OFFICIAL STATEMENT DATED JUNE 12, 2001

Subject to compliance by the Corporation and the County with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2001 Bonds described below is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2001 Bonds is exempt from present Arizona income taxation as long as such interest is excluded from gross income for federal income tax purposes. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "ORIGINAL ISSUE PREMIUM" herein for a more complete discussion. Bond Counsel will not express any opinion for federal or Arizona income tax purposes as to any monies received in payment of the Series 2001 Bonds from sources other than funds made available by the County as a result of termination of the County's obligation under the Series 2001 Lease.

NEW ISSUE – BOOK-ENTRY-ONLY | **Ratings: See "RATINGS" herein.**

$124,855,000
MARICOPA COUNTY PUBLIC FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2001

Dated: June 1, 2001 | Due: July 1, as shown on the inside front cover

The Maricopa County Public Finance Corporation Lease Revenue Bonds, Series 2001 (the "Series 2001 Bonds") will be issued as fully registered bonds, in denominations of $5,000 or any integral multiple thereof. The Series 2001 Bonds are authorized by a Resolution adopted by the Board of Supervisors of Maricopa County, Arizona (the "County"). The Series 2001 Bonds will initially be issued in book-entry form and held by the nominee of Cede & Co., as nominee for DTC of The Depository Trust Company ("DTC") as the registered holder. Payments of principal, premium, if any, and interest with respect the Series 2001 Bonds, shall be payable directly to the DTC nominee as registered owner, with disbursements to the Beneficial Owners. Interest is payable semiannually on July 1 and January 1, commencing January 1, 2002. The Series 2001 Bonds are payable from Lease Payments to be paid by the County pursuant to a Series 2001 Lease-Purchase Agreement, dated June 1, 2001 (the "Series 2001 Lease") between the Maricopa County Public Finance Corporation (the "Corporation") and the County, pursuant to which the Leased Property described below will be leased to the County by the Corporation. The rights of the Corporation under the Series 2001 Lease, including the Lease Payments thereunder, will be assigned to the Trustee to secure the Series 2001 Bonds pursuant to the Trust Indenture dated June 1, 2001 between the Corporation and BNY Western Trust Company, as trustee (the "Trustee"). The Lease Payments will be made directly to the Trustee pursuant to the Series 2001 Lease.

The Series 2001 Bonds will be subject to optional and special redemption as more fully described herein. See "Redemption Provisions" herein.

Proceeds from the sale of the Series 2001 Bonds will be used for the purpose of assisting the Corporation in financing (a) the costs of purchasing certain real property (the "Leased Land") and improvements thereon (the "Existing Improvements"), (b) the costs to construct additional improvements thereto (collectively with the Leased Land and the Existing Improvements, the "Leased Property"), and (c) costs relating to the issuance of the Series 2001 Bonds. The Series 2001 Lease will commence as of June 1, 2001, and will continue in full force and effect until June 30, 2001, subject to annual renewal for additional fiscal periods (July 1 through June 30) through and including the fiscal period ending June 30, 2015, unless the Series 2001 Lease is not renewed prior thereto pursuant to the provisions thereof.

The scheduled payment of principal of and interest on the Series 2001 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2001 Bonds.

Ambac

THE COUNTY'S OBLIGATION TO MAKE LEASE PAYMENTS, AND ANY OTHER FINANCIAL OBLIGATIONS OF THE COUNTY UNDER THE SERIES 2001 LEASE, WILL BE SUBJECT TO AND DEPENDENT UPON ANNUAL APPROPRIATIONS BEING MADE BY THE COUNTY. IN THE EVENT NO APPROPRIATION IS MADE FOR ANY SUCCEEDING FISCAL YEAR, THE SERIES 2001 LEASE WILL NOT BE RENEWED AND THERE CAN BE NO ASSURANCE THAT THE PROCEEDS, IF ANY, FROM LEASING THE LEASED PROPERTY TO ANOTHER LESSEE(S) FOR THE REMAINING TERM OF THE SERIES 2001 LEASE WILL BE SUFFICIENT TO PAY PRINCIPAL OR INTEREST WHEN PAYABLE WITH RESPECT TO THE SERIES 2001 BONDS. NONE OF THE SERIES 2001 BONDS, THE SERIES 2001 LEASE, THE OBLIGATIONS OF THE COUNTY PURSUANT TO THE SERIES 2001 LEASE OR ANY OTHER OBLIGATIONS OF THE COUNTY ENTERED INTO IN CONNECTION THEREWITH SHALL BE CONSTRUED TO CONSTITUTE A DEBT OF THE COUNTY, THE STATE OF ARIZONA OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE CORPORATION HAS NO TAXING AUTHORITY NOR ANY ASSETS OR OTHER REVENUE FROM WHICH THE SERIES 2001 BONDS CAN OR WILL BE PAID. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2001 BONDS".

See "RISK FACTORS" for a discussion of some of the risks inherent in investing in the Series 2001 Bonds.

This cover page contains only a brief description of the Series 2001 Bonds and the security therefor. It is not a summary of material information with respect to the Series 2001 Bonds. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

This Official Statement has been prepared by the County in connection with the original offering for sale of the Series 2001 Bonds referred to above. The Series 2001 Bonds are offered when, as and if issued, and subject to the approving opinion of Greenberg Traurig, LLP, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriters by Snell & Wilmer L.L.P. and for the County by Squire Sanders & Dempsey L.L.P., Disclosure Counsel to the County. It is anticipated that the Series 2001 Bonds will be available for delivery through DTC in New York, New York on or about June 27, 2001.

UBS PaineWebber Inc.

Salomon Smith Barney | **A.G. Edwards & Sons, Inc.**

Bear, Stearns & Co. Inc. | **Peacock, Hislop, Staley & Given, Inc.**

MATURITY SCHEDULE

$124,855,000
MARICOPA COUNTY PUBLIC FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2001

Maturity Date (July 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP # 566877
2002	$15,310,000	4.000%	2.750%	AA 4
2003	16,185,000	5.000	3.200	AB 2
2004	4,580,000	5.000	3.480	AC 0
2004	1,200,000	3.450	3.480	AQ 9
2005	5,765,000	5.000	3.680	AD 8
2005	300,000	3.650	3.680	AR 7
2006	5,760,000	5.250	3.830	AE 6
2006	625,000	3.800	3.830	AS 5
2007	6,255,000	4.250	4.010	AF 3
2007	485,000	4.000	4.010	AT 3
2008	5,830,000	5.500	4.130	AG 1
2008	1,190,000	4.125	4.130	AU 0
2009	6,895,000	5.500	4.250	AH 9
2009	500,000	4.250	4.250	AV 8
2010	7,645,000	5.500	4.340	AJ 5
2010	185,000	4.300	4.340	AW 6
2011	7,870,000	5.500	4.430	AK 2
2011	395,000	4.400	4.430	AX 4
2012	7,860,000	5.500	107.487*	AL 0
2012	850,000	4.550	4.560	AY 2
2013	9,205,000	5.500	106.658*	AM 8
2014	9,100,000	5.500	106.001*	AN 6
2014	600,000	4.700	4.740	AZ 9
2015	9,190,000	5.500	105.187*	AP 1
2015	1,075,000	4.800	4.840	BA 3

(Plus accrued interest from June 1, 2001)

* Priced to July 1, 2011, the first optional early redemption date.

MARICOPA COUNTY PUBLIC FINANCE CORPORATION

Victoria Prins, *President and Director*
Tom Manos, *Secretary and Director*
Loretta Barkell, *Treasurer and Director*

MARICOPA COUNTY, ARIZONA

BOARD OF SUPERVISORS

Janice K. Brewer, *Chairperson*
Fulton Brock, *Member*
Andrew Kunasek, *Member*
Donald Stapley, *Member*
Mary Rose Garrido Wilcox, *Member*

ADMINISTRATION

David R. Smith, *County Administrative Officer*
Sandra Wilson, *Deputy County Administrative Officer*
Tom Manos, *Chief Financial Officer*

BOND COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

DISCLOSURE COUNSEL

Squire, Sanders & Dempsey L.L.P.
Phoenix, Arizona

FINANCIAL ADVISOR

U.S. Bancorp Piper Jaffray Inc.®
Phoenix, Arizona

TRUSTEE

BNY Western Trust Company
Los Angeles, California

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2001 Bonds of the Corporation identified on the inside front cover page hereof. No person has been authorized by the Corporation, the County or the Underwriters to give any information or to make any representation other than as contained this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the Corporation, the County, or the Underwriters. This Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of the Series 2001 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. 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 hereunder shall, under any circumstances, give rise to any implication that there will be no change in the affairs of the Corporation or the County after the date hereof. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Upon issuance, the Series 2001 Bonds will not be registered by the Corporation, the County or the Underwriters under the Federal Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission or any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2001 Bonds for sale.

In connection with the offering, the underwriters may overallot or effect transactions which stabilize or maintain the market price of the Series 2001 Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2001 Bonds to certain dealers, institutional investors and others 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 Underwriters.

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$124,855,000
MARICOPA COUNTY PUBLIC FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2001

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, is furnished in connection with the offering by Maricopa County Public Finance Corporation (the "Corporation"), an Arizona nonprofit corporation, of its Lease Revenue Bonds, Series 2001 (the "Series 2001 Bonds") in the aggregate principal amount of $124,855,000. The Series 2001 Bonds are authorized by a resolution adopted by the Board of Directors of the Corporation on June 12, 2001, and under the terms of the Trust Indenture, dated June 1, 2001 (the "Indenture") between the Corporation and BNY Western Trust Company, Los Angeles, California, as trustee (the "Trustee").

The proceeds of the Series 2001 Bonds will be used by the Corporation to acquire certain parcels of land (the "Leased Land") and improvements thereon (the "Existing Improvements"), described under "THE LEASED PROPERTY" herein, and to construct additional improvements thereon (the "New Improvements" and together with the Leased Land and the Existing Improvements, the "Leased Property"). A portion of the proceeds of the Series 2001 Bonds not to exceed $25 million will also be used to reimburse the County for expenditures previously made by the County on governmental projects not included as part of the Leased Property. The Leased Property will be leased to Maricopa County, Arizona (the "County") pursuant to a Series 2001 Lease-Purchase Agreement dated June 1, 2001 (the "Series 2001 Lease"). The Series 2001 Bonds are payable from lease payments (the "Lease Payments") made pursuant to the Series 2001 Lease and are additionally secured by a debt service reserve fund established pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." Certain information concerning the Series 2001 Lease, the Indenture and the authorization, purpose, terms, conditions of sale and the security for and sources of payment of the Series 2001 Bonds is set forth in this Official Statement.

The obligations of the County under the Series 2001 Lease will be payable exclusively from annually appropriated funds and will not be a general obligation or indebtedness of the County for any purpose. The obligation of the County to make payments under the Series 2001 Lease is subject to termination as of the last day of each Fiscal Year (currently June 30) at the option of the County. If so terminated, the County shall thereafter be relieved of any subsequent obligation under the Series 2001 Lease other than to surrender possession of the Leased Property to the Trustee. **In the event of such termination, there is no assurance that the Trustee will have adequate funds under the Indenture to pay the principal of and interest on the Series 2001 Bonds or that the interest on the Series 2001 Bonds will continue to be excluded from gross income for federal or Arizona income tax purposes.** See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," and "TAX EXEMPTION."

The timely payment of the principal of and interest on the Series 2001 Bonds, when due, will be insured by a financial guaranty insurance policy delivered simultaneously with the issuance of the Series 2001 Bonds to be issued by Ambac Assurance Corporation ("Ambac Assurance"). See "BOND INSURANCE" and Appendix H - "SPECIMEN BOND INSURANCE POLICY."

The Indenture permits the issuance of additional bonds on a parity with the Series 2001 Bonds (the "Additional Bonds" and together with the Series 2001 Bonds, the "Bonds"). See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - Additional Bonds, and Appendix D – "SUMMARY OF LEGAL DOCUMENTS – Authorization and Terms of Series 2001 Bonds; Additional Bonds."

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as shown by the financial and other information, will necessarily continue or be repeated in the future.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes (A.R.S.) or uncodified, or of the Arizona Constitution, are references to those provisions in their current form. Those provisions may be amended, repealed or supplemented.

Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms in Appendix D under the heading "SUMMARY OF LEGAL DOCUMENTS – Definitions."

See "RISK FACTORS" for a discussion of certain risks inherent in investing in the Series 2001 Bonds.

This Official Statement contains descriptions of the Series 2001 Bonds, the Indenture and the Series 2001 Lease. The descriptions of the Series 2001 Bonds, the Indenture and the Series 2001 Lease and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the complete documents, copies of which are available from the County's financial advisor, U.S. Bancorp Piper Jaffray Inc., 2525 E. Camelback Road, Suite 900, Phoenix, Arizona 85016-4231.

