24.6% of moneys collected from most types of vehicles and 20.45% of moneys collected from alternative fuels vehicles, car rental surcharges, and private ambulances, fire-fighting vehicles and school buses. Currently, the County Transportation-Restricted Vehicle License Tax constitutes 5.7% of moneys collected from most types of vehicles and 4.91% of moneys collected from alternative fuels vehicles, car rental surcharges, and private ambulances, fire-fighting vehicles and school buses. **Only the amounts received by the County from the County General Fund Vehicle License Tax will constitute Vehicle License Tax Revenues which are pledged to the Payments under the 2022 Purchase Agreement. Amounts received by the County from the revenues of the County Transportation-Restricted Vehicle License Tax will not constitute part of the Vehicle License Tax Revenues and will not be pledged to the Payments under the 2022 Purchase Agreement.** The amounts and percentages distributed to the County as Vehicle License Tax Revenues may vary each year according to the statutory formula and are beyond any control of the County.

The State has made distributions of Vehicle License Tax Revenues to Arizona counties, including the County, since 1974. The State Legislature could, however, at any time, alter the formula or reduce the amount or change the timing of distribution of Vehicle License Tax Revenues to the County and is under no legal obligation to maintain the amount of the Vehicle License Tax Revenues distributed to the County at any amount or level. **Accordingly, the County is unable to covenant in the 2022 Purchase Agreement to maintain the Vehicle License Tax Revenues at any particular level of coverage to debt service with respect to the 2022 Obligations, and no assurances can be given that the Vehicle License Tax Revenues will be sufficient to pay such debt service.**

From time to time bills are introduced in the State Legislature to make changes in the formula to allot the Vehicle License Tax Revenues. The County cannot determine whether any such measures will become law or how such measures might affect the revenues that comprise the Vehicle License Tax Revenues.

In addition, initiative measures may be circulated from time to time seeking to place on the ballot changes in State Constitution or State law which repeal or modify the imposition, collection or distribution of Vehicle License Tax Revenues. The County cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Historical and Budgeted County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues

TABLE 3

County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues Pinal County, Arizona

Source	Audited (a)					Estimated	Budgeted (c)
	2015/16	2016/17	2017/18	2018/19	2019/20	Actual (b) 2020/21	
County General Excise Tax Revenues (d)	\$ 14,561,022	\$ 14,976,110	\$ 16,358,457	\$ 17,852,128	\$ 20,121,457(e)	\$ 24,692,328	\$ 23,853,007
Gross State Shared Revenues (f)	\$ 31,633,123	\$ 32,823,251	\$ 35,411,435	\$ 36,897,987	\$ 40,458,279	\$ 48,435,559	\$ 45,918,000
Less ALTCS contribution (g)	(15,540,000)	(14,900,000)	(15,344,000)	(13,853,200)	(13,755,300)	(14,431,100)	(13,154,000)
Less AHCCCS contribution (h)	(3,221,274)	(3,227,908)	(3,235,494)	(3,025,586)	(3,037,917)	(2,822,426)	(3,051,900)
Net State Shared Revenues (i)	\$ 12,871,849	\$ 14,695,343	\$ 16,831,941	\$ 20,019,201	\$ 23,665,062	\$ 31,182,033	\$ 29,712,100
Vehicle License Tax Revenues (i)	\$ 10,259,166	\$ 10,211,155	\$ 11,852,897	\$ 12,700,783	\$ 13,398,599	\$ 16,342,441	\$ 15,840,000
Total County General Excise Tax Revenues, Net State Shared Revenues and Vehicle License Tax Revenues	\$ 37,692,037	\$ 39,882,608	\$ 45,043,295	\$ 50,572,112	\$ 57,185,118	\$ 72,216,802	\$ 69,405,107

- (a) These amounts are from audited financial statements of the County for the years indicated. This table has not, however, been the subject of any separate audit procedures.
- (b) These amounts are estimated, actual collections, but are unaudited and subject to change upon audit and should be considered with an abundance of caution.
- (c) These amounts are budgeted, constitute “forward looking” statements and should be considered with an abundance of caution.
- (d) Does not include amounts derived from the County Road Excise Tax and the County Public Health Tax as described under “County General Excise Tax Revenues” above. The County currently imposes the County General Excise Tax at the statutory maximum rate and accordingly, is unable to covenant to maintain the County General Excise Tax Revenues at any particular level of coverage to debt service.
- (e) Representing the following categories: approximately 50% from retail; 22% from construction; 11% from utilities; 10% from restaurants; and 7% from other, which includes such activities such as communications, publishing, printing, amusement, rental and hotels. Also includes online and remote collections, which began in October 2019.
- (f) Does not include amounts allocated from the Education Tax described under “State Shared Revenues” above.
- (g) Pursuant to Section 11-292, Arizona Revised Statutes, the Treasurer of the State withholds an amount of the State Shared Revenues sufficient to meet the County’s portion of the non-federal costs of providing the long-term care system in the State (“ALTCS”) from moneys otherwise payable to the County in accordance with the State’s distribution of the State Shared Revenues. The County’s contribution is based on a fixed State formula. In the event that the State Shared Revenues withheld from the County by the Treasurer of the State are insufficient to meet the funding requirement of ALTCS, the Treasurer of the State may withhold any other moneys payable to the County from any available State funding source.
- (h) Pursuant to Section 11-292, Arizona Revised Statutes, the Treasurer of the State withholds an amount of the State Shared Revenues determined by statutory formula for the administrative costs of implementing certain provisions

of the Arizona Health Care Cost Containment System (“AHCCCS”). If the County does not make its contribution to the AHCCCS fund, which is used to offset certain indigent and related health care costs, the Treasurer of the State may withhold any amounts owed, plus interest retroactive to the first date the funding was due, from the County’s State Shared Revenues.

- (i) The distribution of State Shared Revenues and Vehicle License Tax Revenues is subject to change by the State Legislature and accordingly, the County is unable to covenant to maintain the State Shared Revenues or Vehicle License Tax Revenues at any particular level of coverage to debt service.

Source: Comprehensive Annual Financial Reports of the County and the Budget and Research Department of the County.

THE PROPERTY AND THE PROJECT

Proceeds of the 2022 Obligations, net of amounts used to pay costs associated with the execution and delivery of the 2022 Obligations, will be deposited into the Acquisition Fund established by the 2022 Trust Agreement and applied by the Trustee to acquire approximately ___ acres of real property (the “Property”) located in the City of Casa Grande, Pinal County, Arizona. Immediately upon acquisition, the Property will be conveyed to the County pursuant to the 2022 Purchase Agreement.

Upon acquisition of the Property, the County will lease-purchase such Property to [Developer] (the “Developer”) pursuant to a lease-purchase agreement (the “Lease-Purchase Agreement”) between the County, as lessor, and the Developer, as lessee, in connection with the development of facilities on and proximate to the Property, to be used for automobile manufacturing, assembling, testing and related uses by the Developer or its affiliates (the “Project”). The County will be acquiring the Property and entering into the Lease-Purchase Agreement for economic development purposes. Under the Lease-Purchase Agreement, the Developer will have an option to purchase the Property from the County in 20__ at the 20__ Purchase Price. If the Developer exercises such option to purchase, it is expected that the County would use the 20__ Purchase Price to prepay the 2022 Obligations in whole or in part. See “THE 2022 OBLIGATIONS – Prepayment Provisions.”

Neither the Trustee nor any owner of the 2022 Obligations will have any interest in, or recourse to, the Property or the Project or to any revenues derived from the Property or the Project, including, without limitation, any rental or sale proceeds related to the Lease-Purchase Agreement. The 2022 Obligations will be payable solely from the sources described under the heading “SECURITY AND SOURCES OF PAYMENT.”

SOURCES AND USES OF FUNDS

Principal Amount \$126,595,000.00*

Net Original Issue Premium/(Discount) (a)

Total Sources of Funds

Deposit to Acquisition Fund

Payment of Costs of Issuance (b)

Total Uses of Funds

(a) *Net original issue premium consists of original issue premium on the 2022 Obligations, less original issue discount on the 2022 Obligations.*

(b) *Will include compensation and costs of the Underwriter (as defined herein) and other costs of issuance.*

* Subject to change

ESTIMATED DEBT SERVICE REQUIREMENTS AND COVERAGE

TABLE 4

Schedule of Estimated Debt Service Requirements and Coverage (a) Pinal County, Arizona

Fiscal Year	Pledged Revenues (b)	Outstanding Debt Service	The 2022 Obligations			Total Aggregate Debt Service (c)	Maximum Annual Debt Service Coverage (d)
			Principal (8/1)	Interest	Debt Service		
2019/20	\$ 57,197,000						
2020/21	72,216,802						
2021/22		\$ 24,733,283				\$ 24,733,283	
2022/23		25,348,120		\$ 3,477,815(e)	\$ 3,477,815	28,825,935	
2023/24		26,490,050	\$ 1,920,000	6,924,046	8,844,046	35,334,096	
2024/25		26,814,608	1,985,000	6,855,343	8,840,343	35,654,950	
2025/26		26,932,513	2,060,000	6,778,362	8,838,362	35,770,875	
2026/27		23,777,287	2,140,000	6,695,273	8,835,273	32,612,560	2.21 x
2027/28		23,793,651	2,225,000	6,603,206	8,828,206	32,621,857	
2028/29		23,780,232	2,325,000	6,501,474	8,826,474	32,606,705	
2029/30		23,807,288	2,430,000	6,391,475	8,821,475	32,628,763	
2030/31		19,118,363	2,545,000	6,273,036	8,818,036	27,936,399	
2031/32		19,117,975	2,665,000	6,146,142	8,811,142	27,929,117	
2032/33		19,124,746	2,795,000	6,010,429	8,805,429	27,930,175	
2033/34		19,124,320	2,940,000	5,864,275	8,804,275	27,928,595	
2034/35		19,131,925	3,090,000	5,706,082	8,796,082	27,928,007	
2035/36		14,054,898	3,255,000	5,535,678	8,790,678	22,845,576	
2036/37		13,289,939	3,430,000	5,352,799	8,782,799	22,072,738	
2037/38		13,250,518	3,620,000	5,156,409	8,776,409	22,026,927	
2038/39		6,691,537	3,825,000	4,947,396	8,772,396	15,463,933	
2039/40		6,178,802	4,040,000	4,726,783	8,766,783	14,945,585	
2040/41		6,174,501	4,265,000	4,493,827	8,758,827	14,933,329	
2041/42		6,190,453	4,505,000	4,247,829	8,752,829	14,943,282	
2042/43		6,174,535	4,755,000	3,988,086	8,743,086	14,917,620	
2043/44		6,181,620	5,025,000	3,707,476	8,732,476	14,914,095	
2044/45		6,161,459	5,315,000	3,404,514	8,719,514	14,880,972	
2045/46		2,071,178	5,630,000	3,083,825	8,713,825	10,785,003	
2046/47		2,072,026	5,960,000	2,744,238	8,704,238	10,776,264	
2047/48		2,068,380	6,310,000	2,384,727	8,694,727	10,763,107	
2048/49		2,065,113	6,680,000	2,004,120	8,684,120	10,749,233	
2049/50			7,070,000	1,601,245	8,671,245	8,671,245	
2050/51			7,485,000	1,174,784	8,659,784	8,659,784	
2051/52			7,920,000	723,417	8,643,417	8,643,417	
2052/53			8,385,000	245,681	8,630,681	8,630,681	
		<u>\$ 413,719,320</u>	<u>\$ 126,595,000</u>	<u>\$ 139,749,787</u>	<u>\$ 266,344,787</u>		

* Subject to change.