THE SERIES 2001 BONDS

Authorization and Purpose

The Series 2001 Bonds are being issued to assist the Corporation in financing the costs of acquiring and improving the Leased Property. The Corporation will use the proceeds of the Series 2001 Bonds to buy and improve the Leased Property pursuant to the Series 2001 Acquisition and Assignment Agreement dated June 1, 2001 between the Corporation and the County (the "Acquisition Agreement"), and to pay the costs associated with the issuance of the Series 2001 Bonds. Under the Series 2001 Lease, the County will lease the Leased Property from the Corporation for approximately fourteen years at which time title will pass back to the County. The County's obligation to make Lease Payments under the Series 2001 Lease is subject to annual appropriation, as described under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Non-Appropriation." For a description of the Leased Property see "THE LEASED PROPERTY" herein.

General Provisions

The Series 2001 Bonds will be executed and issued by the Corporation in fully registered form in denominations of $5,000 or any whole multiple thereof. The Series 2001 Bonds will be dated as of June 1, 2001 and will bear interest from their dated date until paid at the rates shown on the inside cover page of this Official Statement, payable semiannually on January 1 and July 1 of each year (the "Interest Payment Dates") commencing on January 1, 2002, to and including their maturity or redemption dates. The Series 2001 Bonds will initially be issued in book-entry form and registered in the name of Cede & Co., as registered owner and nominee of the Depository Trust Company, New York, New York ("DTC"). See Appendix E - "BOOK-ENTRY-ONLY SYSTEM." Subject to the provisions summarized in Appendix E - "BOOK-ENTRY-ONLY SYSTEM", (i) the principal of and premium, if any, on the Series 2001 Bonds will be payable upon presentation and surrender of such Bond to the Trustee, and (ii) payment of interest on the Series 2001 Bonds will be made by check or draft mailed by the Trustee to the Owner of the Series 2001 Bonds at the address of the Owner shown on the registration records maintained by the Trustee as of the fifteenth day of the calendar month next preceding the applicable Interest Payment Date or with the approval of the Corporation the Trustee may enter into an agreement with an Owner for payment to be made at the place and in the manner provided in such agreement.

Redemption Provisions

Special Redemption

In the event the Series 2001 Lease is terminated due to an Event of Non-Appropriation, or an Event of Default occurs under the Series 2001 Lease, the Series 2001 Bonds will be subject to special redemption with the prior written consent of Ambac Assurance at any time for which the required notice has been given, in whole or in part at a price equal to par plus accrued interest to the redemption date.

In addition, in the event of total damage, destruction or condemnation of any portion of the Leased Property and the determination by the County not to restore the Leased Property, the Series 2001 Bonds will be subject to special redemption in whole or in part, at any time for which the required notice has been given, solely from the Net Proceeds of insurance, self-insurance or condemnation awards, at a price equal to par plus accrued interest to the redemption date. See Appendix D - "SUMMARY OF LEGAL DOCUMENTS – The Indenture – Net Proceeds – *Section 6.01 – Establishment of Net Proceeds Fund; Application of Net Proceeds of Insurance Proceeds or Condemnation Awards.*

Optional Redemption

The Series 2001 Bonds maturing on and after July 1, 2012 will be subject to redemption at the option of the Corporation (at the direction of the County) prior to maturity, in whole or in part, in any order of maturity as directed by the Corporation, in increments of $5,000 on July 1, 2011, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption of any Series 2001 Bond will be mailed to the respective Owners, initially only DTC, of the Series 2001 Bond or Series 2001 Bonds being redeemed at the addresses shown on the register maintained by the Trustee not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Neither failure to give notice to any owner of a Series 2001 Bond nor any defect in any notice will affect the validity of the proceedings for the redemption of any Series 2001 Bond with respect to which notice is properly given. Any failure on the part of DTC or on the part of a Direct or Indirect Participant in the DTC Book-Entry-Only system to notify the Beneficial Owner of the Series 2001 Bonds so affected will not affect the validity of the redemption of the Series 2001 Bonds.

Notice having been given in the manner provided above, the Series 2001 Bonds and portions thereof called for redemption will become due and payable on the redemption date. If moneys sufficient to redeem all the Series 2001 Bonds or portions thereof called for redemption are held by the Trustee on the redemption date and if proper notice of redemption shall have been given, then the Series 2001 Bonds or portions thereof called for redemption will cease to be entitled to receive interest with respect thereto and will no longer be considered Outstanding under the Indenture. Any moneys held by the Trustee for the redemption of Series 2001 Bonds shall be held in trust for the account of the Owners of the Series 2001 Bonds to be redeemed.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds, and the interest thereon and premium, if any, are special limited obligations of the Corporation, payable solely from Revenues, which consist primarily of Lease Payments (other than Unassigned Corporations' Rights) under the Series 2001 Lease. Revenues also include all moneys in addition to Lease Payments received or to be received by the Corporation or the Trustee in respect of the Series 2001 Lease, including, without limitation, moneys and investments in the Series 2001 Acquisition and Construction Fund, the Interest Fund, the Bond Retirement Fund and the Reserve Fund, all Net Proceeds received by the Trustee under any liability or casualty insurance policies or upon condemnation, and all income and profit from the investment of the foregoing monies other than that required to be rebated to the United States. The Revenues have been assigned to the Trustee to secure the payment of the Bonds.

THE BONDS, AND THE INTEREST THEREON AND THE PREMIUM, IF ANY, ARE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE EXCLUSIVELY FROM REVENUES. THE SERIES 2001 BONDS DO NOT CONSTITUTE A DEBT, LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE CORPORATION OR OF THE COUNTY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE OR THE COUNTY. THE BONDS SHALL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE CORPORATION, BUT SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE, BUT NOT OTHERWISE. THE CORPORATION HAS NO TAXING POWER.

See "RISK FACTORS" for a discussion of certain risks inherent in investing in the Series 2001 Bonds.

Bond Insurance

The timely payment of the principal of and interest on the Series 2001 Bonds, when due, will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance. See "BOND INSURANCE" and APPENDIX H – "SPECIMEN BOND INSURANCE POLICY."

The Series 2001 Lease

Under the terms of the Series 2001 Lease, the County will be obligated to pay on each Lease Payment Date an amount equal to the Lease Payment then due. The Lease Payment due on each Lease Payment Date will equal the aggregate amount of the principal of, premium, if any, and interest on the Bonds becoming payable on the ensuing Interest Payment Date, plus any Additional Rent due on such date. The Lease Term will commence as of June 1, 2001 and will end on the date on which all Lease Payments and all other amounts due under the Series 2001 Lease have been paid, unless sooner terminated in accordance with the provisions of the Series 2001 Lease.

The Series 2001 Lease will provide that the County's obligation to pay the Lease Payments will be absolute and unconditional, without any right of set-off or counterclaim, subject to and dependent upon annual Appropriations being made by the County to pay Lease Payments. See "Non-Appropriation" below. The County will covenant in the Series 2001 Lease that it will, to the extent permitted by law, include in its budget for each Fiscal Year during the Term of the Series 2001 Lease a sufficient amount to permit the County to make all of the Lease Payments and other payments required under the Series 2001 Lease. For a description of the budget process see "FINANCIAL MATTERS – *Introduction* – Budget Process" herein. The County's obligation to pay Lease Payments will continue until all Lease Payments and all other amounts due under the Series 2001 Lease have been paid, unless the Series 2001 Lease is sooner terminated in accordance with its provisions.

The Lease Payments cannot be accelerated under the Series 2001 Lease or the Indenture.

The initial term of the Series 2001 Lease will expire on June 30, 2001. The term shall be deemed extended automatically by the County for up to 14 successive periods of one Fiscal Year each, commencing on the first day of each such Fiscal Year for which an Appropriation has been made by the last date on which the County may adopt a budget for that Fiscal Year. If the County does not make an Appropriation of moneys sufficient to pay Lease Payments in any succeeding Fiscal Year, the Series 2001 Lease will terminate and the County will be required to vacate and return possession of the Leased Property to the Trustee, all in accordance with and subject to the terms of the Series 2001 Lease and the Indenture. In that event, the Trustee would be entitled to exercise all available remedies, which could include re-leasing, or selling the Leased Property. See "Non-Appropriation" below. Amounts sufficient to make Lease Payments through June 30, 2001 have been Appropriated by the County.

Non-Appropriation

The County's obligation to pay Lease Payments and any other obligations of the County under the Series 2001 Lease will be subject to and dependent upon annual Appropriations by the Board. Each such obligation will be a current expense of the County, payable exclusively from appropriated monies, and will not be a general obligation or indebtedness of the County. If in any Fiscal Year the Board fails to appropriate monies to pay Lease Payments, then the County will be relieved of any subsequent obligation under the Series 2001 Lease. The Series 2001 Lease will provide that if, prior to the last date occurring in any Fiscal Year in which the County is required or permitted to adopt its budget for such Fiscal Year, the County fails to make an Appropriation for the Lease Payments for such Fiscal Year, an Event of Non-Appropriation will be deemed to have occurred and the Series 2001 Lease will terminate as of June 30 of the preceding Fiscal Year.

In the event the Series 2001 Lease is terminated due to an Event of Non-Appropriation, the County is under no obligation to make any future Lease Payments and is not expected to continue to make such Lease Payments. Under such circumstances the Trustee (subject to proper indemnification of the Trustee) will have all legal and equitable rights and remedies to take possession of the Leased Property and/or to require the Corporation to convey the Leased Property to the Trustee, and the County will agree to surrender possession of the Leased Property to the Trustee in at least as good condition and repair as when delivered to the County, ordinary wear and tear excepted. In such event the Series 2001 Bonds will, with the consent of Ambac Assurance, be subject to special redemption as described under "THE BONDS–Redemption Provisions - *Special Redemption*."

The Series 2001 Lease will provide that each of the parties thereto acknowledges that Appropriation is a legislative act beyond the control of the Corporation or Trustee.

Flow of Funds

General. All moneys and investments held by the Trustee under the Indenture (except moneys and investments in the Rebate Fund) will be irrevocably held in trust for the benefit of the Owners and the County, as their interests appear, and for the purposes specified in the Indenture, and such moneys, and any income or interest earned thereon, will be expended only as provided in the Indenture and will not be subject to levy or attachment by lien by or for the benefit of any creditor of the Trustee or the County.

Funds. The Indenture creates the following funds: the Revenue Fund, the Interest Fund, the Bond Retirement Fund, the Reserve Fund, the Series 2001 Acquisition and Construction Fund, and the Net Proceeds Fund.

Flow of Funds. The semi-annual Lease Payments to be paid by the County shall be deposited in the Revenue Fund. The Trustee shall withdraw monies from the Revenue Fund as follows:

(a) One business day prior to each Interest Payment Date the Trustee shall deposit in the Interest Fund an amount equal to the amount of interest becoming due and payable on the Outstanding Bonds on the next Interest Payment Date. Each such deposit shall be made so that adequate monies for the payment of interest will be available in such fund on each date that interest payments are to be made on the Series 2001 Bonds.

(b) One business day prior to each Principal Payment Date, the Trustee shall deposit in the Bond Retirement Fund an amount equal to the principal amount of Series 2001 Bonds becoming due and payable on the next Principal Payment Date.

The respective transfers relating to accounts established for Additional Bonds shall be set forth in the Supplemental Indenture authorizing the issuance thereof.

Reserve Fund

A Reserve Fund will be established by the Indenture and will be required to be funded by the County from funds other than Bond Proceeds in an amount equal to the Reserve Requirement, initially $12,485,500 (the "Initial Deposit"). All moneys on deposit in the Reserve Fund will be held by the Trustee solely for the benefit of the Owners of the Bonds. In the event the amount of cash and eligible investments described in Sections (1), (2) and (3) of the definition of Eligible Investments set forth in Appendix D - "SUMMARY OF LEGAL DOCUMENTS - Definitions," is less than the Reserve Requirement, the County is required over a 12-month period to restore the Reserve Fund to an amount equal to the Reserve Requirement by making payments of Additional Rent pursuant to the Series 2001 Lease. See Appendix D "SUMMARY OF LEGAL DOCUMENTS – Series 2001 Lease – *Section 3 – Additional Rent.*" If on any Interest Payment Date or Principal Payment Date moneys in the Interest Fund or Bond Retirement Fund do not equal the amount of the interest or principal, respectively, due and payable on such date, the Trustee will be required to transfer moneys available in the Reserve Fund to the Interest Fund and Bond Retirement Fund, as appropriate, to make up any shortfall. Amounts in the Reserve Fund shall be used and withdrawn solely for the purpose of paying the interest on or principal of the Bonds in the event that no other money of the Corporation is available therefor, or for the retirement of all of the Bonds then outstanding.

If on any Lease Payment Date the amount in the Reserve Fund exceeds the Reserve Requirement and if the Corporation is not then in default under the Indenture, the Trustee shall withdraw the amount of any such excess from such fund and shall apply such amount, on a pro rata basis, first to the Interest Fund and second to the Bond Retirement Fund. The County shall receive a credit towards Base Rent owed on any Lease Payment Date to the extent funds which exceed the Reserve Requirement are transferred to the Interest Fund or the Bond Retirement Fund.

The Indenture permits the execution and delivery of a supplemental indenture, with the consent of Ambac Assurance, but without the consent of the Owners of the Series 2001 Bonds to facilitate the substitution of an insurance policy, surety bond or letter of credit, the provider of which has unsecured obligations in one of the two highest rating categories of each Rating Agency, in satisfaction of the Reserve Requirement for the Series 2001 Bonds or any Additional Bonds. See Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – The Indenture–Section 9.02 - *Supplemental Indentures Not Requiring Consent of Owners*."

Additional Bonds

The Indenture permits the Corporation to issue Additional Bonds from time to time on a parity with the Series 2001 Bonds, and any Additional Bonds thereafter issued for the purpose of refunding any Bonds or acquiring, constructing, reconstructing or improving buildings, equipment and other real and personal properties for the use of the County. The Indenture includes, among others, the following conditions which must be satisfied prior to the issuance of Additional Bonds:

(a) no Event of Default shall exist under the Series 2001 Lease, or the Indenture, as any or all of them may have been supplemented;

(b) if the issuance of such Additional Bonds causes the Reserve Requirement to increase, then at the time of issuance of such Additional Bonds either cash or eligible investments (described in clauses (1) or, (2) of the definition of Eligible Investments set forth in Appendix D -"SUMMARY OF LEGAL DOCUMENTS - Definitions") shall be provided to the Trustee so that the Reserve Requirement shall be satisfied;

(c) receipt by the Trustee of executed amendments to the Series 2001 Lease and the Indenture providing for the issuance and payment of the Additional Bonds; and

(d) the Trustee shall have received Rating Confirmations with respect to any Bonds which are not supported by bond insurance. See Appendix D – "SUMMARY OF LEGAL DOCUMENTS – The Indenture –Authorization and Terms of Series 2001 Bonds; Additional Bonds"

The Corporation has the capacity, which the provisions of the Series 2001 Lease do not limit, to issue other obligations (in addition to obligations related to Additional Bonds) which would be paid by the County from the County's unrestricted current operating funds, which are the same funds the County will use to make Lease Payments under the Series 2001 Lease. The Corporation currently anticipates the issuance of approximately $110,000,000 of Additional Bonds during Fiscal Year 2002-2003 to complete the construction of the New Improvements described under the caption "LEASED PROPERTY" herein. Such Additional Bonds will also be secured by the Series 2001 Lease and will be on a parity with the Series 2001 Bonds. It is not anticipated that any additional real property will be added to the Series 2001 Lease in connection with the issuance of such Additional Bonds.

Net Proceeds Fund

Net Proceeds or condemnation awards of less than $500,000 are to be retained by the County and applied to replace the Leased Property damaged or destroyed. Any Net Proceeds or condemnation awards of $500,000 or more collected by the Corporation, Trustee or the County shall be transferred to the Trustee and deposited by the Trustee in the Net Proceeds Fund and at the election of the County will be used to pay the costs of repairing or replacing the portion of the Leased Property lost. In the event of total damage, destruction and condemnation of all or a portion of the Leased Property, if the County does not elect to repair or replace such portion of the Leased Property the Net Proceeds or other insurance or condemnation proceeds shall be transferred, *pro rata*, to the Interest Fund and the Bond Retirement Fund and applied to the next Lease Payments to come due or used to redeem Bonds in advance of their due date in accordance with the special redemption provisions of the Indenture. See "THE SERIES 2001 BONDS" - Redemption Provisions - *Special Redemption.*"

Limitations on Remedies

The enforceability of the Series 2001 Lease and the Indenture will be subject to bankruptcy laws and other laws affecting creditor's rights and to the exercise of judicial discretion. Because of the delays inherent in obtaining judicial remedies, it should not be assumed that the remedies available to the Trustee could be accomplished rapidly. Any delays in the ability of the Trustee to obtain possession of the Leased Property could result in delays in the payment of the principal of and interest on the Series 2001 Bonds.

The Indenture will provide that prior to exercising any remedies, the Trustee may require that satisfactory indemnification and assurances be provided to it for reimbursement of all reasonable expenses which it may incur in exercising its remedies. Such assurances may include but are not limited to, environmental audits or other evidence satisfactory to the Trustee that it will not incur liability by reason of any remedial action taken pursuant to the Indenture.

In the event that an Event of Non-Appropriation occurs, there can be no assurance that the proceeds from any re-letting or sale of the Leased Property will be sufficient to pay in full the principal of or interest on the then Outstanding Bonds. With the prior written consent of Ambac Assurance, the Series 2001 Bonds will be subject to special redemption upon the occurrence of an Event of Non-Appropriation. See "THE SERIES 2001 BONDS – Redemption Provisions – Special Redemption."

Defeasance

The Bonds will be subject to defeasance and will be deemed paid or provided for with moneys or Defeasance Obligations provided by the County in connection with the County's exercise of its option to purchase the Leased Property prior to the scheduled maturity of all Bonds or an advance refunding of the Bonds.

Ambac Assurance as Owner of All Series 2001 Bonds

Ambac Assurance will have the right to consent on behalf of Owners (with limited exceptions) to amendments of the Series 2001 Lease and the Indenture without notice to or consent of the Owners or beneficial owners.

BOND INSURANCE

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Series 2001 Bonds effective as of the date of issuance of the Series 2001 Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2001 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2001 Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2001 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2001 Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2001 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2001 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2001 Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2001 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2001 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2001 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2001 Bond and will be fully subrogated to the surrendering Owner's rights to payment.

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately $4,568,000,000 (unaudited) and statutory capital of approximately $2,787,000,000 (unaudited) as of March 31, 2001. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Series 2001 Bonds. **No representation is made by Ambac Assurance regarding the Federal income tax treatment of payments that are made by Ambac Assurance under the terms of The Policy due to nonappropriation of funds by the County.**

Ambac Assurance makes no representation regarding the Series 2001 Bonds or the advisability of investing in the Series 2001 Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE".

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement:

1) The Company's Current Report on Form 8-K dated January 24, 2001 and filed on January 24, 2001;

2) The Company's Current Report on Form 8-K dated March 19, 2001 and filed on March 19, 2001;

3) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filed on March 28, 2001; and

4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2001 and filed on May 15, 2001.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

THE LEASED PROPERTY

A portion of the Series 2001 Bond proceeds will be used by the Corporation to acquire certain parcels of land (the "Leased Land") and improvements thereon (the "Existing Improvements") and to finance a portion of the costs of constructing on the Leased Land (1) the Maricopa County Administration Center (the "Administration Center"), (2) a forensic science center (the "Forensic Science Center"), and (3) a parking garage and customer service center for the Clerk of the Superior Court of Maricopa County (the "Superior Court Customer Service Center," and together with the Administration Center and the Forensic Science Center, the "New Improvements.") The Existing Improvements include the portions of the Forensic Science Center and the Superior Court Customer Service Center which are completed on the date of issuance and delivery of the Series 2001 Bonds and also include a previously constructed Security Center Building. The Leased Land, Existing Improvements and New Improvements are collectively referred to as the "Leased Property." A portion of the Series 2001 Bond proceeds, not to exceed $25 million, will also be used to reimburse the County for expenditures previously made by the County on governmental projects not included as part of the Leased Property.

The Leased Property is located in downtown Phoenix and will be used for essential governmental purposes, including general governmental, administrative and judicial services, some of which are mandated by law.

The Administration Center, containing approximately 710,000 gross square feet of space, will provide office space and amenities for the County. Under the current schematic design, the Administration Center will include three separate buildings composed of a twenty-three story office building, including County Board of Supervisor's Auditorium and meeting rooms. The Administration Center will comprise an area of approximately ten contiguous acres and will be located in an area bounded by Jackson Street on the north, Jefferson Street on the south, Seventh Avenue on the west, and Fifth Avenue on the east. The project is currently in the schematic design phase and is expected to be in the design development phase by June 2001. The cost of constructing the Administration Center is currently estimated to be $141.5 million and construction is expected to be completed by November, 2003.

The Forensic Science Center, containing approximately 60,000 square feet of space and a parking structure with 1,000 parking spaces, will include public service areas, offices and conference rooms for medical examiners and various laboratories. The Forensic Science Center will be constructed on the southwest corner of Jefferson Street and 7th Avenue. The cost of constructing the Forensic Science Center and related improvements is currently estimated to be $30 million. The construction of the Forensic Science Center is expected to be completed by August, 2002.

The Superior Court Customer Service Center will be a nine-story building located on the south side of Jackson Street between Fifth Avenue and Seventh Avenue. The first floor will be used to store Clerk of the Superior Court records and provide space for other Court activities. The remaining eight floors will be a parking garage for approximately 1,700 County employees. The project is currently estimated to cost approximately $25.7 million. The building is currently under construction and is expected to be completed by the end of June, 2001.

The County acquired the Security Center Building containing 280,612 gross square feet, in February 2001 at a total cost of approximately $8.93 million. The Security Center Building, an historic building originally constructed in the 1920's, is currently planned for use by the Public Defender's office. The County plans to spend approximately $700,000 per year for the next five years for ADE compliance and other capital improvements.

The County has completed the acquisition of the Leased Land and is currently in various stages of constructing improvements to the Leased Land. Upon the date of issuance and delivery of the Series 2001 Bonds, the Corporation will acquire the Leased Land and Existing Improvements from the County with approximately $27,905,351 of Series 2001 Bond proceeds. The remainder of the net proceeds of the Series 2001 Bonds will be deposited into the Acquisition and Construction Fund and used to pay the costs of the New Improvements, the costs of issuance and to reimburse the County for other governmental projects in an aggregate amount of not to exceed $25.0 million.

The following table shows the current estimated value of the Leased Land and Existing Improvements.

	Value
Administration Center	$ 1,918,779
Forensic Science Center	7,093,976
Superior Court Customer Service Center	10,036,407
Security Building	8,856,189
Total	$27,905,351

The County anticipates that it will complete the New Improvements by the end of fiscal year 2003-04. The total value of the Leased Property upon completion of the New Improvements is estimated to be in excess of $238 million. To complete construction of the New Improvements, the Corporation anticipates the sale of approximately $110 million in Additional Bonds during fiscal year 2002-03. Such Additional Bonds will be issued on parity with the Series 2001 Bonds.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2001 Bonds will be applied as follows:

Sources of Funds:

Par Amount	$ 124,855,000.00
Accrued Interest	456,047.94
Net Original Issue Premium	6,284,657.65
County Contribution	12,485,500.00
Total Sources	$144,081,205.59

Uses of Funds:

Deposit to Acquisition & Construction Fund (1)	$102,344,649.00
Payment to County for Existing Property	27,905,351.00
Bond Insurance Premium and Underwriters' Discount	886,104.99
Deposit to Debt Service Reserve Fund	12,485,500.00
Deposit to Interest Account	459,600.60
Total Uses	$144,081,205.59

(1) Costs of Issuance, including rating agency fees, Trustee's fees, counsel fees and financial advisory fees, and other costs of issuance will be paid from the Series 2001 Acquisition & Construction Fund.

LEASE PAYMENTS

The following schedule reflects the semiannual payment requirements of the Series 2001 Bonds. Such payments correspond to the Lease Payments which will be payable by the County pursuant to the Lease on each December 26 and June 26 preceding each January 1 and July 1 payment date on the Series 2001 Bonds. The County anticipates that, with respect to the Series 2001 Bonds, a portion of the revenues used to pay Lease Payments under the Series 2001 Lease will originate from the County's General Fund.