- (a) Prepared by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”).
- (b) See TABLE 3 – “County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues.” State Shared Revenues are net of ALTCS and AHCCCS contributions which are withheld from payments made to the County. Figures for fiscal year 2019/20 are from the audited annual financial statements of the County for fiscal year 2019/20. Figures for fiscal year 2020/21 are estimated, actual collections, subject to change upon audit. The 2020/21 figures are unaudited and should be considered with an abundance of caution.
- (c) Amounts due pursuant to the Outstanding Parity Lien Obligations and the 2022 Purchase Agreement are or will be secured by a first lien pledge of County General Excise Tax Revenues, State Shared Revenues, and Vehicle License Tax Revenues.
- (d) Debt service coverage is based on estimated, actual collections of County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues for fiscal year 2020/21 compared to the highest combined interest and principal requirements in any fiscal year of the County for the Outstanding Parity Lien Obligations and the 2022 Purchase Agreement.
- (e) The first interest payment is due on February 1, 2023*. Thereafter, interest on the 2022 Obligations will be payable semiannually on February 1 and August 1 until maturity or prepayment.

TAX MATTERS

General

THE PORTION OF EACH PAYMENT MADE BY THE COUNTY PURSUANT TO THE 2022 PURCHASE AGREEMENT AND DENOMINATED AS AND COMPRISING INTEREST PURSUANT TO THE 2022 PURCHASE AGREEMENT AND RECEIVED BY THE OWNERS OF THE 2022 OBLIGATIONS IS *NOT* EXCLUDABLE FROM GROSS INCOME FOR FEDERAL OR STATE INCOME TAX PURPOSES. In general, prospective purchasers of the 2022 Obligations should consult their tax advisors regarding the federal, state, local, and foreign tax consequences of acquisition, ownership, and disposition of 2022 Obligations. For example, the legal defeasance of the 2022 Obligations may result in a deemed sale or exchange of the 2022 Obligations under certain circumstances, with concomitant tax consequences.

The following summary is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, a particular owner of 2022 Obligations, and is generally limited to U.S. Owners except as set forth below. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations promulgated or proposed thereunder, and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations, possibly on a retroactive basis. There can be no assurances that the IRS will agree with such statements and conclusions. As used in this summary, “U.S. Owners” are beneficial Owners of the 2022 Obligations that for U.S. federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state or the District of Columbia, and certain estates or trusts with specific connections to the United States. As used in this summary, the term “Non-U.S. Owner” means a beneficial Owner of 2022 Obligations that is not a U.S. Owner.

In particular, this summary does not address (a) special classes of taxpayers that are subject to special treatment under the U.S. federal income tax laws, such as S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the United States, broker-dealers, traders in securities, controlled foreign corporations, passive foreign investment companies, and tax-exempt organizations, (b) persons that own 2022 Obligations as a hedge against, or as obligations that are hedged against, currency risk, or that are part of a hedge, straddle, conversion, or other integrated transaction, or (d) persons whose functional currency is not the U.S. dollar. Unless specifically addressed herein, this summary does not address U.S. federal estate and gift tax consequences, U.S. federal alternative minimum tax consequences, or consequences under the tax laws of any state, local, or non-U.S. jurisdiction. In addition, this summary also does not address the tax consequences to an Owner of 2022 Obligations held through a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes. **Partnerships holding 2022 Obligations, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the 2022 Obligations, including their status as U.S. Owners.**

Further, this discussion is limited to persons purchasing the 2022 Obligations for cash in this original offering at their “issue prices” (as described below) and who hold such 2022 Obligations as capital assets within the meaning of Code Section 1221. Owners that purchase the 2022 Obligations at prices other than their respective issue prices or after their original execution and delivery should consult their tax advisors regarding other tax considerations, such as market discount, as to all of which Special Counsel expresses no opinion.

Certain U.S. Federal Income Tax Consequences to U.S. Owners

Interest. In general, interest paid or accrued on the 2022 Obligations will be taxable to a U.S. Owner as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for federal income tax purposes.

Under recently-enacted legislation known as the Tax Cuts and Jobs Act, U.S. Owners that use an accrual method of accounting for U.S. federal income tax purposes generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. This rule generally is effective for tax years beginning after December 31, 2017 (or, for debt securities issued with original issue discount, for tax years beginning

after December 31, 2018). Accrual method U.S. Owners should consult their tax advisors regarding the potential applicability of this rule to their particular situation.

Disposition of the 2022 Obligations. Upon the sale, exchange, retirement, or other taxable disposition of a 2022 Obligation, a U.S. Owner, in general, will recognize gain or loss equal to the difference between (a) the amount realized from the sale, exchange, retirement, or other disposition (except to the extent that the amount realized is attributable to accrued and unpaid stated interest, which will be treated as a payment of interest and taxed in the manner described above under “*Interest*” to the extent not previously included in income), and (b) the Owner’s adjusted tax basis, or applicable portion of the adjusted tax basis, in the 2022 Obligation. The Owner’s adjusted tax basis generally will equal the Owner’s cost of the 2022 Obligation, reduced by any principal payments (and any other payments on the 2022 Obligations not treated as qualified stated interest). Any such gain or loss generally will be long-term capital gain or loss, provided that the 2022 Obligations have been held for more than one year at the time of disposition. Net long-term capital gain recognized by individual or other non-corporate U.S. Owners generally will be subject to tax at a lower rate than that for net short-term capital gain or ordinary income. The deductibility of capital losses is subject to limitations.

Additional Tax on Net Investment Income. A 3.8% tax is imposed on the “net investment income” of certain U.S. citizens and residents, and on the undistributed “net investment income” of certain estates and trusts. Among other items, “net investment income” generally includes gross income from interest and certain net gain from the sale, exchange, redemption, or other taxable disposition of a debt instrument that produces interest, minus certain deductions. **A U.S. Owner that is an individual, estate, or trust should consult its tax advisor regarding the applicability of this additional tax.**

Information Reporting and Backup Withholding. The Trustee must report annually to the IRS and to each U.S. Owner any interest paid on, and the proceeds from the sale or other taxable disposition of, the 2022 Obligations and the amount of tax withheld, for each calendar year, except as to certain exempt recipients. In addition, a non-corporate U.S. Owner of the 2022 Obligations may be subject to backup withholding (currently at a rate of 24%) with respect to “reportable payments,” which include interest paid on the 2022 Obligations and the gross proceeds of a sale, exchange, redemption, or retirement of the 2022 Obligations, unless the Owner provides an accurate taxpayer identification number and certifies on an IRS Form W-9, under penalties of perjury, that the Owner is not subject to backup withholding and otherwise complies with applicable requirements of the backup rules or otherwise establishes an exemption.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Owners

Interest. Subject to the discussion below under “*Application of Foreign Account Tax Compliance Act*”, interest on any 2022 Obligation owned by a Non-U.S. Owner is generally not subject to U.S. federal income or withholding tax, provided that:

- the Non-U.S. Owner does not own, actually or constructively, 10% or more of the total combined voting power of all classes of voting stock of the Issuer, and is not a controlled foreign corporation related to the Issuer, directly or indirectly, through stock ownership;
- the Non-U.S. Owner is not a bank receiving such interest in the manner described in Code Section 881(c)(3)(A); and
- the Non-U.S. Owner certifies on IRS Form W-8BEN or W-8BEN-E, under penalties of perjury, that it is not a United States person. Special certification rules apply to 2022 Obligations that are held through foreign intermediaries.

If, however, a Non-U.S. Owner is engaged in a trade or business in the United States, and if interest on the 2022 Obligations is effectively connected with the conduct of such trade or business (and, if an income tax treaty applies, the interest is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States), such interest will be subject to U.S. federal income tax in a manner similar to that for 2022 Obligations owned by a U.S. Owner, as described above, and, in the case of a Non-U.S. Owner that is a foreign corporation, may also be subject to an additional branch profits tax (currently imposed at a rate of 30%, or a lower applicable treaty rate) on its

effectively connected earnings and profits, subject to adjustments. **Non-U.S. Owners should consult their tax advisors regarding the tax consequences of owning the 2022 Obligations.**

Disposition of the 2022 Obligations. Subject to the discussion below under “*Application of Foreign Account Tax Compliance Act*”, a Non-U.S. Owner generally will not be subject to U.S. federal income or withholding tax on any amount of gain recognized by the Non-U.S. Owner upon the sale, exchange, retirement, or other taxable disposition of a 2022 Obligation unless:

- the gain is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Owner (and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Owner in the United States); or
- in the case of an individual, the Non-U.S. Owner is present in the United States for 183 days or more in the taxable year in which the sale, exchange, retirement, or other taxable disposition takes place and certain other conditions are met.

Application of Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act (“*FATCA*”) generally imposes a 30% withholding tax on interest payments and proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA information and (ii) investment funds and non-financial foreign entities if certain disclosure requirements are not satisfied related to direct and indirect United States shareholders and/or United States accountholders.

Under applicable Treasury Regulations, a 30% FATCA withholding tax generally will be imposed, subject to certain exceptions, on payments of (i) interest on 2022 Obligations and (ii) gross proceeds from the sale or other disposition of 2022 Obligations on or after January 1, 2022, where such payments are made to persons described in the immediately preceding paragraph.

With respect to payments made to a “foreign financial institution” (generally including an investment fund) either as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “*FATCA Agreement*”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “*IGA*”), in either case to, among other things, collect and provide to the United States or other relevant tax authorities certain information regarding U.S. account holders of such institution. With respect to payment made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity provides to the withholding agent a certification that such entity does not have any “substantial” U.S. owner (generally, any specified U.S. person that owns, directly or indirectly, more than a specified percentage of such entity) or identifies its “substantial” U.S. owners.

If the 2022 Obligations are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, subject to certain exceptions, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign institution) generally will be required to withhold the 30% FATCA tax on the payment of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests, or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement, and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding where the withholding described above under “*Interest or Information Reporting and Backup Withholding*” also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments made on 2022 Obligations because of a failure by the investor (or an entity or intermediary through which an investor holds the 2022 Obligations) to comply with FATCA, none of the Issuer, any paying agent, or any person would, pursuant to the terms of the 2022 Obligations, be required to pay additional amounts with respect to any 2022 Obligations because of the deduction or withholding of such tax. **Non-U.S. Owners should consult their tax advisors regarding the application of FATCA to the ownership or disposition of 2022 Obligations.**

LEGAL MATTERS

Legal matters incident to the authorization, sale and execution and delivery by the County of the 2022 Obligations will be passed upon by Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel. A signed copy of that opinion, dated and speaking only as of the date of delivery of the 2022 Obligations, will be delivered to the County. A draft of the form of that opinion is included as APPENDIX E – “PROPOSED FORM OF APPROVING LEGAL OPINION” hereto.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the County or the 2022 Obligations that may be prepared or made available by the County or others to holders of the 2022 Obligations or others.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the tax system of the State and numerous matters, both financial and nonfinancial, impacting the operations of local governmental entities which could have a material impact on the County and could adversely affect the secondary market value of the 2022 Obligations. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the 2022 Obligations) issued prior to enactment.

Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, counsel to the Underwriter.

The legal opinions to be delivered concurrently with the delivery of the 2022 Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

No litigation or administrative action or proceeding is pending restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the 2022 Obligations, the collection and pledge of the County General Excise Tax Revenues, the State Shared Revenues or the Vehicle License Tax Revenues to pay the Payments, contesting or questioning the proceedings and authority under which the 2022 Obligations have been authorized and are to be issued, sold, executed or delivered, or the validity of the 2022 Obligations. Authorized representatives of the County will deliver a certificate to that effect at the time of the original delivery of the 2022 Obligations.