Schedule of Lease Payments (a) (c)

Date	Principal	Interest (b)	Total Principal and Interest (b)	Fiscal Year Total Principal and Interest (b)
1/01/2002	-	$3,683,464.17	$3,683,464.17	-
7/01/2002	$15,310,000.00	3,157,255.00	18,467,255.00	$22,150,719.17
1/01/2003	-	2,851,055.00	2,851,055.00	-
7/01/2003	16,185,000.00	2,851,055.00	19,036,055.00	21,887,110.00
1/01/2004	-	2,446,430.00	2,446,430.00	-
7/01/2004	5,780,000.00	2,446,430.00	8,226,430.00	10,672,860.00
1/01/2005	-	2,311,230.00	2,311,230.00	-
7/01/2005	6,065,000.00	2,311,230.00	8,376,230.00	10,687,460.00
1/01/2006	-	2,161,630.00	2,161,630.00	-
7/01/2006	6,385,000.00	2,161,630.00	8,546,630.00	10,708,260.00
1/01/2007	-	1,998,555.00	1,998,555.00	-
7/01/2007	6,740,000.00	1,998,555.00	8,738,555.00	10,737,110.00
1/01/2008	-	1,855,936.25	1,855,936.25	-
7/01/2008	7,020,000.00	1,855,936.25	8,875,936.25	10,731,872.50
1/01/2009	-	1,671,067.50	1,671,067.50	-
7/01/2009	7,395,000.00	1,671,067.50	9,066,067.50	10,737,135.00
1/01/2010	-	1,470,830.00	1,470,830.00	-
7/01/2010	7,830,000.00	1,470,830.00	9,300,830.00	10,771,660.00
1/01/2011	-	1,256,615.00	1,256,615.00	-
7/01/2011	8,265,000.00	1,256,615.00	9,521,615.00	10,778,230.00
1/01/2012	-	1,031,500.00	1,031,500.00	-
7/01/2012	8,710,000.00	1,031,500.00	9,741,500.00	10,773,000.00
1/01/2013	-	796,012.50	796,012.50	-
7/01/2013	9,205,000.00	796,012.50	10,001,012.50	10,797,025.00
1/01/2014	-	542,875.00	542,875.00	-
7/01/2014	9,700,000.00	542,875.00	10,242,875.00	10,785,750.00
1/01/2015	-	278,525.00	278,525.00	-
7/01/2015	10,265,000.00	278,525.00	10,543,525.00	10,822,050.00
Total	**$124,855,000.00**	**$48,185,241.67**	**$173,040,241.67**	**$173,040,241.67**

(a) The schedule of payment requirements for the Series 2001 Bonds was prepared by U.S. Bancorp Piper Jaffray Inc., Financial Advisor to the County. This schedule has been prepared on the basis of the County's payment of the Lease Payments to the Trustee on December 26 and June 26 preceding each January 1 and July 1 payment date, respectively.

(b) The first payment on the Series 2001 Bonds will be due on January 1, 2002 and will include 7 months' interest from the date of the Series 2001 Bonds. Thereafter, payments on the Series 2001 Bonds will be made semiannually on each July 1 and January 1 commencing July 1, 2002. The fiscal year ending June 30 includes lease payments made on December 26 and June 26 of each year.

(c) The holders of the Series 2001 Bonds have no claim on any lease payments other than the lease payments under the Series 2001 Lease to be applied to pay the Series 2001 Bonds.

THE CORPORATION

The Corporation is an Arizona nonprofit corporation formed in 1994 for the purpose of acquiring land and constructing thereon various municipal and civic projects to be sold and used by the County and to assist the County in any other municipal financing needs.

The Corporation will enter into the Series 2001 Lease, the Indenture, and the Acquisition Agreement to facilitate the financing of the Leased Property. The Corporation is not financially liable for the payment of principal of or interest on the Series 2001 Bonds and the Owners will have no right to look to the Corporation for payment of the Series 2001 Bonds except to the extent of Lease Payments received from the County under the Series 2001 Lease, amounts held under the Indenture or Revenues derived from the Leased Property.

THE COUNTY

Organization

The County is governed by a five-member Board, each of whom is elected for a four-year term to represent one of the designated districts within the County. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrative Officer who is responsible for the general administration and overall operation of the various departments of the County.

Brief resumes of the Board Members, County Administrative Officer, Deputy County Administrative Officer and Chief Financial Officer are set forth below.

- *Janice (Jan) K. Brewer, Board Chairperson.* Ms. Brewer was elected to the Maricopa County Board of Supervisors in November 1996 and took office in January 1997. Ms. Brewer served in the Arizona State Legislature for 14 years, as a State Representative from 1983-86 and as a State Senator from 1987-96. During her time in the Senate she held the leadership position of Majority Whip for four years from 1993 through 1996. In addition, Ms. Brewer served on several committees covering issues from health care to taxes. Currently, Ms. Brewer Chairs the Maricopa County Hospital and Health Systems Board and a newly created Countywide Streamlining Committee. Additionally, Supervisor Brewer serves on Greater Phoenix Economic Council and the Governor's Regional Airport Advisory Committee. Ms. Brewer contributes a great deal of time to the community serving as the Governor's appointee on the Governor's Military Task Force and the Arizona Criminal Justice Commission (ACJC). As the Vice-Chairman of ACJC, Ms. Brewer works with all levels of the criminal justice community to reduce crime in Arizona. In addition, Ms. Brewer serves as Chairman of the Board of Directors for META Services Inc., a behavioral health service provider, and is a member of the Northwest Valley and Wickenburg Chambers of Commerce. A businesswoman, Ms. Brewer is also a licensed radiological technician. She is married, a devoted mother of three sons and a member of Christ the Redeemer Lutheran Church. Ms. Brewer has lived in Arizona since 1970.

- *R. Fulton Brock, Board Member.* Mr. Brock was elected to the Maricopa County Board of Supervisors in November 1996, and took office in January 1997. A former State Representative of District Six in the Arizona House of Representatives, Mr. Brock served as Vice-Chairman of the Commerce Committee and member of the Economic Development, International Trade and Tourism, Banking and Insurance and Rules Committees. After graduating from the Centre College of Kentucky with a Bachelor of Science Degree, Mr. Brock worked with Occidental Petroleum; H.B.H. Coal Companies as Assistant to the President; and the Golder Corporation which specializes in commercial real estate. In 1982, Mr. Brock founded LDC, Inc. In less than ten years under his leadership, LDC grew to be the largest privately held telephone/operator service company headquartered in Arizona. Presently, he is the owner and president of UniFon/UniDial, a telecommunications company that markets to corporations, associations and financial institutions. Mr. Brock currently serves on the Board of Directors for the Greater Phoenix Economic Council; is a member of the Governor's Regional Airport Advisory Committee and serves on the MAG Regional Development Policy Committee. Mr. Brock has also served as a Board Member for the Phoenix and Valley of the Sun Convention and Visitors Bureau; the Governor's Science and Technology Council; Phoenix Children's Hospital Foundation Board of Directors and the Phoenix Dial Corporation Toastmasters. Mr. Brock's other activities have included the Arizona Management Society; Tempe YMCA fund-raiser; Boy Scouts of America Eagle Scout and Scoutmaster; Pop Warner and Little League Coach; and he is a licensed private pilot. Mr. Brock, Susan, his wife of 17 years, and their three daughters are residents of Chandler.

- *Andrew Kunasek, Board Member.* By the unanimous vote of his fellow members, Mr. Kunasek was appointed to the Board of Supervisors in September of 1997. Mr. Kunasek was subsequently elected by the constituency of District 3 in 1998. Mr. Kunasek is an Arizona native and earned a Bachelor of Science degree in management from Arizona State University in 1986. Mr. Kunasek owns interests in several farming, citrus and cattle operations, and is president of Mercado Management, a diversified land acquisition and real estate management company. Mr. Kunasek has been active in his community having served as treasurer of the Maricopa County Republican Party; Maricopa County Trial Court Selection Committee; Maricopa County Charter Committee; and the Maricopa County Citizens Judicial Advisory Council. He was also a 1996 Delegate to the Republican National Convention. Mr. Kunasek, wife Kimberly and their daughter live in North Phoenix.

- *Don Stapley, Board Member.* Mr. Stapley was first elected to the Maricopa County Board of Supervisors in November 1994 and re-elected for a four-year term in November 1996. Mr. Stapley was elected as the 1997 chairman of the Board of Supervisors and is the current chairman of the Maricopa Integrated Health System. As a member of the Board of Supervisors, Mr. Stapley represents the County as a member of the Maricopa Association of Governments Regional Council and the Board of Health. Mr. Stapley was born in Phoenix and earned a Bachelor of Arts degree from Brigham Young University in Provo, Utah, and attended the School of Law at Loyola University in Los Angeles. He is president and general manager of Stapley & Company, a diversified commercial/industrial development firm that specializes in acquisition, planning, financing and marketing of real estate development projects. He also is a general partner with DKS Holding, a privately held partnership that owns and manages income-producing properties; and president of Arroyo Pacific Investments, Inc., a privately held firm that owns and manages Saguaro Village Shopping Center in Mesa. Mr. Stapley's community service includes: the Lutheran Health Care Network Board of Directors and Fiscal Affairs Committee for more than 10 years; member of the Mesa Baseline Rotary Club, member of Maricopa County Board of Adjustments, 1976-1980; Theodore Roosevelt Council of Boy Scouts of America, the Mesa Education Foundation of Mesa Public Schools, the Mesa Family YMCA, and the Mesa Eastern Little League. Stapley and his wife Kathy have four children and are actively involved in the East Valley.

- *Mary Rose Garrido Wilcox, Board Member.* Ms. Wilcox was re-elected to the Maricopa County Board of Supervisors in November 1996 for a second four-year term. She was recently honored as being the first Hispanic woman to ever serve on the Phoenix City Council and the Maricopa County Board of Supervisors. A fourth generation native of Arizona from a pioneer Latino family, she was born November 21, 1949, in Superior Arizona. A 1967 graduate of Superior High School, she attended Arizona State University majoring in social work. Mary Rose has devoted her career to public service, beginning in 1971 as a field coordinator for housing relocation and job placement for the city of Scottsdale. Within a year, she went on to the Maricopa Manpower Program as a job developer/personnel aide administering job-training programs. She then became a special assistant in U.S. Senator Dennis DeConcini's office from 1977 to 1983. She served as a liaison for business and farming communities to the Small Business Administration and the Farmers Home Administration. Elected to the Phoenix City Council in 1983, she served until June of 1992, when she resigned to run for her present post. Community activities include membership on the boards of the Phoenix Economic Growth Corporation, Phoenix Symphony, Genesis Program, Friendly House, Downtown Phoenix Partnership and the Arizona Hispanic Women's Corporation (founding member in 1983 and executive director 1988-89). She serves as vice chair of the National Association of Counties Community and Economic Development Policy Committee and is a member of the Mexican American Legal Defense and Education Fund (MALDEF). Since 1988 she has been a board member of both the National Council of La Raza (NCLR) and the National Association of Latino Elected and Appointed Officials (NALEO). She and her husband Earl, formerly a justice of the peace and state representative, live in Phoenix. They have a daughter, son-in-law and four grandsons.

- *David Smith, County Administrative Officer.* David Smith was selected as county administrative officer in October 25, 1994, and assumed responsibilities on December 1, 1994. He succeeded Roy Pederson, who resigned March 3, 1994, and Barbra Cooper, who served in an interim capacity for nine months. Mr. Smith earned a Bachelor of Arts degree in Government from Dartmouth College, Hanover, NH, in 1968; a Master's degree in Public Administration from New York University, New York, NY, in 1976; and a Juris Doctorate degree from Pace University Law School, White Plains, NY, in 1983. After three years with the US Marine Corps Reserve, which included service in Vietnam as a lieutenant, Mr. Smith began his public service career in November 1971, as an administrative officer with Orange County, Goshen, NY. In March 1977, he became director of Intergovernmental Relations for Westchester County, White Plains, NY, then served three years as counsel to the New York State Lieutenant Governor in Albany, NY. From Aug. 1985 to Dec. 1987, he served as assistant city manager for Yonkers, NY. From January 1988 until November 1994, he was deputy county executive, the chief appointed administrative officer, for Erie County, Buffalo, NY. Mr. Smith's professional associations include the American Society for Public Administration and National Association of County Administrators. He served as vice chairman of the New York State Association of Counties' Legislative Committee and is a member of the New York State Bar. Previous and current community activities include serving on the executive board for the Boy Scouts of America's Greater Niagara Frontier Council; the board of the Greater Buffalo Athletic Corporation; and the United Way of Buffalo and Erie County. He currently serves on the Valley of the Sun United Way Board of Directors, Downtown Phoenix Partnership, and Phoenix Community Alliance.

- *Sandi Wilson, Deputy County Administrator.* Sandi Wilson joined Maricopa County on February 16, 1993, after many years in private industry. After four months, she was appointed the Budget Director and began the establishment of a strong budget office. Now, as the Deputy County Administrator, she is remains responsible for the County's budget of just over $2 billion. She is also responsible for the County's Human Resources, Organizational Planning and Training, Research and Reporting, Health Care Mandates and the Medical Eligibility departments. Ms. Wilson entered her career in private industry with American Express as a customer service supervisor that later led to the planning and development specialist. She was responsible for all short and long-range business plans for the division, which included the coordination of a $90 million operating budget and a $100 million CIP plan. This experience led her to accept the position of Financial Services Director for their Worldwide Technologies Division in 1990, responsible for directing and managing a wide range of financial services for the Worldwide Information Processing and Technologies sector. Ms. Wilson is a native of Arizona, born in Phoenix. In 1982 she received her Bachelors of Science Degree in General Business with an emphasis in Finance and Management from Arizona State University. She earned her Masters of Business Administration from the University of Phoenix in 1988. Additionally, she completed her certification in Human Resource Management from the University of Phoenix in 1997. Ms. Wilson resides in the Phoenix area with her husband and daughter.