FINANCIAL STATEMENTS

The financial statements of the County for the period ended June 30, 2020, which are included as APPENDIX C – “PINAL COUNTY, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020” of this Official Statement, have been audited by Walker & Armstrong LLP, which was retained by contract with the Auditor General of Arizona for such purpose pursuant to law. All financial information presented herein should be read in conjunction with the financial statements and accompanying Notes in APPENDIX C. **The County neither requested nor obtained the consent of Walker & Armstrong LLP to include such financial statements and Walker & Armstrong LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE COUNTY.

CONTINUING DISCLOSURE

The County will covenant for the benefit of owners of the 2022 Obligations to provide certain financial information and operating data relating to the County by not later than June 30 in each year commencing June 30, 2023 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the County as such will be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (“EMMA”) system, described in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX F. These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2022 Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2022 Obligations and their market price. Absence of continuing disclosure could adversely affect the Bonds and specifically their market price and marketability.

For fiscal years 2017 through 2021 the County did not timely file unaudited financial data or required operating data, but filed its audited Annual Reports and accompanying operating data timely when available. The County did not file notices of failure to file for fiscal year 2021.

UNDERWRITING

The 2022 Obligations will be purchased by the Underwriter. The Underwriter has agreed to purchase from the County the 2022 Obligations at an aggregate purchase price of \$_____ pursuant to a purchase contract between the County and the Underwriter. The aggregate purchase price reflects compensation to the Underwriter of \$_____. The 2022 Obligations may be offered and sold to certain dealers (including the Underwriter and other dealers depositing 2022 Obligations into investment trusts) at prices lower than the public offering prices stated on the inside front cover page hereof, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter’s obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the 2022 Obligations if any 2022 Obligations are purchased.

The Underwriter, as underwriter of the Obligations, has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC (“Vining-Sparks”), for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining-Sparks may purchase Obligations from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Obligations that Vining-Sparks sells.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "____" and "____", respectively to the 2022 Obligations. Such ratings reflect only the views of S&P and Fitch. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, CA 94111. An explanation of the significance of such rating assigned by Fitch may be obtained at One State Street Plaza, New York, New York 10004. Such ratings may be revised downward or withdrawn entirely at any time by S&P or Fitch if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the 2022 Obligations. The County has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any rating relating to the 2022 Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

CONCLUDING STATEMENT

The summaries or descriptions of provisions in the 2022 Purchase Agreement and the 2022 Trust Agreement contained herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such documents.

All projections, forecasts and other information in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the 2022 Obligations.

The attached APPENDICES A through G are integral parts of this Official Statement and must be read together with all of the foregoing statements.

This Official Statement has been prepared on direction of the County and has been approved by and executed for and on behalf of the County by its authorized representative indicated below.

PINAL COUNTY, ARIZONA

By _____
Chairman, Board of Supervisors

**PINAL COUNTY, ARIZONA –
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION**

THE FOLLOWING INFORMATION REGARDING THE COUNTY IS PROVIDED FOR BACKGROUND INFORMATION ONLY. NO REPRESENTATION IS MADE AS TO THE RELEVANCE OF THE DATA TO THE REPAYMENT OF THE 2022 OBLIGATIONS. THE 2022 OBLIGATIONS ARE PAYABLE SOLELY FROM PAYMENTS TO BE PAID BY THE COUNTY UNDER THE 2022 PURCHASE AGREEMENT WHICH ARE SECURED BY COUNTY GENERAL EXCISE TAX REVENUES, STATE SHARED REVENUES AND VEHICLE LICENSE TAX REVENUES AS DESCRIBED UNDER THE HEADING “SECURITY AND SOURCES OF PAYMENT.” THE 2022 OBLIGATIONS WILL NOT BE A GENERAL OBLIGATION OF THE COUNTY OR REQUIRE THE LEVY OF, OR BE PAYABLE FROM THE PROCEEDS OF, ANY AD VALOREM PROPERTY TAXES.

General

The County was formed in 1875 from portions of Maricopa County, Arizona, and Pima County, Arizona. The principal geographic and economic features of the County consist of mountains with elevations of 6,000 feet and copper mining in the eastern portion of the County and primarily low desert valleys and irrigated agriculture in the western portion of the County.

The County encompasses approximately 5,374 square miles of which 4.5 square miles is water.

**TABLE A-1
LAND OWNERSHIP
Pinal County, Arizona**

Control/Ownership	Percent of Land in County
State Trust Land	35.0%
Indian Reservation	23.0
Individuals or Corporations	22.0
U.S. Forest Service and Bureau of Land Management	14.0
Other Public Lands	<u>6.0</u>
Total	<u>100.0%</u>

Source: *Arizona County Profiles*, Arizona Department of Commerce.

Located within the County are the Cities of Eloy, Casa Grande, Maricopa and Coolidge, Arizona, a portion of the City of Apache Junction, Arizona, the Towns of Florence, Kearney, Mammoth and Superior, Arizona and a portion of the Town of Queen Creek, Arizona. The following table illustrates respective population statistics for the principal communities located within the County, the County and the State.

**TABLE A-2
POPULATION STATISTICS**

	City of Apache Junction (b)	City of Casa Grande	City of Coolidge	City of Eloy	City of Maricopa	Town of Florence
2021 Estimate (a)	38,610	56,242	14,291	16,485	61,109	25,250
2020 Census	38,499	53,658	13,218	15,635	58,125	26,785
2019 Estimate (a)	41,066	56,962	12,734	19,438	54,791	27,980
2018 Estimate (a)	40,294	55,772	12,600	18,742	52,117	27,507
2017 Estimate (a)	39,719	54,866	12,485	18,993	49,550	25,866
2016 Estimate (a)	38,812	53,657	12,311	17,198	47,746	25,679
2010 Census	35,546	48,571	11,825	16,631	43,482	25,536
2000 Census	31,814	25,224	7,786	10,375	N/A	14,466
1990 Census	18,092	19,076	6,934	7,211	N/A	7,321
1980 Census	9,935	14,971	6,851	6,240	N/A	3,391
	Town of Kearney	Town of Mammoth	Town of Queen Creek (c)	Town of Superior	Pinal County	State of Arizona
2021 Estimate (a)	1,741	1,079	9,954	2,415	439,128	7,285,370
2020 Census	1,741	1,076	9,559	2,407	425,264	7,151,502
2019 Estimate (a)	2,115	1,546	6,867	3,063	455,210	7,187,990
2018 Estimate (a)	2,096	1,533	6,072	3,035	440,591	7,076,199
2017 Estimate (a)	2,077	1,519	494	3,008	427,603	6,965,897
2016 Estimate (a)	2,049	1,497	467	2,963	413,312	6,835,518
2010 Census	1,950	1,426	449	2,837	375,770	6,392,017
2000 Census	2,249	1,762	N/A	3,254	179,727	5,130,632
1990 Census	2,262	1,845	N/A	3,468	116,397	3,665,339
1980 Census	2,646	1,906	N/A	4,600	90,918	2,716,546

N/A = Not applicable.

(a) Estimate as of July of each respective year.

(b) Represents the portion of the City of Apache Junction, Arizona, located in the County only. Does not include the people located in Maricopa County, Arizona. For the 2021 estimate, this amount approximated 399 people.

(c) Represents the portion of the Town of Queen Creek, Arizona, located in the County only. Does not include the people located in Maricopa County, Arizona. For the 2021 estimate, this amount approximated 56,321.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Of Arizona Counties with a population of over 15,000, the County has been the fastest growing Arizona county by population since 2010 and is currently the third largest county by population.

County Government and Organization

The County seat, the Town of Florence, is located approximately 60 miles southeast of Phoenix, Arizona. The governmental and administrative affairs of the County are carried out by a five-member Board of Supervisors (the “Board”) each member of which serves a four-year term. The Board appoints a County Manager who is responsible for carrying out Board policies and administering County operations.

Economy

Communities within the eastern portion of the County have traditionally been active in copper mining, smelting, milling and refining, whereas communities in the western portion of the County have traditionally focused on agricultural industries. The communities adjacent to the Phoenix metropolitan area have diversified their economic base to include manufacturing, trade and services – facilitated by their location in the major growth corridor between Phoenix, Arizona, and Tucson, Arizona, near the junction of Interstate 10 and Interstate 8.

TABLE A-3
NON-AGRICULTURAL EMPLOYMENT STRUCTURE (a)
Pinal County, Arizona

	2022 Percent of Total (a)
Mining and construction	5.8%
Manufacturing	7.6
Trade, transportation and utilities	20.7
Information	0.6
Financial activities	2.9
Professional and business services	9.2
Educational and health services	9.8
Leisure and hospitality	12.1
Other services	2.6
Government	28.7
Total	<u>100.0%</u>

(a) Data through April 2022.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

TABLE A-4
LABOR FORCE AND NONFARM EMPLOYMENT
Pinal County, Arizona

	2022 (a)	2021	2020	2019	2018	2017
Mining and construction	3,825	3,725	3,325	3,750	3,525	3,200
Manufacturing	5,000	4,600	3,875	4,025	3,825	3,600
Trade, transportation, and utilities	13,725	13,125	12,400	10,875	10,575	10,350
Information	375	375	475	600	600	600
Financial activities	1,900	1,825	1,450	1,475	1,475	1,425
Professional and business services	6,100	6,200	6,475	7,175	6,875	6,175
Educational and health services	6,475	6,275	6,550	6,400	6,325	6,225
Leisure and hospitality	8,025	7,075	6,075	6,125	5,950	6,075
Other Services	1,700	1,675	1,450	1,700	1,725	1,825
Government	18,950	18,850	19,150	20,125	19,950	19,800
	<u>66,075</u>	<u>63,725</u>	<u>61,225</u>	<u>62,250</u>	<u>60,825</u>	<u>59,275</u>

(a) Data through April 2022.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

A partial listing of major employers within the County is given in the following table.

TABLE A-5
MAJOR EMPLOYERS (a)
Pinal County, Arizona

Employer	Description	Approximate Number of Employees (a)
Pinal County	Government	2,920
State of Arizona	Government	2,500
Corecivic	Correctional facilities	1,980
Walmart	Retail	1,750
Casa Grande Community Hospital	Healthcare	970
Harrahs Akchin Hotel and Casino	Entertainment	800
Gila River Indian Community	Indian community	790
Banner Health	Healthcare	730
Frys Food Stores	Retail	680
Maricopa Unified School District No. 20	Education	670

(a) Data may not reflect recent layoffs or company restructuring. No representative of the County, the Underwriter or their respective agents or consultants has examined the information set forth in the table above for accuracy or completeness, nor does any such representation assume responsibility for the same.

Source: Arizona COG/MPO Employer Database.

The table below illustrates the unemployment averages for the County, the State and the United States.

**TABLE A-6
UNEMPLOYMENT AVERAGES**

Calendar Year	Pinal County (a)	State of Arizona (a)	United States of America (a)
2022 (b)	3.2%	3.3%	3.9%
2021	5.4	4.9	5.4
2020	7.6	7.7	8.1
2019	5.1	4.8	3.7
2018	4.9	4.7	3.9
2017	5.0	4.9	4.4

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Substate area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data as of April 2022.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Tourism

Tourism also contributes to the County's economy. Located within the County are Casa Grande National Monument, Lost Dutchman State Park and Picacho Peak State Park. Casa Grande National Monument is a collection of structures built in the thirteenth century by Hohokam Indians; Lost Dutchman State Park offers camping facilities and hiking trailheads and Picacho Peak State Park offers limited hiking, camping and picnic areas. The following table illustrates the number of visitors who have visited these three attractions over the last five years.