- *Tom Manos, Chief Financial Officer.* Tom joined Maricopa County in 1984 as the Deputy County Auditor. In 1996, he assumed the position of Administrator for the County's Parks and Library Departments. In February of 1998 he was appointed acting Chief Financial Officer and three months later his appointment was made permanent. Tom is responsible for the County's Finance Department as well as the Risk Management and Materials Management departments. During his tenure as Chief Financial Officer, the County has received three upgrades from the major rating agencies. He is former president of the Arizona Local Government Auditors Association and has been a Board Member of the Phoenix, Downtown YMCA. Tom is a native of Arizona, and graduated from Arizona State University with a Bachelors of Science Degree in Finance. Upon graduation, he served in the Peace Corps, where he worked for the World Bank in Liberia, West Africa. Tom lives in Phoenix with his wife and three children.

Economic and Demographic Information

A discussion of economic and demographic information concerning the County is contained in Appendix A hereto.

FINANCIAL MATTERS

Introduction – Budget Process

The County's Fiscal Year currently begins July 1 and ends the following June 30, coinciding with the State of Arizona's fiscal calendar. The County's budget process is an ongoing process. Each Fiscal Year's process starts in early December of the prior Fiscal Year with an analysis of revenue and expenditure data from the first half of the current Fiscal Year. A preliminary forecast of economic conditions for the next Fiscal Year, including revenue projections, is then made. These forecasts and projections are based on national, state and local economic trends as well as the analyses by the County's budget office.

The next step is a preliminary estimate of maximum expenditure levels for the County as a whole. This, in turn, is the basis for the development of budget policies that provide County administrators and managers at all levels with a philosophical starting point from which to reallocate funds to match program priorities. All budget policies are directed and approved by the Board.

Budget policies are then sent to all department directors in February. By mid-February, the County budget office conducts a budget workshop to brief the department directors and departmental budget analysts on the budget preparation process. During this meeting, department directors and departmental budget analysts are able to clarify any questions regarding current year budget policies as set forth by the Board. A budget calendar, which summarizes the process and provides the time frame for milestones and deadlines, is also provided to the departments.

Departmental budget requests for appointed departments are then completed and submitted to the Budget Office for review and approval. Elected officials submit their department budgets to the Board via the County Administrative Officer and the County's Budget Office. The final departmental budget requests are submitted to the Board as the Tentative Budget in early June. The exact date of presentation of the Tentative Budget is contingent upon the adjournment of the state legislature, since additional mandates may require the County to modify the budget. The Tentative Budget, which sets the maximum expenditure and revenue limits for the Fiscal Year, is then approved by the Board. The final budget is adopted by late July following a public hearing, followed by the setting of property tax rates by the third Monday in August. The adopted property tax rate must be sufficient together with other revenues to cover the expenditure total in the approved annual budget.

Expenditure Limitation

The County is subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for Fiscal Year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitutional provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation. In Fiscal Year 1999-2000, the expenditure limitation for the County was $569,876,519. The County's expenditure limitation for Fiscal Year 2000-01 is $569,368,924. The reduction in the expenditure limitation from Fiscal Year 1999-2000 to Fiscal Year 2000-01 is due to a revision in the expenditure limitation calculation by the Arizona Department of Revenue to reflect new indices from the base year 1979-1980.

Tax Levy Limit

The County is also subject to an ad valorem tax levy limit concerning its operational budget. The Arizona Constitution provides that "the maximum amount of ad valorem taxes levied by any county shall not exceed an amount two per cent greater than the amount levied in the preceding year." The limit does not apply to: (1) debt service for bonds or other lawful long-term obligations (not including the Series 2001 Bonds), (2) taxes levied for support of schools, or (3) other immaterial exceptions.

The statutory provision implementing the Constitutional provision allows for the inclusion of new property not formerly taxed and permits the County to take new construction into consideration when setting the levy limit. Therefore, the amount which may be raised through ad valorem taxes in any tax year may exceed two percent of the levy for the prior tax year.

Property Taxes, Bonded Indebtedness and Other Financial Data

For a discussion of County property taxes, assessed valuation, debt limits, bonded indebtedness and other financial data see Appendix B.

THE COUNTY'S GENERAL FUND

The County intends to make the Lease Payments from moneys appropriated for such purpose from the County's general fund (the "General Fund") as approved by the Board of Supervisors of the County in the annual budget for the County. The table below sets forth the annual revenues, expenditures and year-end balances for the General Fund from applicable audited financial statements and adopted budgets of the County. Information contained in the table on the following page represents such audited and budgeted financial information and is not to be construed in any fashion as an indicator of future results. The County will provide a certificate at closing to the effect that such information fairly presents the financial position, results of operations and changes in fund balances of the General Fund as of the dates and for the periods set forth in this Official Statement.

General Fund
Revenues, Expenditures and Fund Balance

	1995-96	1996-97	1997-98	1998-99	1999-00	Budgeted 2000-01 (2)	2000-01 Unaudited (3)
Revenues/Sources (1)	$632,914,545	$638,039,654	$665,404,549	$720,049,539	$672,720,385	$760,839,900	$595,475,457
Expenditures/Uses	602,916,615	617,511,396	638,364,186	686,850,269	664,001,049	717,274,633	595,258,131
Fund Balance	60,884,599	81,520,328	119,759,685	145,038,481	160,804,655	-	161,021,982

(1) Includes fund balances from prior year.

(2) The County is required by applicable law to have a balanced budget (i.e. a zero year end fund balance). Actual figures may vary significantly from budgeted figures shown here (including the resulting year end fund balance). As forward looking statements, such amounts should be reviewed with an abundance of caution. The estimated amounts for the fiscal year ending June 30, 2001, are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates or that they will be realized. Such estimates are subject to change without notice.

(3) Estimated through April 2001.

County Operating Funds
Total Fund Balance/Equity

	1995-96	1996-97	1997-98	1998-99	1999-00	Budgeted 2000-01	2001-01 Unaudited (2)
General Fund	60,884,599	81,520,328	119,759,685	145,038,481	160,804,655	-	$161,021,982
Internal Service Funds (1)	22,411,319	(3,750,511)	(555,305)	(15,562,347)	(15,204,515)	859,615	(12,726,058)
Enterprise and Health Funds	68,807,918	70,677,339	77,334,679	94,414,687	116,308,644	42,074,429	116,664,626
Total Fund Balance/Equity	152,103,836	148,447,156	196,539,059	223,890,821	261,908,784	42,934,044	264,960,550

(1) Negative balances in the Internal Service Funds reflect actuarially determined closing estimates recognized but not funded. The County carries commercial insurance for general and automobile liability in excess of $1,000,000 per occurrence and medical malpractice liability in excess of $1,000,000 per occurrence. Settled claims have not exceeded this commercial coverage since the inception of these insurance policies.
Payment of workers' compensation benefits is self-funded up to $250,000 per occurrence.

(2) Estimated through April 2001.

RISK FACTORS

The purchase of the Series 2001 Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Series 2001 Bonds should make an independent evaluation of all the information presented herein. The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2001 Bonds.

Limited Obligation. The obligation of the County to pay the Lease Payments will not be secured by the levy or pledge of any tax or any other funds and does not constitute a debt or indebtedness of the County or the State within the meaning of any constitutional or statutory debt limitation or restriction. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." The Lease Payments will be payable by the County, subject to annual budgeting and appropriation, from the County's General Fund. See "THE COUNTY'S GENERAL FUND."

No Pledge of County Funds. No funds or revenues of the County will be pledged, obligated or restricted for the payment of the Lease Payments on the Series 2001 Bonds. In addition, the County has the right to refuse to appropriate funds and thus terminate the Series 2001 Lease for any reason including inadequacy of the Leased Property. Were the County to refuse to appropriate funds and thereby terminate the Series 2001 Lease, there can be no assurance that the Trustee would have adequate funds under the Indenture to pay the principal of and interest on the Series 2001 Bonds.

Additional Bonds and Other Obligations of County. There is presently outstanding $29,863,380.53 aggregate principal amount of Certificates of Participation, Series 1993, Series 1994, Series 1996, Series 2000 (Avondale Medical Center Project) and Series 2000 (Desert Vista Project), payable from the same funding source that the County will use to make the Lease Payments. The County has the capacity to enter into other obligations which are payable from the same funds or revenues it will use to make the Lease Payments. To the extent that additional obligations are incurred by the County, the funds available to make the Lease Payments may be decreased. The Series 2001 Lease will impose no restrictions upon the ability of the County to incur such additional obligations. In addition, the Indenture sets forth conditions for the issuance of Additional Bonds which would be on a parity of lien with respect to the Lease Payments as well as the Leased Property. See Appendix D "SUMMARY OF LEGAL DOCUMENTS – The Indenture – Authorization and Terms of Series 2001 Bonds; Additional Bonds – *Section 2.04 – Issuance of Additional Bonds*."

<u>Termination of Series 2001 Lease</u>. In addition to termination of the Series 2001 Lease upon non-appropriation of funds as described herein under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Non-appropriation;" several other events may lead to a termination of the Series 2001 Lease:

(1) an Event of Default on the part of the County and an election by the Trustee (with the consent of Ambac Assurance) to terminate the Series 2001 Lease (see Appendix D – SUMMARY OF LEGAL DOCUMENTS – The Series 2001 Lease – *Section 15 - Defaults and Remedies;*"

(2) the taking of all of the Leased Property under the power of eminent domain described below; and

(3) violation of certain State statutes pertaining to conflicts of interest described below.

In the Event of Default under the Series 2001 Lease occurs, the Trustee may (with the consent of Ambac Assurance) terminate the Series 2001 Lease and relet or sell the Leased Property (after conveyance from the Corporation) or direct the Corporation to relet or sell the Leased Property. The Net Proceeds from the re-leasing or sale of the Leased Property, together with other moneys then held by the Trustee under the Indenture including the moneys, if any, then in the 2001 Acquisition and Construction Fund and the Reserve Fund, will be required to be used under the Indenture to pay the principal of and interest on the Series 2001 Bonds as it becomes due, to the extent of such moneys. No assurance can be given that the amount of such funds would be sufficient to pay all Series 2001 Bonds when due.

The County will be required in the Series 2001 Lease to purchase and maintain property insurance or self-insurance on the Leased Property in amounts not less than the full replacement cost of the Leased Property. The Series 2001 Lease will require that, in the event of damage or destruction of the Leased Property, insurance proceeds will be applied to the replacement of the Leased Property or, in certain circumstances, for the special redemption of all or a portion of the Series 2001 Bonds. See Appendix D – SUMMARY OF LEGAL DOCUMENTS – The Series 2001 Lease – *Section 10 – Insurance*."

In the event that the Leased Property has been taken in whole pursuant to such eminent domain proceedings, all Net Proceeds, together with monies, if any, then on hand in funds held by the Trustee including the Reserve Fund, will be applied to the special redemption of the Series 2001 Bonds, and the Series 2001 Lease will terminate on the date possession is taken from the County. No assurance can be given that the Net Proceeds of eminent domain and other moneys available under the Indenture will be sufficient to redeem all of the Outstanding Series 2001 Bonds.

In the event that the Series 2001 Lease is terminated, the Trustee will be authorized to re-lease or sell the Leased Property (after conveyance from the Corporation) or direct the Corporation to relet or sell the Leased Property and to apply the proceeds therefrom toward the payment of the Series 2001 Bonds. It could be difficult to find a lessee or purchaser for the Leased Property and, upon any event of termination of the Lease or default by the County under the Series 2001 Lease, the Trustee may not realize sufficient moneys from the re-leasing or sale of the Leased Property to provide for the payment of the Series 2001 Bonds in full with interest to the scheduled dates of payment. No assurance can be given that the proceeds from any release, sale or other disposition of the Leased Property will be sufficient to pay the principal of and interest represented by the Series 2001 Bonds. Furthermore, in the event of termination, there is no assurance that the interest on the Series 2001 Bonds paid from sources other than the County will remain excludable from gross income for federal income tax purposes. See "TAX EXEMPTION."

The Series 2001 Lease will obligate the County to lease the Leased Property which is comprised of facilities which are to be used solely for lawful activities in which the County may engage and is, thus, a contract to pay for facilities of a governmental nature. The agreement to budget and appropriate the Lease Payments in future Fiscal Years may, therefore, be governmental in nature. Arizona courts have held that governing bodies such as the County Board of Supervisors cannot bind future governing bodies to perform governmental functions or activities. Thus, notwithstanding the commitment of the County to budget and appropriate the Lease Payments, to the extent permitted by law, such commitment may not be binding on future County Boards of Supervisors. Moreover, changes in the membership and political philosophies of the County Board of Supervisors may occur, and it cannot be determined at this time if future members of the County Board of Supervisors might refuse to budget sufficient amounts to make the Lease Payments in future Fiscal Years.

As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, the County may, within three years after its execution, cancel any contract including the Indenture and the Series 2001 Lease (collectively, the "Financing Documents"), without penalty or further obligation, made by the County if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Financing Documents on behalf of the County (a "County Representative") is, at any time while the Financing Documents or any extension thereof are in effect, an employee of any other party to the Financing Documents in any capacity or a consultant to any other party of the Financing Documents with respect to the subject matter thereof. The cancellation shall be effective when written notice from the County Board of Supervisors is received by all other parties to the Financing Documents unless the notice specifies a later time.

Bond Counsel is not rendering an opinion as to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to the transfer of any Series 2001 Bonds in the event payments are received from sources other than funds made available by the County as a result of termination of the Series 2001 Lease for any reason. If the Series 2001 Lease is terminated while the Series 2001 Bonds are outstanding, there is no assurance that after such termination Series 2001 Bonds may be transferred by an Owner without compliance with the registration provisions of the Securities Act of 1933, as amended, or that an exemption from such registration is available.

Limitations on Remedies. Due to the special purpose nature of the Leased Property and the limited number of potential users of the Leased Property, no assurance can be given that the proceeds from any re-leasing or sale of the Leased Property will be sufficient to pay in full all Outstanding Series 2001 Bonds. The enforcement of any remedies provided in the Series 2001 Lease- and the Indenture could prove both expensive and time consuming. In addition, the enforceability of the Series 2001 Lease and the Indenture will be subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State and its political subdivisions. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Trustee to obtain possession of the Leased Property upon termination of the Series 2001 Lease or exercise of remedies upon default by the County may result in delays in payment of the Series 2001 Bonds.

Although the Series 2001 Lease and the Indenture provide that the Trustee may take possession of the Leased Property and release or sell the Leased Property (after conveyance from the Corporation) or direct the Corporation to take such action if there is a default by the County thereunder or if the County terminates the Series 2001 Lease and the Series 2001 Lease provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, no assurance can be given that revenues from the Trustee's reletting or sale of the Leased Property would be sufficient to pay in full all Outstanding Series 2001 Bonds.

Upon the termination of the Series 2001 Lease or if the County defaults in its obligation to make Lease Payments thereunder, the County, pursuant to the Series 2001 Lease, will promptly return possession of the Leased Property to the Trustee within 45 days of written notice. In an event of default, the Trustee will be required, if Ambac Assurance is in default in its obligation under the Financial Guaranty Insurance Policy, to take action to force the County to surrender possession of the Leased Property. However, under the terms of the Indenture, the Trustee will not be under any obligation to take any other action if the Trustee determines that to do so exposes the Trustee to a risk of financial liability (including environmental liability) for which it reasonably believes it is not adequately indemnified. Prior to taking other actions under the Indenture, the Trustee may request assurances, such as an additional environmental audit, that it will not incur liability by reason of any other action taken by the Trustee pursuant to the Indenture.

Other Considerations. Arizona counties are required by Arizona law to provide certain levels of indigent health care. The costs of such care may increase, requiring greater contributions from the General Fund. The effect of such increases on the County's continued ability to appropriate the Lease Payments in future Fiscal years cannot be determined at this time.

The audited financial statements of the County included in APPENDIX C hereto are for the Fiscal Year ended June 30, 2000, and are the most recent audited financial statements available for the County.

LITIGATION

To the knowledge of the appropriate representatives of the Corporation and County, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the execution or delivery of the Series 2001 Bonds or contesting or questioning the proceedings and authority under which the Series 2001 Bonds have been authorized and are to be executed, sold or delivered, or the validity of the Series 2001 Bonds. To the knowledge of the appropriate representatives of the Corporation and County, no litigation or administrative action or proceeding is pending or threatened contesting or questioning the authority for, or restraining or enjoining, or seeking to restrain or enjoin, the execution, delivery or performance of (i) the Series 2001 Lease or the acquisition of the Leased Property or the payment of Lease Payments or other amounts pursuant thereto, or (ii) the Indenture.

LEGAL MATTERS

Legal matters incident to the execution and delivery of the Series 2001 Bonds and with regard to the tax-exempt status of the interest on the Series 2001 Bonds (see "TAX EXEMPTION") will be subject to the legal opinion of Greenberg Traurig, LLP, whose services as Bond Counsel have been retained by the County. The signed legal opinion of Greenberg Traurig, LLP, dated and premised on the law in effect as of the date of original delivery of the Series 2001 Bonds, will be delivered to the County at the time of original delivery.

The proposed text of the legal opinion is set forth as Appendix F. The legal opinion to be delivered may vary from the text of Appendix F if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Series 2001 Bonds subsequent to the original delivery of the Series 2001 Bonds. Certain legal matters will be passed upon for the Underwriters by Snell & Wilmer L.L.P., Counsel to the Underwriters and for the County by Squire, Sanders & Dempsey L.L.P., Disclosure Counsel to the County.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Series 2001 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Corporation and the County have covenanted to comply with all requirements that must be satisfied in order for interest on the Series 2001 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the interest on the Series 2001 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of delivery of the Series 2001 Bonds.

Subject to the Corporation's and the County's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Series 2001 Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Series 2001 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations. Bond Counsel will not express any opinion as to the status of interest on the Series 2001 Bonds for federal or Arizona income tax purposes paid from funds received under the Series 2001 Lease other than from funds made available by the County as a result of termination of the County's obligations thereunder.

In rendering its opinion, Bond Counsel will rely upon certifications of the Corporation and the County with respect to certain material facts solely within the Corporation's and the County's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the *"Code"*) includes provisions for an alternative minimum tax (*"AMT"*) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (*"AMTI"*), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Series 2001 Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Series 2001 Bonds.

Ownership of the Series 2001 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2001 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Series 2001 Bond is purchased at any time for a price that is less than the Series 2001 Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Series 2001 Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2001 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2001 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2001 Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2001 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2001 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

In the opinion of Bond Counsel, the interest on the Series 2001 Bonds is exempt from present State of Arizona income taxation as long as such interest is excluded from gross income for federal income tax purposes. Ownership of the Series 2001 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2001 Bonds. Prospective purchasers of the Series 2001 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

ORIGINAL ISSUE DISCOUNT

The initial offering price of a portion of the Series 2001 Bonds maturing July 1, 2004, through and including July 1, 2008, July 1, 2010 through and including July 1, 2012, and on July 1, 2014 and July 1, 2015 (in each case, the smaller principal amount shown as maturing on those dates), (collectively, the "*Discounted Bonds*") is less than the principal amount payable at maturity (the "Issue Price"). The difference between the Issue Price of each maturity of the Discounted Bonds and the amount payable at maturity is original issue discount ("OID"). The Issue Price for each maturity of the Discounted Bonds is the price at which a substantial amount of such maturity of the Discounted Bonds is first sold to the public. The Issue Price of each maturity of the Discounted Bonds is expected to be the amount set forth on the inside cover page hereof, but is subject to change based on actual sales.

For an investor who purchases a Discounted Bond in the initial public offering at the Issue Price for such maturity and who holds such Discounted Bond to its stated maturity, subject to the condition that the Corporation and the County comply with the covenants discussed under "TAX EXEMPTION" above, (a) the full amount of OID will constitute interest which is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and (b) such owner will not realize taxable capital gain or market discount upon payment of such Discounted Bond at its stated maturity. Such interest is not included as an item of tax preference in computing an adjustment used in determining the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and the accretion of OID in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

If a Discounted Bond issued with OID is purchased at any time for a price that is less than the Discounted Bond's Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased such Discounted Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Such treatment would apply to any purchaser who purchases such Discounted Bond for a price that is less than its Revised Issue Price.

Owners of Discounted Bonds who dispose of Discounted Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Discounted Bonds in the initial public offering, but a price different from the Issue Price or purchase Discounted Bonds subsequent to the initial public offering should consult their own tax advisors. Owners of Discounted Bonds issued with OID should consult their own tax advisors with respect to the state and local tax consequences of OID on such Discounted Bonds.

ORIGINAL ISSUE PREMIUM

An investor may purchase a Series 2001 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2001 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. As bond premium is amortized, it reduces the investor's basis in the Series 2001 Bond. Investors who purchase a Series 2001 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2001 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of a Series 2001 Bond.

RATINGS

Moody's Investors Service ("Moody's") and Fitch ("Fitch") have assigned ratings of "Aaa" and "AAA" to the Series 2001 Bonds, respectively with the understanding that the Financial Guaranty Insurance Policy will be delivered by Ambac Assurance simultaneously with the issuance of the Series 2001 Bonds. Additionally, underlying ratings of "A1", and "AA-" have been assigned to the Series 2001 Bonds by Moody's and Fitch, respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007 and Fitch Inc., One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2001 Bonds.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 2001 Bonds from the Corporation at a purchase price of $130,819,394.25 plus interest accrued on the Series 2001 Bonds from June 1, 2001, pursuant to a bond purchase contract (the "Bond Purchase Contract") entered into by the County, the Corporation and the Underwriters. The aggregate purchase price reflects compensation to the Underwriters of $320,263.40. The Bond Purchase Contract provides that the Underwriters will purchase all of the Series 2001 Bonds so offered if any are purchased. The Underwriters may offer and sell the Series 2001 Bonds to certain dealers (including dealers depositing Series 2001 Bonds into unit investment trusts) and others at prices higher than or yields lower than the public offering prices and yields as set forth on the inside cover page of this Official Statement. The initial offering prices set forth on the inside cover page may be changed, from time to time, by the Underwriters.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include certificates confirming that, to the best knowledge, information and belief of the appropriate representatives of the Corporation and the County, the description and statements contained in this Official Statement relating to the Corporation and the County and its operation and properties were at the time of the sale, and are at the time of closing, true, correct and complete in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended to the date of delivery of the Series 2001 Bonds, the foregoing confirmation will also encompass such supplements or amendments.

CONTINUING SECONDARY MARKET DISCLOSURE

The County will enter into a Continuing Disclosure Undertaking (the "Undertaking") with respect to the Series 2001 Bonds for the benefit of the beneficial owners of such Series 2001 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The specific nature of the information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Undertaking, are set forth in "Appendix G – FORM OF CONTINUING DISCLOSURE UNDERTAKING."

A failure by the County to comply with the Undertaking will not constitute a default under the Series 2001 Lease or the Indenture and owners of the Series 2001 Bonds are limited to the remedies described in the Undertaking. See "Appendix G – FORM OF CONTINUING DISCLOSURE UNDERTAKING." A failure by the County to comply with the Undertaking 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 Series 2001 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2001 Bonds and their market price.

Pursuant to Arizona law the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to cover the costs of preparing and mailing the Annual Reports and the Notices of Material Events to each Nationally Recognized Municipal Securities Information Repository and to any state information depository established by the State. Should the County not comply with such covenants due to a failure to appropriate, the County has covenanted to provide notice of such fact to each Nationally Recognized Municipal Securities Information Repository and to any state information depository established by the State. Absence of continuing disclosure due to non-appropriation could adversely affect the Series 2001 Bonds and specifically their market price and transferability.

The County is in compliance with all previous undertakings.

GENERAL PURPOSE FINANCIAL STATEMENTS

The general purpose financial statements of the County, as of June 30, 2000 and for the fiscal year then ended, which are included as Appendix C of this Official Statement, have been audited by the Office of the Auditor General of the State of Arizona, as stated in their opinion which appears in Appendix C. The County neither requested nor obtained the consent of the Office of the Auditor General, State of Arizona, to include their report and the Auditor General, State of Arizona, had performed no procedures subsequent to rendering their opinion on the financial statements.

ADDITIONAL INFORMATION

Additional information and copies of this Official Statement, the Indenture, and the Series 2001 Lease may be obtained from U.S. Bancorp Piper Jaffray Inc., 2525 East Camelback Road, Suite 900, Phoenix, Arizona 85016, Financial Advisor to the County, telephone number (602) 808-5424.

CONCLUDING STATEMENT

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. Information in this Official Statement has been derived from the records of the County and other sources and is believed by the County and the Corporation to be accurate and reliable. Information other than that obtained from official records of the County and the Corporation has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statements that may have been or that may be made orally or in writing are to be construed as a part of a contract with the original purchasers or subsequent owners of the Series 2001 Bonds.