**TABLE A-7
NUMBER OF TOURISTS**

National Parks		State Parks		
Calendar Year	Casa Grande Ruins National Monument	Calendar Year	Lost Dutchman State Park	Picacho Peak State Park (a)
2022 (b)	N/A	2022 (b)	33,187	19,188
2021	49,261	2021	199,659	99,676
2020	44,269	2020	201,737	103,525
2019	68,379	2019	212,943	122,179
2018	62,995	2018	192,113	84,259
2017	75,583	2017	183,473	88,327

(a) Different methods used to collect attendance and therefore not equivalent to earlier methods/years.

(b) Data through March 2022.

Source: National Park Service, U.S. Department of the Interior and the Arizona Office of Tourism.

Partially located within the County are the Superstition Mountains and the Apache Trail, which is a scenic drive, traversing the Superstition Mountains. The Superstition Mountains also offer hiking and horseback riding, prehistoric Indian dwellings and a chain of three lakes for boating, swimming and water skiing. Also located within the County is Aravaipa Canyon, which is known for its scenery and wildlife.

Retail Sales

The following table illustrates retail sales for the County.

TABLE A-8
TAXABLE RETAIL SALES
Pinal County, Arizona
(\$000s omitted)

Calendar Year	Retail Sales (a)
2022 (b)	\$1,177,915
2021	2,393,897
2020	2,022,906
2019	1,703,791
2018	1,542,340
2017	1,488,607

(a) The statutory definition of “Retail Sales” is the business of selling tangible personal property at retail. Therefore, this class does not include services or hotels, restaurants or food sales.

(b) Data through May 2022.

Source: Arizona Department of Revenue, Office of Economic Research and Analysis.

Bank Deposits

The following table illustrates bank deposits in the County.

TABLE A-9
BANK DEPOSITS
Pinal County, Arizona
(in millions)

Fiscal Year	Amount
2021	\$3,122
2020	2,757
2019	2,362
2018	2,268
2017	2,110

Source: Federal Deposit Insurance Corporation.

Arizona Corporation Commission Docket Cases Regarding a Private Water and Wastewater Utilities

[gray language taken directly from EPCOR's website – to be reviewed and updated]

Water and wastewater utility services in the Town of Queen Creek, the unincorporated area of San Tan Valley and portions of the Town of Florence, all in the eastern portion of the County, are provided by Johnson Utilities LLC, a private utility company regulated by the Arizona Corporation Commission (the "ACC"). Following receipt of various service complaints regarding water outages, pump failures and water quality issues. The ACC opened two open cases to determine if Johnson Utilities LLC has the necessary managerial and technical capabilities to operate water and wastewater systems. On July 26, 2018, the ACC appointed EPCOR USA, Inc. ("EPCOR") as interim manager of Johnson Utilities. EPCOR took over operations of the utility as interim manager on August 30, 2018, and is attempting to address the issues identified by the ACC. Two years later, Johnson Utilities and EPCOR reached an agreement for EPCOR to purchase the assets of Johnson Utilities. Together, the companies filed an application and received regulatory approval for the transfer of ownership from the Arizona Corporation Commission (ACC) on December 22, 2020. The financial transaction and transfer of ownership from Johnson Utilities to EPCOR was completed January 29, 2021. Now known as the San Tan water and wastewater districts, EPCOR's newest service areas are located just southeast of the greater metropolitan Phoenix area and anchor the Arizona Sun Corridor connecting the Phoenix and Tucson metropolitan areas, one of the most desirable growth corridors in the country. The 160-square-mile service area serves approximately 29,450 water and 40,160 wastewater customers in the communities of Florence, Queen Creek and unincorporated San Tan Valley in Pinal County.

**PINAL COUNTY, ARIZONA –
FINANCIAL INFORMATION**

THE FOLLOWING INFORMATION REGARDING THE COUNTY IS PROVIDED FOR BACKGROUND INFORMATION ONLY. NO REPRESENTATION IS MADE AS TO THE RELEVANCE OF THE DATA TO THE REPAYMENT OF THE 2022 OBLIGATIONS. THE 2022 OBLIGATIONS ARE PAYABLE SOLELY FROM PAYMENTS TO BE PAID BY THE COUNTY UNDER THE 2022 PURCHASE AGREEMENT WHICH ARE SECURED BY COUNTY GENERAL EXCISE TAX REVENUES, STATE SHARED REVENUES AND VEHICLE LICENSE TAX REVENUES AS DESCRIBED UNDER THE HEADING “SECURITY AND SOURCES OF PAYMENT.” THE 2022 OBLIGATIONS WILL NOT BE A GENERAL OBLIGATION OF THE COUNTY OR REQUIRE THE LEVY OF, OR BE PAYABLE FROM THE PROCEEDS OF, ANY AD VALOREM PROPERTY TAXES.

Introduction

The fiscal year for the County is from July 1 through June 30. The County’s budget process is an ongoing function. Each fiscal year’s process starts with the issuance in December of guidelines to all departments within which budgets must be developed. Department budget requests are submitted in February. A review process then takes place culminating with the manager of the County’s submission of a proposed budget to the Board in time for budget hearings in mid-June. State statutes require that a tentative budget be adopted by the Board no later than the third Monday in July. At the time the final budget is adopted, which can be no later than the first Monday in August of each year, the Board holds a public hearing and meeting to determine the tax levy needed to support the budget. Taxes are then assessed and levied no later than the third Monday in August.

**TABLE B-1
Current Year Statistics (Fiscal Year 2021/22)
Pinal County, Arizona**

General Obligation Bonded Debt Outstanding	None
Pledged Revenue Obligations Outstanding and to be Outstanding	\$ 412,535,000* (a)
Certificates of Participation Outstanding	None

*Subject to change.

(a) Includes the 2022 Obligations.

STATEMENTS OF BONDED INDEBTEDNESS

TABLE B-2

Pledged Revenue Obligations Outstanding and to be Outstanding Pinal County, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (August 1)	Balance Outstanding	Balance Outstanding and to be Outstanding
2014	\$ 52,700,000	Public safety radio upgrades and improvements to roads and courts	2034	\$ 49,920,000	\$ 49,920,000
2014	40,310,000	Advanced refunding	2025	18,265,000	18,265,000
2015A	39,075,000	Current refunding	2029	30,965,000	30,965,000
2018TE	7,360,000	Justice of the Peace facilities	2038	6,540,000	6,540,000
2018TX	31,010,000	Economic development	2048	31,010,000	31,010,000
2019	56,330,000	County administrative facilities	2044	56,330,000	56,330,000
2020TE	7,085,000	Current refunding	2035	7,085,000	7,085,000
2020TX	89,055,000	Fund PSPRS unfunded liability	2037	85,825,000	85,825,000
Total Pledged Revenue Obligations Outstanding					\$ 285,940,000
Plus: The 2022 Obligations					126,595,000 *
Total Pledged Revenue Obligations Outstanding and to be Outstanding					<u>\$ 412,535,000 *</u>

* Subject to change.

TABLE B-3

Other Indebtedness Pinal County, Arizona

Item	Payment Amount	Periods Due
Printer leases	\$1,246.10	Monthly through September 2, 2022
Printer leases	503.38	Monthly through September 2, 2022
Printer leases	1,242.70	Monthly through September 2, 2022
Printer leases	1,094.93	Monthly through October 1, 2022
Printer leases	945.29	Quarterly through January 2, 2023
Printer leases	2,629.16	Quarterly through January 2, 2023
Printer leases	7,852.92	Quarterly through January 15, 2023
Printer leases	982.15	Quarterly through January 15, 2023
Printer leases	684.22	Quarterly through February 3, 2023
Printer leases	1,461.10	Quarterly through August 15, 2023
Printer leases	32,719.66	Annually through July 31, 2024
Printer leases	2,066.07	Annually through October 31, 2024
Printer leases	15,322.24	Annually through September 15, 2025
Printer leases	1,067.64	Annually through September 15, 2025

Source: Finance Department of the County.

PROPERTY TAXES

THE 2022 OBLIGATIONS ARE PAYABLE SOLELY FROM PAYMENTS TO BE PAID BY THE COUNTY UNDER THE 2022 PURCHASE AGREEMENT WHICH ARE SECURED BY COUNTY GENERAL EXCISE TAX REVENUES, STATE SHARED REVENUES AND VEHICLE LICENSE TAX REVENUES AS DESCRIBED UNDER THE HEADING “SECURITY AND SOURCES OF PAYMENT.” THE 2022 OBLIGATIONS WILL NOT BE A GENERAL OBLIGATION OF THE COUNTY OR REQUIRE THE LEVY OF, OR BE PAYABLE FROM THE PROCEEDS OF, ANY AD VALOREM PROPERTY TAXES. The State’s *ad valorem* property tax levy and collection procedures are summarized under this heading “PROPERTY TAXES.”

Taxable Property

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the “Department of Revenue”). Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as “centrally valued” property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value

In the context of a specific property parcel, full cash value (“Full Cash Value”) is statutorily defined to mean “the value determined as prescribed by statute” or if a statutory method is not prescribed it is “synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value

In the context of a specific property parcel, limited property value (“Limited Property Value”) is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than fifteen percent of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

Full Cash Value and Limited Property Value for Taxing Jurisdictions

The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the County.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See “Primary Taxes” and “Secondary Taxes” below.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the “Limited Assessed Property Value” and the “Full Cash Assessed Value,” respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE B-4

Property Tax Assessment Ratios (Tax Year)

Property Classification (a)	2018	2019	2020	2021	2022
Mining, utilities, commercial and industrial (b)	18%	18%	18%	18%	17.5%
Agricultural and vacant land	15	15	15	15	15
Owner occupied residential	10	10	10	10	10
Leased or rented residential	10	10	10	10	10
Railroad, private car company and airline flight property (c)	14	15	15	15	15

- (a) *Additional classes of property exist, but seldom amount to a significant portion of a municipal body’s total valuation.*
- (b) *The assessment ratio for this property classification will decrease to 17% for tax year 2023, 16.5% for tax year 2024 and 16% for tax year 2025. Pursuant to Arizona Laws 2022, Fifty-Fifth Legislature, Second Session, Chapter 171 (Senate Bill 1093) (the “2022 Legislation”), Section 2, which was signed by the Governor of Arizona on April 22, 2022, and will take effect 90 days following adjournment of the current 2022 regular legislative session unless a referendum petition with the requisite number of valid signers is filed referring the 2022 Legislation to Arizona voters, the assessment ratio for this property classification will decrease to 15.5% for tax year 2026 and 15% for each tax year thereafter.*
- (c) *This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Primary Taxes

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). “Net Limited Assessed Property Value” is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes

Per State statute, taxes levied for payment of bonds secured by *ad valorem* property taxes, voter-approved budget overrides, the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, water conservation and career technical education districts, and taxes levied by school districts for qualified desegregation expenditures are "secondary taxes." Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer. (The Assessor of the County is required to have completed the assessment roll by December 15th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year).

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals or other reasons reduces the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years and liens imposed by the United States. Set forth below is a record of property taxes levied and collected in the County for a portion of the current fiscal year and all of the previous five fiscal years.