This Official Statement has been prepared by the County and executed for and on behalf of the Corporation by its President and for and on behalf of the County by its Chief Financial Officer, respectively, as indicated below.

MARICOPA COUNTY PUBLIC
FINANCE CORPORATION

By: /s/ Victoria Prins
Victoria Prins
President

MARICOPA COUNTY, ARIZONA

By: /s/ Tom Manos
Tom Manos
Chief Financial Officer

MARICOPA COUNTY, ARIZONA

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County was named after the Maricopa Indian tribe and was formed as the fifth county of Arizona in 1871. The principal geographic features of the County consist of the expansive river valleys of the Salt and Gila Rivers and a number of rugged mountain ranges scattered throughout the County.

The County encompasses approximately 9,222 square miles, 98 square miles of which is water. Approximately 71% of the County's land is under federal, state or other governmental control with approximately 29% of the land being privately owned.

LAND OWNERSHIP
Maricopa County, Arizona

Control/Ownership	Approximate Percent of County
Individual or Corporate	29%
U.S. Bureau of Land Management	28
Other Public Lands	16
State of Arizona	11
U.S. Forest Service	11
Indian Reservation	5

Source: *Arizona County Profiles,* Arizona Department of Commerce, November 1999.

The heart of the County is the Salt River Valley, which runs approximately 40 miles east to west and 20 miles north to south. The Valley's level terrain is conducive to both agriculture and industry. Located within the County are the City of Phoenix, the State capitol, and the following cities: Avondale, Chandler, Glendale, Goodyear, Litchfield Park, Mesa, Peoria, Scottsdale, Tempe and Agua Fria; the towns of Buckeye, Carefree, Cave Creek, Fountain Hills, Gila Bend, Guadalupe, Gilbert, Paradise Valley, Queen Creek, Surprise, Wickenburg and Youngtown; and the unincorporated retirement communities of Sun City and Sun City West along with several smaller communities. Metropolitan Phoenix is the population center of Arizona with well over 2.9 million residents, which is over 50% of the population of the State.

The following table illustrates respective population statistics for the State, the County and cities that principally comprise the greater metropolitan Phoenix area.

POPULATION STATISTICS

	State of Arizona	Maricopa County	City of Phoenix	City of Mesa	City of Glendale	City of Scottsdale	City of Tempe	City of Chandler
2000 Census	5,130,632	3,072,149	1,321,045	396,375	218,812	202,705	158,625	176,581
1995 Special Census	4,228,900	2,551,765	1,149,417	338,117	182,615	168,176	153,821	132,360
1990 Census	3,665,228	2,122,101	983,403	288,091	148,134	130,069	141,865	90,533
1985 Special Census	3,187,000	1,837,956	881,640	239,587	122,392	108,447	132,942	63,855
1980 Census	2,716,633	1,509,262	789,704	152,453	97,172	83,364	106,743	29,673
1970 Census	1,775,399	971,228	582,500	62,853	36,228	67,823	63,550	13,763

Source: U.S. Census Bureau, Census 2000.

Economy

The County's economy is based on high technology manufacturing, light manufacturing and commercial activities (including construction and trade), tourism, government and agriculture.

The following tables illustrate the employment structure in the County.

AVERAGE WAGE AND SALARY EMPLOYMENT
Maricopa County, Arizona

	1996	1997	1998	1999	2000	2001*
Manufacturing	149,400	155,700	165,500	167,400	162,700	163,300
Mining	800	1,100	1,200	900	1,000	1,300
Construction	86,400	94,200	97,800	113,000	115,500	120,100
Transportation, Communications And Public Utilities	61,300	68,300	73,500	78,800	83,600	83,800
Trade	316,300	336,200	347,700	359,200	369,400	369,700
Finance, Insurance and Real Estate	89,100	101,700	114,400	122,600	124,000	121,200
Services and Miscellaneous	377,200	421,900	450,800	457,000	518,100	516,500
Government	154,600	165,600	168,000	172,600	178,800	189,000
Total	1,235,100	1,344,700	1,418,900	1,471,500	1,553,100	1,564,900

* Data is the County average through March 2001.

Source: *Arizona's Workforce*, a news release from the Arizona Department of Economic Security, Research Administration.

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

UNEMPLOYMENT AVERAGES

Year	Maricopa County	State of Arizona	United States
2001	2.8%*	4.0%*	4.3%**
2000	2.6	3.9	4.0
1999	2.8	4.2	4.2
1998	2.6	4.0	4.5
1997	3.0	4.6	5.0
1996	3.6	5.5	5.4
1995	3.4	5.1	5.6

* Data through February 2001.
** Data through March 2001.

Source: State of Arizona Department of Economic Security, Bureau of Information and Research Analysis, Labor Force Statistical Unit.

Employers

A partial listing of major manufacturers within the County and the Phoenix Metropolitan area are given in the following table.

MAJOR MANUFACTURING EMPLOYERS
Maricopa County, Arizona (a)

Manufacturer	Product	Approximate Number of Employees (b)
Honeywell, Inc.	Airborne electronic systems	17,500
Motorola, Inc.	Electronic manufacturing	15,500
Intel Corporation	Semiconductor products	9,000
The Boeing Co.	Aircraft manufacturing	5,000
Phelps Dodge Corp	Refined copper wire and cable	5,000
TRW	Automotive airbags	2,200
Shamrock Foods Co.	Fresh and frozen dairy products	1,550
Beldren Com. Div.	Telecommunication products	1,500
Ryobi Outdoor Products	Lawn care equipment	1,400
Intesys Technologies, Inc.	Plastic injection molding	1,000

(a) None of the County, the Underwriters or counsel have made any investigation of the current or future employment needs or expectations for any of the employers shown. Some such employers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE 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. None of the County, the Underwriters or counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

(b) Full-time equivalent employees.

Source: *The 2001 Arizona Industrial Directory,* Phoenix Chamber of Commerce, The Book of Lists 2001, *The Business Journal, Arizona's Workforce,* Industry Update, a press release from the Arizona Department of Economic Security, Research Administration and an individual employer survey.

A partial list of major non-manufacturing employers is shown below.

MAJOR NON-MANUFACTURING EMPLOYERS
Maricopa County, Arizona (a)

Employer	Type of Business	Approximate Number of Employees (b)
State of Arizona	Government	59,350
Banner Health System	Health care	13,975
Maricopa County	Government	13,860
Wal-Mart Stores, Inc.	Retail stores	13,800
City of Phoenix	Government	12,917
Kroger	Supermarkets	9,837
U.S. Postal Service	Mail services	9,759
Banc One Corp.	Banking services	9,000
American Express Co.	Travel and financial services	9,000
America West Holdings Corp.	Airline	8,615
Luke Air Force Base (c)	Military	8,200

(a) None of the County, the Underwriters or counsel have made any investigation of the current or future employment needs or expectations for any of the employers shown. Some such employers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE 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. None of the County, the Underwriters or counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

(b) Full-time equivalent employees.

(c) Luke Air Force Base (the "Base") is the home of the Air Education and Training Command's Operational Training Development Program and the 56th and the 944th Fighter Wings. The Base is the largest fighter pilot training base in the world, where pilots are trained to fly F-15 Eagles and F-16 Fighting Falcons. The Base employs approximately 6,580 military and 1,700 civilian personnel.

The Base has in the past been included on lists of bases considered for closure or realignment by the Defense Base Closure and Realignment Commission. The Base is not now subject to closure or realignment, but there can be no assurance that the Base will not be included on future lists of entities such as the Commission. Any such closure or realignment would probably be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Source: *The Book of Lists 2001,* The Business Journal and an individual employer survey.

Construction

The following charts illustrate a building permit summary for residential and non-residential construction and new housing starts for the County.

VALUE OF BUILDING PERMITS
Maricopa County, Arizona
($000's omitted)

Year	Residential	Commercial	Industrial	Other	Total
2000	$4,774,188	$2,144,767	$253,472	$1,493,186	$8,665,613
1999	5,142,869	1,878,629	210,676	1,092,337	8,324,511
1998	4,778,571	2,230,445	378,141	1,101,269	8,488,426
1997	3,903,540	1,840,324	233,598	1,133,849	7,111,311
1996	3,507,925	1,418,579	788,083	1,078,946	6,793,533

Source: *Arizona Business,* Arizona State University Bureau of Business and Economic Research. Note that the Bureau obtains its data from county and municipal divisions which issue such permits. Construction is valued on the basis of estimated costs, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

NEW HOUSING STARTS
Maricopa County, Arizona

Year	Total New Housing Units
2000	43,908
1999	47,406
1998	47,801
1997	42,568
1996	39,626

Source: *Arizona Business,* Arizona State University Bureau of Business and Economic Research. Note that the Bureau obtains its data from county and municipal divisions which issue such permits. The date on which the permit is issued is not to be construed as the date of construction.

Median Household Income

Effective Buyer Income ("EBI") is defined as money income less personal income tax and non-tax payments, such as fines, fees or penalties. The following table summarizes historical median household EBI for the United States of America, State of Arizona and Maricopa County.

Year (a)	United States of America	State of Arizona	Maricopa County
2000	$37,233	$31,421	$34,857
1999	35,377	30,233	33,233
1998	34,618	29,711	32,585
1997	33,482	28,923	31,932
1996	32,238	27,733	30,609

(a) As of January 1.

Source: "Survey of Buying Power", Sales and Marketing Management Magazine.

"Growing Smarter" Act

During 1998, the Arizona Legislature promulgated the Growing Smarter Act of 1998 ("Growing Smarter") which created new planning requirements throughout the State and provided stronger tools for local governments in their efforts to manage rapid development. Growing Smarter also created the "Growing Smarter Commission" which conducted hearings throughout the State on ways to enhance the law and to address certain other issues. During 2000, the Arizona Legislature adopted additional legislation known as "Growing Smarter Plus" which significantly expands Growing Smarter and particularly the planning requirements passed in 1998. Fast-growing communities must now plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is now required. To pay for growth, communities are permitted to establish service area limits, beyond which new growth pays the full cost for services. Growing Smarter allowed citizens to refer general plans passed by local government to the ballot for voter approval. Growing Smarter Plus goes a step farther by requiring fast growing and large cities and Pima and Maricopa Counties to submit their general plans to the voters for ratification. Every 10 years, voters will have the final say over general planning in their communities. It is unclear at this time how Growing Smarter and Growing Smarter Plus will affect development activity in the State and particularly the County in the future.

The following chart illustrates the number of new and resale homes that have been sold in each calendar year and the median price of these homes.

NUMBER OF HOME SALES AND MEDIAN PRICE
Maricopa County, Arizona

Year	Number of Home Sales	Median Price
2000	97,612	$131,000
1999	98,730	124,900
1998	94,160	117,000
1997	82,130	111,225
1996	62,250	106,000
1995	66,970	99,575

Source: Various editions of *Arizona Business*, Center for Business Research, College of Business, Arizona State University.

Agriculture

The County is presently the leading producer of agricultural and livestock products in Arizona in terms of both total producing acreage and total cash receipts from agricultural marketings. The County is the largest producer of livestock, cotton, wheat, alfalfa and potatoes in the State, and the second leading producer of citrus products and vegetables.

CASH RECEIPTS FROM AGRICULTURAL MARKETING
Total Crops and Livestock
Maricopa County, Arizona
($000's omitted)

Year	Cash Receipts
1998	$835,808
1997	784,759
1996	751,688
1995	812,303
1994	712,003

Source: *1999 Arizona Agricultural Statistics,* Arizona Crop and Livestock Reporting Service, July 2000.

Service/Tourism

Nearly one-third of all the County businesses are in the services sector, and the service payroll is second to manufacturing. The County has developed into a major tourism center and the tourism industry contributes strongly to service employment. Most of the tourist dollars are being spent for food, lodging and gasoline within the County. Excellent tourist accommodations, diverse cultural activities and a favorable climate attract millions of visitors to the area annually. The County's proximity to many of Arizona's scenic attractions, Phoenix convention facilities, Nevada, California and Mexico make it a natural tourism center for the entire Southwest. The following table illustrates taxable lodging sales for the County.

TAXABLE LODGING SALES
Maricopa County, Arizona
($000's omitted)

Year	Amount
2001*	$ 338,596
2000	2,278,303
1999	1,027,907
1998	1,013,242
1997	955,462
1996	883,743
1995	749,193

* Data through March 31, 2001.

Source: Arizona Department of Revenue, Econometrics.

Below is a partial list of the larger hotels and resorts, based on number of units.