Delinquent Tax Procedures

The property taxes due the County are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of each subsequent month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the

owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer to deliver a treasurer's deed to the certificate holder as prescribed by law.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the County. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When an owner of land or property within the County (a "debtor") files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the 2022 Obligations. None of the County, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the County's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

TABLE B-5

**Net Limited Assessed Property Value by Property Classification
Pinal County, Arizona**

Class	2017/18	2018/19	2019/20	2020/21	2021/22
Commercial, industrial, utilities & mines	\$ 530,272,711	\$ 601,709,317	\$ 641,021,308	\$ 661,135,199	\$ 672,127,149
Agricultural and vacant	264,023,197	213,176,726	221,183,277	223,795,522	222,225,479
Residential (owner occupied)	894,495,362	961,064,203	1,056,218,541	1,175,201,869	1,317,639,765
Residential (rental)	527,193,563	556,301,808	580,496,193	608,353,635	632,492,147
Railroad	14,400,983	14,456,280	13,332,268	12,230,113	15,128,975
Historical property	8,083,583	8,130,710	8,619,615	8,306,551	8,923,175
Commercial historical property	30,584	31,871	35,482	36,943	38,433
Certain government	1,047	1,099	1,151	729	765
property improvements	526,226	561,441	344,216	361,609	304,736
Totals (b)	<u>\$ 2,239,027,256</u>	<u>\$ 2,355,433,455</u>	<u>\$ 2,521,252,051</u>	<u>\$ 2,689,422,170</u>	<u>\$ 2,868,880,625</u>

(a) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Finance Department of the County.

TABLE B-6**Net Limited Assessed Property Value of Major Taxpayers
Pinal County, Arizona**

Major Taxpayer (a)	2021/22 Net Limited Assessed Property Value	As % of 2021/22 Net Limited Assessed Property Value
Arizona Public Service Company	\$ 85,756,277	3.19 %
CCA Properties Of Arizona Inc.	40,186,762	1.49
Asarco LLC/Ray Copper Complex	28,838,272	1.07
El Paso Natural Gas Co	24,762,797	0.92
Unisource Energy Corporation (EPF)	20,251,761	0.75
Southwest Gas Corporation	19,421,859	0.72
Corrections Corporation Of America	15,102,544	0.56
Arizona Water Company	14,654,238	0.54
Union Pacific Railroad	14,546,372	0.54
Johnson Utilities LLC	11,235,679	0.42
	<u>\$ 274,756,561</u>	<u>10.22 %</u>

- (a) *Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at <http://www.sec.gov>. No representative of the County, the Underwriter, Special Counsel or counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor does any such representative assume responsibility for the same.*

Source: The Assessor of the County.

TABLE B-7**Comparative Net Limited Assessed Property Values**

Fiscal Year	Pinal County	City of Apache Junction	City of Casa Grande	City of Maricopa	Town of Florence	State of Arizona
2021/22	\$ 2,868,880,625	\$ 177,244,877	\$ 420,766,033	\$ 337,622,240	\$ 122,136,714	\$ 74,200,360,570
2020/21	2,689,422,170	168,196,840	402,906,597	311,368,285	113,827,264	69,914,507,682
2019/20	2,521,252,051	161,728,832	390,363,295	286,969,599	108,643,238	66,157,223,639
2018/19	2,355,433,455	153,268,895	360,726,484	262,200,309	99,862,620	62,328,428,592
2017/18	2,239,027,256	147,500,088	351,143,512	244,623,792	89,681,719	59,406,279,473

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and Finance Department of the County.

TABLE B-8

**Estimated Net Full Cash Value History
Pinal County, Arizona**

<u>Fiscal Year</u>	<u>Estimated Net Full Cash Value (a)</u>
2021/22	\$ 30,847,024,704
2020/21	28,641,054,334
2019/20	26,012,952,131
2018/19	23,409,258,646
2017/18	22,780,003,763

(a) *Estimated Net Full Cash Value is the total market value of the property within the County less the estimated Full Cash Value of property exempt from taxation within the County.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

COUNTY EMPLOYEE RETIREMENT SYSTEM

Pension and Retirement Plans

The County contributes to the retirement plans described below: the cost-sharing Arizona State Retirement System (“ASRS”) and the multiple-employer Public Safety Personnel Retirement System (“PSPRS”), the Corrections

Officers Retirement Plan (“CORP”) and the cost-sharing Elected Officials Retirement Plan (“EORP”). Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the County and each covered employee contribute in the case of each plan.

Each of the plans has reported increases in its unfunded liabilities. The increases in unfunded liabilities is expected to result in increased future annual contributions by the County and its employees; however the specific impact on the County’s and its employees’ future contributions cannot be determined at this time.

The Governmental Accounting Standards Board (“GASB”) adopted Statement Number 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their “proportionate share” of a plan’s net pension liability in their government-wide financial statements and that the cost-sharing employer’s pension expense component include its proportionate share of the system’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. GASB’s Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

Starting on page 57 in APPENDIX C – “PINAL COUNTY, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020” is information about the plans based on GASB’s Statements Nos. 67 and 68. Please refer to APPENDIX C for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX C, the latter supersedes the former.

The Arizona State Retirement System

ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 600,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2021, the unfunded liability for ASRS was \$17.9 billion with a funding ratio of 71.5% and an assumed earning rate of 7.5%. As of June 30, 2020, the County reported a liability of \$87,186,210 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the County) and active members of ASRS are equal. For fiscal year 2021/22, the actuarially determined contribution rate for the County and active members of ASRS is 12.41% (12.22% for retirement and health insurance and 0.19% for long-term disability). For Fiscal Year 2022/23, the actuarially determined contribution rate for the County and active members of ASRS is 12.17% (12.03% for retirement and health insurance and 0.14% for long-term disability).

The following table shows recent actuarially determined contribution rates that the active ASRS members and the County are/were required to contribute, the plan’s funded status and the pension contributions under ASRS for the current and past four fiscal years.

Fiscal Year Ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2023	12.03%	0.14%	12.17%	unavailable	unavailable
June 30, 2022	12.22	0.19	12.41	unavailable	unavailable
June 30, 2021	12.04	0.18	12.22	71.5%	\$9,381,101
June 30, 2020	11.94	0.17	12.11	72.8	8,759,000
June 30, 2019	11.64	0.16	11.80	72.3	7,801,000

The Public Safety Personnel Retirement System

PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members' contribution rates and member benefits. This is not a "pooled" system – a separate account exists for the police employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution ("Prop 124") created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State's legislature ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

<u>"Tier 1" Members</u>	<u>"Tier 2" Members</u>	<u>"Tier 3" Members</u>
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

As of June 30, 2021, the unfunded liability for Tiers 1 and 2 of PSPRS was \$8.8 billion with a funding ratio of 55.3%. When calculating, an assumed earning rate of 7.3% was used and an assumed rate of 1.75% was used for increases in the cost of living allowance ("COLA").

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

Sheriff's Department

	Fiscal Year Ended				
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
<u>Contribution Rates*</u>					
Tier 1/2 Defined Benefit Employer (a)	10.71%	47.09%	46.98%	42.68%	42.60%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employee (a)(b)	11.65%	11.65%	11.65%	11.65%	11.65%
Tier 3 Defined Benefit Employer (a)(c)	9.94%	46.02%	44.19%	39.94%	39.84%
Tier 3 Defined Benefit Employee (a)	9.94%	9.94%	9.94%	9.94%	9.94%
Tier 3 Defined Contribution Employer (c)	10.85%	45.96%	44.66%	40.51%	40.41%
Tier 3 Defined Contribution Employee	10.85%	9.88%	10.41%	10.51%	10.51%
Pension Funded Status	N/A	N/A	101.7%	49.5%	50.20%
Health Funded Status	N/A	N/A	147.2%	132.8%	135.8%
Total County (Employer) Pension and Contribution	N/A	N/A	\$	\$6,422,000	\$5,572,000

* Sum of the Pension and Health insurance premium benefit contribution rates.

- (a) Not applicable for Tier 2 for fiscal years prior to Fiscal Year 2018. Does not include additional contribution percentage of 3% associated with Tier 2 defined benefit ("DB") members additionally participating in the defined contribution ("DC") plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date.
- (b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (c) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

The Corrections Officers Retirement Plan ("CORP")

CORP is an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit plan that covers certain State, County and municipal employees whose primary duties require direct contact with inmates, for which the State Legislature establishes active plan members' contribution rates. The CORP also administers the Administrative Officers of the Courts ("AOC") cost-sharing plan. The CORP plan has reported increases in its unfunded liabilities. The most recent annual reports for the CORP may be accessed at: <http://www.psprs.com/investments--financials/annual-reports>. The effect of the increase in the CORP's unfunded liabilities is expected to result in increased contributions by the employers of CORP covered employees and CORP employees, however the specific impact on future annual contributions to the CORP, cannot be determined at this time.

As presented below, CORP active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

<u>Tier 1 Members</u>	<u>Tier 2 Members</u>	<u>Tier 3 Members</u>
Hired into CORP position before January 1, 2012	Hired into CORP position on or after January 1, 2012 and before July 1, 2018	Hired into CORP position on or after July 1, 2018

Among other differences, the tiers vary in terms of employee contribution rate, retirement eligibility, and post retirement cost of living adjustment eligibility. Additionally, in lieu of the defined benefit program, most employees in Tier 3 are members of a defined contribution program.

For Tier 1 and Tier 2 members, for the fiscal year ended June 30, 2012 and each subsequent fiscal year, the employee contribution rate is set by statute and calculated at the lesser of 8.41%, or fifty percent of the sum of the member's contribution rate from the preceding fiscal year, plus the aggregate computed employer contribution rate, subject to a minimum employee contribution rate of 7.65%. Until the funded status of the Plan reaches 100 percent, the member contribution rate for full-time dispatchers is 45 basis points less than the general member contribution rate. The employer contribution rates are based upon an actuarial valuation, and generally may not be less than 6%.

All correction members hired on or after July 1, 2018 (Tier 3), are required to participate in a DC plan; however, AOC probation and surveillance officers hired on or after this date have the option to choose between a DB plan and the DC retirement account managed by PSPRS. Generally, the defined contribution plan rate is 7% for employees and 5% for employers. The DB plan contribution rate for Tier 3 is 66.7%/33.3% employee/employer for the normal cost associated with the program and 50%/50% for the unfunded liability associated with the program. Additionally, the employer contribution rate (DB and DC) includes a legacy unfunded liability component associated with Tiers 1 and 2.

The tables on the following page show the actuarially determined annual employer contribution rates, funded status and total audited contribution amounts for the CORP plan.

Detention

	Fiscal Year Ended				
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
<u>Contribution Rates*</u>					
Tier 1/2 Defined Benefit Employer (a)	5.08%	24.27%	21.60%	20.36%	23.06%
Tier 1/2 Defined Benefit Employee (a)	7.65%	8.41%	8.41%	8.41%	8.41%
Tier 3 Defined Contribution Employer (b)	5.61%	51.60%	20.78%	17.77%	19.52%
Tier 3 Defined Contribution Employee	7.61%	7.49%	7.65%	7.70%	7.70%
Pension Funded Status	N/A	N/A	107.0%	66.9%	68.6%
Health Funded Status	N/A	N/A	157.0%	157.5%	152.5%
Total County (Employer) Pension Contribution	N/A	N/A	\$	\$1,467,000	\$1,751,000

* Sum of the Pension and Health insurance premium benefit contribution rates.

(a) Tier 2 applicable beginning Fiscal Year 2018.

(b) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

Dispatchers

	Fiscal Year Ended				
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
<u>Contribution Rates*</u>					
Tier 1/2 Defined Benefit Employer (a)	3.81%	48.18%	38.06%	30.33%	27.58%
Tier 1/2 Defined Benefit Employee (a)	7.65%	7.96%	7.96%	7.96%	7.96%
Tier 3 Defined Contribution Employer (b)	5.61%	51.60%	40.35%	29.10%	25.62%
Tier 3 Defined Contribution Employee	7.61%	7.49%	7.65%	7.70%	7.70%
Pension Funded Status	N/A	N/A	109.3%	57.5%	57.4%
Health Funded Status	N/A	N/A	463.7%	521.2%	396.9%
Total County (Employer) Pension Contribution	N/A	N/A	\$	\$98,000	\$97,000

* Sum of the Pension and Health insurance premium benefit contribution rates.

(a) Tier 2 applicable beginning Fiscal Year 2018.

(b) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

AOC

	Fiscal Year Ended				
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
<u>Contribution Rates*</u>					
Tier 1/2 Defined Benefit Employer (a)	37.06%	35.97%	34.11%	31.24%	32.98%
Tier 1/2 Defined Benefit Employee (a)	8.41%	8.41%	8.41%	8.41%	8.41%
Tier 3 Defined Benefit Employer (b)	37.97%	36.66%	33.14%	28.37%	29.91%
Tier 3 Defined Benefit Employee	10.18%	10.18%	10.18%	10.18%	10.18%
Tier 3 Defined Contribution Employer (b)	38.49%	37.06%	33.70%	28.98%	30.52%
Tier 3 Defined Contribution Employee	7.61%	7.49%	7.65%	7.70%	7.70%
Pension Funded Status	N/A	N/A	57.5%	53.2%	53.7%
Health Funded Status	N/A	N/A	90.8%	79.9%	78.3%
Total County (Employer) Pension Contribution	N/A	N/A	\$2,465,241	\$2,117,000	\$2,118,000

* Sum of the Pension and Health insurance premium benefit contribution rates.

(a) Tier 2 applicable beginning Fiscal Year 2018.

(b) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

The Elected Officials Retirement Plan

EORP is a multiple-employer defined benefit pension plan and a multiple-employer defined benefit health insurance premium plan that covers elected officials and judges of certain state and local governments. (EORP is governed by the same Board of Trustees that manages PSPRS.) As of January 1, 2014 EORP is closed to new members. Pursuant to Arizona statute, the annual contribution for active members of EORP is 13% of the members' annual covered payroll. Additionally, the amount of the members' contribution that exceeds 7% is not used to reduce the actuarially determined employer contribution. As of June 30, 2020, the County reported a liability of \$17,552,232 for its proportionate share of the net pension liability under EORP.

Participating EORP employers are required to annually contribute at an actuarially determined employer contribution rate. The basis for the employer rate is the covered payroll for all eligible elected officials and eligible judges employed by the employer. The actuarially determined rate for 2021/22 for ASRS is 61.62% and for EODCRS (defined below) is 61.55%. This amount is distributed to EORP, the Elected Officials Defined Contribution Retirement System ("EODCRS") and ASRS, depending on the retirement program in which each eligible employee participates. As a percent of covered payroll, the employer contribution, by statute, for EODCRS participating members is 6.00%; the employer contribution for ASRS participating members is 12.22% for fiscal year 2021/22; all remaining employer contributions, up to the actuarially determined contribution rate of the covered payroll of all elected officials and eligible judges, are remitted to EORP. EORP is additionally funded each year with designated state and municipal court fees and a \$5,000,000 appropriation from the State general fund.

Statutory Changes and Court Decisions Regarding the PSPRS, CORP and EORP

PSPRS, CORP and EORP are all operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various retirement program modifications designed to mitigate the increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature and other changes (like Prop 124) were implemented by voter approved amendments to the State Constitution. Additionally, in some instances, modifications enacted by the Arizona Legislature were reversed based on the outcome of successful court challenges. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting ASRS, PSPRS, CORP and EORP

Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS, PSPRS, CORP and EORP and the eligibility, timing and payment of benefits from such plans. The County is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Other Post-Employment Retirement Benefits

Pursuant to Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), the County is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB 45 requires that such benefits be recognized as current costs over the working lifetime of employees and, to the extent such costs are not pre-funded, requires the reporting of such costs as a financial statement liability.

The County does not offer any OPEB. The County's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The County does not make payments for OPEB costs for such retirees.

Governmental Accounting Standards (“GASB”)

The Governmental Accounting Standards Board adopted Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their “proportionate share” of the plan’s net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer’s pension expense component include its proportionate share of the system’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. Both the County and each covered employee contribute to the ASRS. As of June 30, 2020, the County reported a liability of \$89,186,210 for its proportionate share of the net pension liability under ASRS. The pension liability was measured as of June 30, 2019. Both the County and each covered employee contribute to the EORP. As of June 30, 2020, the County reported a liability of \$20,498,760 for its proportionate share of the net pension liability under EORP. The pension liability was measured as of June 30, 2019. Both the County and each covered employee contribute to CORP (AOC). As of June 30, 2020, the County reported a liability of \$23,498,760 for its proportionate share of the net pension liability under CORP (AOC). The pension liability was measured as of June 30, 2019. See Note 10 in APPENDIX C – “PINAL COUNTY, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020” for further discussion of the County and its pension liability including the net pension liability associated with PSPRS and CORP.

New Reporting Requirements - Governmental Accounting Standards Board (“GASB”) Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

GENERAL FUND

[To be updated with data from the County – check if 2020/21 ACFR available before publishing]

Below are the County general fund revenues, expenditures and changes in fund balance for the budgeted fiscal year 2021/22, estimated, actual figures for 2020/21 and audited fiscal years 2015/16 through and including 2019/20. **THIS INFORMATION IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS OF THE FINANCIAL AFFAIRS OF THE COUNTY.** The 2022 Obligations will be payable solely from the sources described under the heading “SECURITY AND SOURCES OF PAYMENT.” The information provided in the following table is for reference only.

General Fund (\$000's) Pinal County, Arizona

	Actuals					Unaudited Actual (a)	Budgeted (b)
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
REVENUES							
Taxes	\$ 94,333	\$ 99,659	\$ 106,399	\$ 114,398	\$ 120,067	\$ 130,622	\$ 130,456
Licenses and Permits	3,457	4,364	4,972	5,025	5,204	6,047	5,399
Intergovernmental	47,993	45,461	49,615	51,683	56,152	67,928	68,766
Charges for Services	12,621	8,409	8,767	9,521	9,901	12,562	10,727
Fines and Forfeits	773	1,114	844	845	998	1,060	749
Investment Earnings	215	104	255	897	741	281	450
Contributions	60	37	5	-	-	-	-
Rentals	172	159	72	87	1,897	1,924	-
Miscellaneous	463	2,538	4,763	2,449	667	1,707	6,094
TOTAL REVENUES	\$ 160,087	\$ 161,845	\$ 175,692	\$ 184,905	\$ 195,627	\$ 222,131	\$ 222,641
EXPENDITURES							
Current:							
General government	\$ 34,347	\$ 35,420	\$ 36,847	\$ 45,253	\$ 41,635	\$ 132,730	\$ 76,597
Public safety	97,141	95,438	101,614	103,303	95,922	109,183	108,271
Highways and streets	23	26	21	43	7	-	-
Sanitation	1	-	-	-	-	-	-
Health	19,582	18,963	19,605	17,695	17,931	18,542	14,370
Welfare	1,300	1,174	1,093	1,640	1,433	1,325	1,437
Education	982	891	1,065	1,174	1,241	1,289	1,328
Debt Service:							
Principal retirement	-	61	131	144	194	284	-
Interest	-	3	26	21	20	13	-
Costs of issuance	-	-	-	-	-	1,084	-
TOTAL EXPENDITURES	\$ 153,376	\$ 151,976	\$ 160,402	\$ 169,273	\$ 158,383	\$ 264,450	\$ 202,003
Excess of revenues over (under) expenditures	\$ 6,711	\$ 9,869	\$ 15,290	\$ 15,632	\$ 37,244	\$ (42,319)	\$ 20,638
Other financing sources (uses):							
Transfers in	\$ 9,479	\$ 7,684	\$ 3,760	\$ 2,927	\$ 3,437	\$ 18,474	\$ 9,797
Transfers out	(13,129)	(12,247)	(16,161)	(18,645)	(21,831)	(54,609)	(45,960)
Issuance of Debt	-	-	-	-	-	89,055	-
Proceeds from sale of capital assets	7	109	-	1	4	5	-
Capital lease agreements	-	582	156	25	-	442	-
Insurance reimbursement	99	182	8	76	212	724	-
Prior period adjustment	(888)	-	-	-	-	-	-
Total Other financing sources (uses)	\$ (4,432)	\$ (3,690)	\$ (12,237)	\$ (15,616)	\$ (18,178)	\$ 54,091	\$ (36,163)
Fund balance at beginning of year	\$ 19,986	\$ 22,265	\$ 28,444	\$ 31,497	\$ 31,505	\$ 50,819	\$ 62,372
Increase (decrease) in reserves for prepaid items	-	-	-	-	248	(219)	-
Fund balance at end of year	\$ 22,265	\$ 28,444	\$ 31,497	\$ 31,513	\$ 50,819	\$ 62,372	\$ 46,847

- (a) These amounts are estimated, actual figures for fiscal year 2020/21, but are unaudited and subject to change upon audit and should be considered with an abundance of caution.
- (b) Reflects the County's budgeted figures for fiscal year 2021/22 which are unaudited and subject to change upon audit. These amounts are “forward looking” statements and should be considered with an abundance of caution. Excludes Unreserved Fund Balance.

**PINAL COUNTY, ARIZONA
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The following audited financial statements are for the fiscal year ended June 30, 2020, were audited by Walker & Armstrong LLP, which was retained by contract with the Auditor General of Arizona for such purpose pursuant to law. These are the most recent audited financial statements available to the County. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE COUNTY.

The County neither requested nor obtained the consent of Walker & Armstrong LLP to include such financial statements and Walker & Armstrong LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.

SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS

DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined under the heading “INTRODUCTORY STATEMENT,” the following terms shall, for all purposes of the 2022 Trust Agreement and the 2022 Purchase Agreement have the following meanings:

“**Acquisition Fund**” means the fund established and held by the Trustee pursuant to the 2022 Trust Agreement to pay costs of acquisition of the Property.

“**Costs of Issuance Fund**” means the fund established and held by the Trustee pursuant to the 2022 Trust Agreement to pay Delivery Costs.

“**Defeasance Obligations**” are those described in clause 1 of the definition of Permitted Investments below. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

“**Delivery Costs**” means costs of sale and execution and delivery of the Obligations.

“**Depository Trustee**” means any bank or trust company, which may include the Trustee, designated by the County, with a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or State authority.

“**Event of Default**” means an event of default under the 2022 Purchase Agreement as described under the subheading “THE PURCHASE AGREEMENT – Default; Remedies Upon Default”.

“**Outstanding**” refers to 2022 Obligations issued in accordance with the 2022 Trust Agreement, excluding: (i) 2022 Obligations which have been exchanged or replaced; (ii) 2022 Obligations which have been paid; (iii) 2022 Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee therefor; and (iv) 2022 Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted by the 2022 Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of, premium, if any, and interest on such 2022 Obligations as provided in the proceedings under which such 2022 Obligations were issued, provided, however, that if any such 2022 Obligations are to be prepaid, the County shall have taken all action necessary to prepay such 2022 Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such 2022 Obligations were issued or irrevocable instructions so to mail shall have been given to the Trustee therefor.

“**Owner**” or any similar term, when used with respect to any Obligation means the person in whose name such Obligation shall be registered.

“**Payment Fund**” means the fund established and held by the Trustee pursuant to the 2022 Trust Agreement to which the Payments are deposited.

“**Permitted Investments**” means any of the following, to the extent permitted by law:

1. (A) Cash (fully insured by the Federal Deposit Insurance Corporation), (B) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligations”), (C) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (D) obligations fully and unconditionally

guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (E) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

A. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) Participation Certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) and Senior debt obligations;

B. Farm Credit Banks (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and notes;

C. Federal Home Loan Banks (FHL Banks) Consolidated debt obligations and

D. Federal National Mortgage Association (FNMA or “Fannie Mae”) Senior debt obligations and Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding the portion of their unpaid principal amounts).

4. Unsecured certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the County, time deposits, and bankers’ acceptances (having maturities of not more than 365 days) of any bank, including the Trustee or any of its affiliates, the short-term obligations of which are rated “A-1+” or better by S&P and “Prime-1” or better by Moody’s.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$15 million.

6. Commercial paper (having original maturities of not more than 270 days) rated “A-1+” or better by S&P and “Prime-1” or better by Moody’s.

7. Money market mutual funds rated “AAm” or “AAm-G” or higher by S&P or, if rated by Moody’s, “Prime-1” or better by Moody’s, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, the Trustee collects fees for services rendered pursuant to the 2022 Trust Agreement, which fees are separate from the fees received from such funds and services performed for such funds and pursuant to the 2022 Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

8. “State Obligations”, which means:

A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state, the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or higher, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

B. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A-1+” or better by S&P and “MIG-1” by Moody’s and

C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (B) above and rated “AA-“ or better by S&P and “Aa-3” or better by Moody’s.

9. Pre-refunded municipal obligations rated “AAA” by S & P and “Aaa” by Moody’s meeting the following requirements:

A. The municipal obligations are not subject to redemption prior to maturity or the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

B. The municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. The principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

D. The cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

E. No substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification and

F. The cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements: With any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A-“ by S&P and “A-3” by Moody’s; or any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A-“ by S&P and “A-3” by Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or any other entity rated “A-“ or better by S&P and “A-3” or better by Moody’s (each a “Provider”), provided that:

A. Permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA’s and 104% of the total principal when the collateral type is FNMA and FHLMC (“Collateral”);

B. The Trustee or a third party acting solely as agent therefore or for the County (the “Custodian”) has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books) and such collateral shall be marked to market;

C. The collateral shall be marked to market on a daily basis and the provider or the Custodian shall send monthly reports to the Trustee and the County setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

D. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof and

E. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A-3" by Moody's, as appropriate, the provider must, notify the County and the Trustee within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: post Collateral or assign the agreement to a Provider. If the provider does not perform a remedy within ten (10) Business Days, the provider shall, at the direction of the Trustee repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the County or the Trustee.

11. Investment agreements with a domestic or foreign bank or corporation, the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's (each an "Eligible Provider"); provided that:

A. Interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition Fund, construction draws) on the Obligations;

B. The invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Trustee and the County hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. The provider shall send monthly reports to the Trustee and the County setting forth the balance the County or the Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

D. The investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

E. The County and the Trustee shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

F. The County and the Trustee shall receive an opinion of foreign counsel to the provider (if applicable) that the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and any judgment rendered by a court in the United States would be recognized and enforceable in such country;

G. The investment agreement shall provide that if during its term:

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (A) post Eligible Collateral (as hereinafter defined) with the County, the Custodian free and clear of any third party liens or claims, or (B) assign the agreement to an Eligible Provider, or (C) repay the principal of and accrued but unpaid interest on the investment;

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A-3", the provider must, at the direction of the issuer or the trustee, within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the issuer or trustee;

H. In the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the County setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

I. The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof and

J. the investment agreement must provide that if during its term: the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the issuer or the trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the County or the Trustee, as appropriate, and the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the County or the Trustee, as appropriate.

12. Interests in the Local Government Investment Pool established pursuant to Section 35-326, Arizona Revised Statutes.

"Regular Record Date" means, the close of business of the Trustee on the fifteenth day of the month preceding each Interest Payment Date.

Words importing persons include firms, associations and corporations, and the singular and plural forms of words shall be deemed interchangeable wherever appropriate.

THE TRUST AGREEMENT

The following, in addition to the information under the headings "THE 2022 OBLIGATIONS" and "SECURITY AND SOURCES OF PAYMENT," is a summary of certain provisions of the 2022 Trust Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Acquisition Fund; Costs of Issuance Fund. The Acquisition Fund and the Costs of Issuance Fund will be established by the Trustee from which will be paid costs of acquiring the Property and Delivery Costs, respectively. On the earlier of December 1, 2022, or when all Delivery Costs have been paid, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund.

Payment Fund. The Payment Fund will also be established by the Trustee. The moneys in the Payment Fund will be applied by the Trustee solely to pay principal of and premium, if any, and interest with respect to the 2022 Obligations.

Investments Authorized; Allocation of Earnings. Upon written order of the County, moneys held by the Trustee will be invested and re-invested in Permitted Investments having the highest yield reasonably obtainable. The

Trustee may purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by the 2022 Trust Agreement. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Any income, profit or loss on such investments will be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds will be deposited in the fund from which such deposit was made, except as otherwise provided in the 2022 Trust Agreement.

Appointment of the Trustee. The County will maintain as the Trustee a bank or trust company with a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal or State authority so long as any of the 2022 Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority, then the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Liability of the Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute the 2022 Trust Agreement, the recitals of facts, covenants and agreements in the 2022 Trust Agreement and the 2022 Obligations will be taken as statements, covenants and agreements of the County, and the Trustee will assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the 2022 Trust Agreement or of the 2022 Obligations or will incur any responsibility in respect thereof, other than in connection with the duties or obligations in the 2022 Trust Agreement or in the 2022 Obligations assigned to or imposed upon them, respectively. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the 2022 Trust Agreement. After the occurrence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of the affairs of the Trustee.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible as described hereinabove, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Protection and Rights of the Trustee. The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the 2022 Trust Agreement, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such document, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee will not be bound to recognize any person as an Owner of any Obligation or to take any action at the request thereof unless such Obligation will be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation will be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith.

Whenever in the administration of its duties under the 2022 Trust Agreement, the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed) will be deemed to be conclusively proved and established by the certificate of the appropriate representative of the County and such certificate will be full warranty to the Trustee for any action taken or suffered under the provisions of the 2022 Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may become the Owner of the 2022 Obligations with the same rights it would have if it were not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the County with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of

2022 Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the 2022 Obligations then Outstanding.

The Trustee will not be answerable for the exercise of any discretion or power under the 2022 Trust Agreement or for anything whatever in connection with the funds established thereunder, except only for its own willful misconduct or negligence.

No provision in the 2022 Trust Agreement will require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee will not be required to take notice or be deemed to have notice of an Event of Default, except for nonpayment of amounts due under the 2022 Trust Agreement or the 2022 Purchase Agreement, unless the Trustee has actual notice thereof or is specifically notified in writing of such default by the County or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the 2022 Obligations then Outstanding.

The County will from time to time, as agreed upon between the County and the Trustee, pay to the Trustee reasonable compensation for its services, including an hourly rate based fee after an Event of Default and will reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties.

Removal of the Trustee. The Trustee may be removed by the County (if not in default) or by the Owners of a majority in aggregate principal amount of the 2022 Obligations.

The Trustee may also resign effective upon the appointment of a successor the Trustee by the County.

Amendments Permitted. The 2022 Trust Agreement and the 2022 Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement which will become effective upon the written consent of the Owners of a majority in aggregate principal amount of the 2022 Obligations then Outstanding, exclusive of certain disqualified 2022 Obligations. No such modification or amendment will (1) extend or have the effect of extending the fixed payment date of any Obligation or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon prepayment thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of 2022 Obligations required for the affirmative vote or written consent to an amendment or modification of the 2022 Trust Agreement or the 2022 Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The 2022 Trust Agreement and the 2022 Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement, without the consent of any Owners, but only (1) to provide for additions or modifications to the Property, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved in the Trustee (for its own behalf) or the County, (3) to secure additional revenues or provide additional security or reserves for payment of the 2022 Obligations, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms hereof, (6) to preserve the power of the County to continue to issue bonds or other obligations the interest on which is exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision in the 2022 Trust Agreement and 2022 Purchase Agreement, (8) to facilitate the issuance of additional of the Parity Lien 2022 Obligations, (9) with respect to rating matters, or (10) in regard to questions arising thereunder, as the parties thereto may deem necessary or desirable and which will not adversely affect the interests of the Owners of the 2022 Obligations. Any such supplemental or amending agreement will become effective upon execution and delivery by the parties thereto.

Procedure for Amendment With Written Consent of Obligation Owners. A copy of the proposed supplemental or amending agreement, together with a consent request, must be mailed to each Owner of an Obligation, but failure to mail copies of such supplemental or amending agreement and request does not affect the validity of the supplemental or amending agreement when assented to by a majority in principal amount of the 2022 Obligations then Outstanding (exclusive of 2022 Obligations then disqualified). The supplemental or amending agreement will not become effective until the required Owners have consented and the Trustee has mailed notice to the Owners of the 2022 Obligations stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of 2022 Obligations and will become effective (but failure to mail copies of said notice shall not affect the validity of such supplemental or amending agreement or consents thereto).

Disqualified Obligations. 2022 Obligations owned or held by or for the account of the County or by any person directly or indirectly controlled by, or under direct or indirect common control with the County (except any Obligations held in any pension or retirement fund) will not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in the 2022 Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided therein.

No Liability of the County for the Trustee Performance. The County will have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under the 2022 Trust Agreement.

Remedies Upon Default; No Acceleration. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the 2022 Obligations then Outstanding and receiving indemnity satisfactory to it shall, exercise one or more of the remedies granted pursuant to the 2022 Purchase Agreement; provided, however, that notwithstanding anything in the 2022 Trust Agreement or in the 2022 Purchase Agreement to the contrary, there will be no right under any circumstances to accelerate the payment dates of the 2022 Obligations or otherwise to declare any of the Payments not then past due or in default to be immediately due and payable.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of the 2022 Trust Agreement or the 2022 Purchase Agreement shall be applied by the Trustee in the order following, in the case of the 2022 Obligations, upon presentation of the several 2022 Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and then of the Obligation Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel and

Second, to the payment of the whole amount then owing and unpaid with respect to the 2022 Obligations and, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the 2022 Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of 2022 Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained in the 2022 Trust Agreement.

Power of the Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, it will have full power, in the exercise of its discretion for the best interests of the Owners of the 2022 Obligations, with respect to the continuance, or disposal of such action; provided,

however, that the Trustee will not discontinue, or otherwise dispose of any litigation, without the consent of a majority in aggregate principal amount of the 2022 Obligations Outstanding.

Limitation on Obligation Owners' Right to Sue. No Owner of any Obligation will have the right to institute any action, for any remedy, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least a majority in aggregate principal amount of all the 2022 Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity; and (d) the Trustee shall have not complied with such request for a period of sixty (60) days.

No one or more Owners of 2022 Obligations will have any right in any manner whatever by their action to enforce any right under the 2022 Trust Agreement, except in the manner therein provided, and all proceedings with respect to an Event of Default will be pursued in the manner therein provided and for the equal benefit of all Owners of the Outstanding Obligations.

The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, will not be impaired or affected without the consent of such Owner.

Defeasance. If and when all Outstanding Obligations shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest and prepayment premium, if any, with respect to all 2022 Obligations Outstanding, as and when the same become due and payable;

(b) by depositing with a Depository Trustee, in trust for such purpose, at or before payment, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all 2022 Obligations Outstanding, including all principal, interest and prepayment premium; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are non-callable in such amount as shall be certified to the Trustee and the County by a national firm of certified public accountants acceptable to both the Trustee and the County, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all 2022 Obligations (including all principal, premium and interest) at their respective payment dates or prepayment dates; notwithstanding that any 2022 Obligations shall not have been surrendered for payment, all obligations of the Trustee and the County with respect to all Outstanding Obligations will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to paragraphs (b) or (c) above and paid to the Trustee by the Depository Trustee, to the Owners of the 2022 Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) or (c), the 2022 Obligations will continue to represent direct and proportionate interests of the Owners thereof in such funds.

If any Obligation or portion thereof will not be payable within sixty (60) days of the deposit referred to in paragraphs (b) or (c) above, the Trustee shall give notice of such deposit by first class mail to the Owners.

No Obligation may be so provided for based on prepayment unless the Trustee has mailed irrevocable notice of redemption for such 2022 Obligations or the County has given the Trustee irrevocable instructions to prepay such 2022 Obligations.

THE PURCHASE AGREEMENT

The following, in addition to the information under the headings “INTRODUCTORY STATEMENT” and “SECURITY AND SOURCES OF PAYMENT,” is a summary of certain provisions of the 2022 Purchase Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Payments. The obligation of the County to make the Payments will be limited to amounts from the County General Excise Tax Revenues, the State Shared Revenues and the Vehicle License Tax Revenues. The County will receive a credit against amounts due with respect to the Payments equal to any amounts held and available in the Payment Fund.

The obligations of the County to make the Payments from the sources described and to perform and observe the other agreements contained in the 2022 Purchase Agreement will be absolute and unconditional and will not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach of the Trustee of any obligation to the County or otherwise, or out of indebtedness or liability at any time owing to the County by the Trustee. Until such time as all of the Payments shall have been fully paid or provided for, the County (i) will not suspend or discontinue the Payments, (ii) will perform and observe all other agreements contained in the 2022 Purchase Agreement, and (iii) will not terminate the 2022 Purchase Agreement for any cause.

Providing for Payment. The County may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as and when the same becomes due and payable at its scheduled due date or on a date on which it can be prepaid;

(b) by depositing the with a Depository Trustee, in trust for such purposes, money which, together with the amounts then on deposit with the Trustee and available for such Payment is fully sufficient to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are non-callable, in such amount as shall be certified by a national firm of certified public accountants acceptable to the Trustee and the County as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Trustee and available for such Payment, to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid.

Upon any partial payment of a Payment resulting in a partial payment of redemption of 2022 Obligations, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the 2022 Obligations remaining outstanding after the partial payment or redemption of 2022 Obligations from the proceeds of such payment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on such outstanding 2022 Obligations when due.

Default; Remedies Upon Default.

(a) (i) Upon (A) the nonpayment of the whole or any part of certain amounts due pursuant to the 2022 Purchase Agreement (including the Payments) at the time when the same are to be paid as provided in the 2022 Purchase Agreement or the 2022 Trust Agreement, (B) the violation by the County of any other covenant or provision of the 2022 Purchase Agreement or the 2022 Trust Agreement, (C) the occurrence of an event of default with respect to the Outstanding Parity Lien Obligations or the Parity Lien Obligations incurred after the date of the 2022 Purchase Agreement, or (D) the insolvency or bankruptcy of the County as the same may be defined under any law of the United States of America or the State of Arizona, or any voluntary or involuntary action of the County or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of such amounts as required under the 2022 Purchase Agreement or the 2022 Trust Agreement on the due date, or the nonpayment of the payments on their due dates with respect to the Outstanding Parity Lien Obligations or the Parity Lien Obligations incurred after the date of the 2022 Purchase Agreement; (B) in the case of the breach of any other covenant or provision of the 2022 Trust Agreement or the 2022 Purchase Agreement not cured within sixty (60) days after notice in writing from the Trustee specifying such default; and (C) in the case of any default under any of the Outstanding Parity Lien Obligations or the Parity Lien Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the 2022 Trust Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect such amounts payable by the County under the 2022 Trust Agreement or the 2022 Purchase Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the County under the 2022 Trust Agreement or the 2022 Purchase Agreement and with respect to the County General Excise Tax Revenues, the State Shared Revenues and the Vehicle License Tax Revenues, without notice and without giving any bond or surety to the County or anyone claiming under the County, have a receiver appointed of the amounts of the County General Excise Tax Revenues which are pledged to the payment of amounts due thereunder, with such powers as the court making such appointment shall confer (and the County will irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

The obligations of the County under the 2022 Purchase Agreement, including, without limitation, its obligation to pay the Payments, will survive any action brought as provided in the 2022 Purchase Agreement, and the County will continue to pay the Payments and perform all other obligations provided in the 2022 Purchase Agreement; provided, however, that the County will be credited with any amount received by the Trustee.

The County Appointed Agent for Seller. The Trustee will irrevocably appoint the County as its sole and exclusive agent to act for and on behalf of Trustee in financing the acquisition of the Property. As such agent, the County will have full authority to do all things necessary to accomplish such purposes. The Trustee shall not be accountable for the acts of the County as its agent, and the County will assume all responsibility for the performance of such duties.

Notwithstanding any other terms or provisions of the 2022 Purchase Agreement, the interest of the Trustee as seller in the Property is solely for the purpose of facilitating the financing of the acquisition of the Property, and the Trustee will not have the power, authority or obligation to assume any responsibility for the overall management of the Property.

PROPOSED FORM OF APPROVING LEGAL OPINION

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

[TRUSTEE]
Phoenix, Arizona

Re: Pledged Revenue Obligations, Taxable Series 2022 Evidencing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by Pinal County, Arizona to [TRUSTEE], as Trustee, Dated the Date Hereof

We have examined the transcript of proceedings (the “Transcript”) relating to the execution and delivery by [TRUSTEE] (the “Trustee”) of the Pledged Revenue Obligations, Taxable Series 2022 (the “Obligations”), pursuant to a Eighth Combined Lien Trust Agreement, dated as of August 1, 2022* (the “Trust Agreement”), between the Trustee and Pinal County, Arizona (the “County”). Each of the Obligations is an undivided, participating, proportionate interest in certain payments to be made by the County pursuant to a Eighth Combined Lien Purchase Agreement, dated as of August 1, 2022* (the “Purchase Agreement”), between the Trustee as seller and the County as buyer to finance certain projects for the County. In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such an examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the County Attorney delivered even date herewith as to the matters provided therein.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Obligations, the Trust Agreement and the Purchase Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof and the rights thereunder are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally; except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.

2. The obligations of the County pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligations are solely from the revenues and other moneys pledged and assigned pursuant to the Trust Agreement to secure such payments. Those revenues and other moneys

* *Subject to change.*

include payments required to be made by the County pursuant to the Purchase Agreement, and the obligation of the County to make those payments is secured by a limited pledge of the “Excise Tax Revenues,” the “State Shared Revenues” and the “Vehicle License Tax Revenues” as described in, and provided by, the Purchase Agreement. Such payments are not secured by an obligation or pledge of any moneys raised by taxation other than the specified taxes; the Obligations do not represent or constitute a debt or pledge of the general credit of the County and the Purchase Agreement, including the obligation of the County to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the County.

3. We express no opinion regarding the excludability of the portion of each payment by the County pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the owners of the Obligations from gross income for federal or State of Arizona income tax purposes.

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$126,595,000*

PLEDGED REVENUE OBLIGATIONS, TAXABLE SERIES 2022

Evidencing Proportionate Interests of the Owners
Thereof in Purchase Payments to be Made by

PINAL COUNTY, ARIZONA

to

[TRUSTEE],

as Trustee

Closing Date: [Closing Date]

(CUSIP Base No. 72205R)

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “*Undertaking*”) is executed and delivered by Pinal County, Arizona (the “*County*”), in connection with the execution and delivery of \$126,595,000* principal amount of Pledged Revenue Obligations, Taxable Series 2022, Representing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by Pinal County, Arizona, to [TRUSTEE], as trustee (the “*Obligations*”). The Obligations are being executed and delivered pursuant to a Eighth Combined Lien Trust Agreement, dated as of August 1, 2022* (the “*Trust Agreement*”), by and between the County and [TRUSTEE], as trustee (the “*Trustee*”). The County covenants and agrees as follows:

1. *Definitions.* In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

Annual Financial Information means the financial information and operating data set forth in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the County prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

Exchange Act means the Securities Exchange Act of 1934, as amended.

* Subject to change

Final Official Statement means the Final Official Statement relating to the Obligations, dated _____, 2022.

Financial Obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

GAAP means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

Listed Event means the occurrence of events set forth in Exhibit II.

Listed Events Disclosure means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

Purchase Agreement means the Eighth Combined Lien Purchase Agreement, dated as of August 1, 2022*, by and between the County and the Trustee, in its separate capacity as “Seller.”

Rule means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

State means the State of Arizona.

2. *Purpose of this Undertaking.* This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The County represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. *CUSIP Number.* The CUSIP Numbers of the Obligations are as follows:

CUSIP®	Maturity
Base No. 72205R	Date
	(August 1)

4. *Annual Financial Information Disclosure.* Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. *Listed Events Disclosure.* Subject to Section 8 of this Undertaking, the County shall disseminate in a timely manner, but in not more than ten (10) business days, its Listed Events Disclosure through EMMA. Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

6. *Consequences of Failure of the County to Provide Information.* The County shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Trust Agreement, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

7. *Amendments; Waiver.* Notwithstanding any other provision of this Undertaking, the County by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the County (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Trust Agreement at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the County change or the fiscal year of the County changes, the County shall file a notice of such change in the same manner as for a notice of Listed Event.

8. *Termination of Undertaking.* This Undertaking shall be terminated hereunder if the County shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement.

9. *Dissemination Agent.* The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. *Beneficiaries.* This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. *Recordkeeping.* The County shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. *Assignment.* The County shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the County under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. *Governing Law.* This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

PINAL COUNTY, ARIZONA

By _____
Chairman, Board of Supervisors

Attest:

Clerk, Board of Supervisors

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement in TABLE 3 - “County General Excise Tax Revenues, State Shared Revenues and Vehicle License Tax Revenues” (actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by June 30 of each year, commencing June 30, 2023. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the County.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the County will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the County, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.
13. The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or conditional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's book-entry system is based solely on information provided by DTC. Accordingly, the County takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm this information with DTC or the DTC participants.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2022 Obligations. The 2022 Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2022 Obligation will be issued for each maturity of the 2022 Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Registrar and Paying Agent for DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2022 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Obligations on DTC's records. The ownership interest of each actual purchaser of each 2015 Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2022 Obligations, except in the event that use of the book-entry system for the 2022 Obligations is discontinued.

To facilitate subsequent transfers, all 2022 Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2022 Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2022 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Obligations, such as redemptions, tenders, defaults, and proposed amendments to the 2022 Obligation documents. For example, Beneficial Owners of 2022 Obligations may wish to ascertain that the nominee holding the 2022 Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2022 Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2022 Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2022 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the 2022 Obligations and the redemption price of any 2022 Obligation will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the 2022 Obligations and the redemption price of any 2022 Obligations will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2022 Obligations at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.