HOTELS AND RESORTS
Maricopa County

Hotel/Motel Name	Number of Units	Number of Employees*	Year Opened
The Arizona Biltmore and Villas	730	1,050	1929
Hyatt Regency Phoenix	712	450	1979
The Phoenician	654	1,700	1988
Scottsdale Princess	650	1,250	1987
The Pointe Hilton Resort on South Mountain	638	700	1986
The Pointe Hilton Resort at Tapatio Cliffs	584	950	1982
The Pointe Hilton Resort at Squaw Peak	564	539	1977
Crown Plaza Phoenix	532	250	1975
Hyatt Regency Scottsdale	493	934	1986
Marriott's Camelback Inn Resort	453	900	1936

* Number of full-time equivalent employees.

Source: *The Book of Lists 2001, The Business Journal,* serving Phoenix and the Valley of the Sun, December 2000.

Trade

The retail trade sector is growing in importance. When taken together, wholesale and retail trade represent the largest employment sector in the County, and this sector should remain the County's leading employment category well into the future. The following table illustrates taxable retail sales for the County over the last five calendar years.

TAXABLE RETAIL SALES*
Maricopa County, Arizona
($000's omitted)

Year	Retail Sales*
2001**	$ 6,770,895
2000	25,881,116
1999	23,704,580
1998	21,504,574
1997	19,900,822
1996	18,547,512
1995	17,060,486

Source: Arizona Department of Revenue.

* The definition of "Retail Sales" is the business of selling tangible personal property at retail. Therefore, this class of transaction does not include hotels, restaurants or food sales, which are in separate classes, and all services which are not taxable.

** Data through March 31, 2001.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS
Maricopa County, Arizona
(000's omitted)

As of December 31	Amount
2000	$27,336,883
1999	24,655,777
1998	24,940,253
1997	20,296,620
1996	17,806,183
1995	21,171,950

Source: Arizona Banker's Association.

Transportation

The County has 25 airports, ranging in size from small strips for private planes to important centers for high-performance jets and commercial airlines. Sky Harbor International Airport, the only commercial passenger airport in the County, provides central Arizona with a high level of commercial air passenger service. The tables below illustrate the airlines serving Sky Harbor International Airport and the number of passengers arriving and departing, respectively.

AIRLINES SERVING SKY HARBOR
INTERNATIONAL AIRPORT

Major Airlines		Commuter Airlines	Major Freight Carriers
Aeromexico Airlines	Continental Airlines	America West Express	Airborne Express
Air Canada Airlines	Delta Airlines	Express Air	Burlington Air Freight
Air Jamaica	Northwest/KLM Airlines	Frontier Airlines	Federal Express
Alaska Airlines	Southwest Airlines	Midwest Express	United Parcel Service
America West Airlines	Trans World Airlines*	Scenic Airlines	United States Postal Service
American Airlines*	United/Lufthansa Airlines	Sky West (Delta)	Air Cargo Transit
American Trans Air	US Airways	Shuttle by United	U.S. Customs Service
British Airways		Sun Country	

* Merged but still operating under separate names.

Source: The City of Phoenix Aviation Department, May 2001.

NUMBER OF PASSENGERS ARRIVING AND DEPARTING

SKY HARBOR INTERNATIONAL AIRPORT

Year	Arrivals	Departures	Total
2001*	1,437,135	1,461,714	2,898,849
2000	17,601,558	18,408,591	36,010,149
1999	17,046,727	16,507,680	33,554,407
1998	15,784,493	15,984,620	31,769,113
1997	15,254,190	15,404,953	30,659,143
1996	15,215,724	15,196,128	30,411,852
1995	13,961,059	13,895,136	27,856,195

* Data through January 2001

Source: The City of Phoenix Aviation Department, January 2001.

A main line of the Union Pacific Railroad and a branch line of the Atchison, Topeka and Burlington Northern/Santa Fe Railroad each serve the County. In addition, fifty transcontinental trucking companies serve the County, along with two transcontinental bus lines. The County has approximately 3,156 miles of roadway of which approximately 1,907 miles are paved. The County is also traversed by Interstate 10, the transcontinental all-weather route through the southern United States; U.S. Highways 60 and 89; and Interstate 17, the express route from Phoenix to northern Arizona.

MARICOPA COUNTY, ARIZONA
FINANCIAL DATA

Maricopa County, Arizona
Current Year Statistics (For Fiscal Year 2000/01)

Total General Obligation Bonded Debt	$79,595,000 (a)
Primary Assessed Valuation	$19,362,298,255 (b)
Secondary Assessed Valuation	$20,877,715,546 (b)
Estimated Full Cash Value	$160,906,987,089 (c)

(a) Excludes bonds which have been refunded.

(b) Arizona property taxes are divided into two categories, primary and secondary. Secondary property taxes are those taxes and assessments imposed to pay principal and interest on bonded indebtedness, those imposed for certain special districts and those imposed to exceed a budget, expenditure or tax limitation pursuant to voter approval. Primary property taxes are all ad valorem taxes other than secondary property taxes. Annual increases in the valuation of certain types of property for primary property tax purposes and the amount of primary property taxes which may be levied in any year are subject to certain limitations. These limitations do not apply with respect to secondary property taxes.

(c) Estimated full cash value is the total market value of the property within the County as estimated by the Arizona Department of Revenue, Division of Property and Special Taxes less the estimated exempt property within the County.

STATEMENTS OF BONDED INDEBTEDNESS

Direct General Obligation Bonded Debt Outstanding
Maricopa County, Arizona

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
1992	Refunding	$68,500,000	7-1-92/03	$ 1,625,000
1992 2nd Series	Refunding	67,500,000	7-1-94/03	49,450,000
1993D	New Money	25,575,000	7-1-99/04	23,000,000
1994A	Refunding	9,220,000	7-1-96/02	1,835,000
1995	Refunding	17,320,000	7-1-96/02	3,685,000
Total Direct General Obligation Bonds Outstanding				**$79,595,000**

Secondary Assessed Valuation by Property Classification
Maricopa County, Arizona

A comparison of net secondary assessed valuation by property classification of the County for the five most recent fiscal years is as follows:

Class*	2000/01
Mines, utilities, tele- communications, commercial, & industrial	$9,181,008,814
Agricultural and Vacant	1,344,984,991
Residential (not for profit)	8,795,368,765
Residential (rental), day care, residential care	1,461,023,090
Railroad, private car companies, flight property	25,344,788
Noncommercial historic, foreign trade zones, enterprize zones, military reuse zones, environmental tech, mnfg.	67,814,652
Residential historic	557,087
Commercial historic property	1,603,994
Improvements on possessory rights	9,365
	$20,877,715,546

Class*	1999/00	1998/99	1997/98	1996/97
Mining and timber	$ 418,107	$ 441,532	$ 456,840	$ 512,400
Utilities	1,796,634,969	1,887,755,306	1,958,935,536	2,077,197,060
Commercial and industrial	6,846,156,609	5,795,628,225	5,238,921,448	4,893,976,205
Agricultural and Vacant	1,215,367,479	1,064,055,406	942,484,168	905,666,695
Residential (not for Profit)	7,613,437,892	6,894,513,642	6,526,551,454	5,507,916,713
Residential (rental)	1,368,792,161	1,105,479,286	1,006,871,433	922,124,574
Railroad	24,789,306	26,420,271	27,652,226	21,351,386
Technology	44,924,655	36,815,904	20,336,453	12,882,109
Livestock, poultry, aquatic animals and bees	1,626,161	1,319,757	765,075	925,658
HistoricProperty	64,458	39,768	35,062	23,041
Government land improvements	14,670	548,164	425,353	581,020
	$18,912,226,467	$16,813,017,261	$15,723,435,068	$14,343,156,861

* The Property Classifications for 2000/2001 were revised.

Source: *State and County Abstract of the Assessment Role*, State of Arizona, Department of Revenue and the Maricopa County, Arizona, Finance Department.

Direct Bonded Debt, Legal Limitation and Unused Borrowing Capacity
Maricopa County, Arizona

2000/01 Arizona Constitutional Limitation (15% of Secondary Assessed Valuation)	$3,131,657,331
Direct General Obligation Bonded Debt	(79,595,000)
Unused 15% Borrowing Capacity	$3,052,062,331

Direct and Overlapping General Obligation Bonded Debt

Overlapping Jurisdiction	General Obligation Bonded Debt (b)	Proportion Applicable to Maricopa County (a) Approximate Percent	Net Debt Amount
State of Arizona	None	16.09%	None
Maricopa County Community College District (c)	$322,535,000	100.00%	$ 322,535,000
Elementary School Districts	667,354,000	100.00%	667,354,000
High School Districts	594,360,000	100.00%	594,360,000
Unified School Districts	1,645,979,000	100.00%	1,645,979,000
East Valley Institute of Technology District No. 1	27,765,000	97.99%	27,206,924
Cities and Towns (d)	1,329,917,028	100.00%	1,329,917,028
Maricopa County	79,595,000	100.00%	79,595,000
Total Direct and Overlapping General Obligation Bonded Debt	**$4,667,505,028**		**$4,666,946,952**

(a) Proportion applicable to the County as computed on the ratio of secondary assessed valuation.

(b) Includes total general obligation bonds outstanding less redemption and mandatory sinking funds on hand. Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future:

Authorized but Unissued

The following table lists general obligation bonds presently authorized but unissued for municipal jurisdictions within the County.

Municipal Jurisdiction	General Obligation Bonds
Maricopa County Community College District	$ 4,000
Paradise Valley Unified School District No. 69	65,335,000
Fountain Hills Unified School District No. 98	8,000,000
City of Avondale	13,870,000
Town of Cave Creek	150,000
City of Chandler	87,665,000
Town of Fountain Hills	6,000,000
Town of Gilbert	18,325,000
City of Glendale	442,941,000
Town of Goodyear	193,090,000
City of Mesa	141,563,000
City of Peoria	95,500,000
City of Phoenix	66,252,000
City of Scottsdale	358,200,000
City of Tempe	33,965,000

Does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of Interior, for the repayment of capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Bureau of Reclamation to deliver Colorado River water to central Arizona and Tucson. The obligation is evidenced by a master contract between the CAWCD and the United States Department of the Interior. The United States and CAWCD recently announced an agreement to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits for amounts paid by

CAWCD to the United States against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.65 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 665,224 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.65 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50 year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona and Federal legislation. If the conditions are not met within three years, the parties could extend such deadline or the agreement will terminate and either party may petition U.S. District Court to resume litigation. It is not possible to predict whether the agreement will be effective or if the litigation will be resumed or the outcome of any such litigation. The CAWCD is a water conservation district having boundaries coterminous with the external boundaries of Maricopa and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAWCD and to assist in the repayment to the United States of the Central Arizona Project capital costs. Repayment is being made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within the CAWCD. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation (see Arizona Revised Statutes, Section 48-3715). There can be no assurance that such levy limit will not be increased or decreased or removed at any time during the life of the contract.

(c) Does not include Maricopa County Community College District revenue bonds outstanding in the amount of $14,375,000.

(d) Does not include outstanding principal amount of self-supporting general obligation bonds issued by various cities and towns within the County's boundaries which are presently being paid from revenues derived from the usage of the facilities. Should the revenues of the operation of the systems prove to be insufficient to pay the indebtedness or should the cities or towns elect to change its payment policy on its revenue supported general obligation bonds this debt would and must be paid from ad valorem taxes. Also does not include the outstanding principal amount of various cities and towns improvement districts' special assessment bonds paid from special assessments levied against property owners residing within the various improvement districts. The improvement district bonds are secondarily guaranteed by statutory obligations of the respective city or town.

Overlapping General Obligation Bonded Debt, Net Assessed Valuations and Tax Rates
Maricopa County

Overlapping Jurisdiction	2000/01 Net Secondary Assessed Valuation	2000/01 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2000/01 Combined Secondary and Primary Tax Rates Per $100 A.V.
Elementary School Districts				
Phoenix No. 1	$ 572,457,624	$ 530,370,908	$ 70,985,000	$7.1565
Riverside No. 2	175,552,638	168,236,177	None	1.4215
Tempe No. 3	1,117,378,469	1,030,936,735	75,850,000	4.4169
Isaac No. 5	137,722,170	127,860,147	11,605,000	7.4199
Washington No. 6	1,096,748,338	1,026,788,326	122,780,000	4.4611
Wilson No. 7	123,097,174	118,279,668	11,955,000	7.4956
Osborn No. 8	417,241,866	375,749,064	34,340,000	3.6077
Creighton No. 14	277,877,658	253,773,647	26,870,000	5.3765
Tolleson No. 17	50,978,034	48,843,584	3,869,000	6.3306
Murphy No. 21	83,269,413	78,599,713	9,000,000	5.2707
Liberty No. 25	49,724,303	43,387,719	3,500,000	4.3319
Kyrene No. 28	1,291,198,848	1,206,721,757	69,170,000	4.6857
Balsz No. 31	252,437,386	228,476,099	22,060,000	4.5126
Buckeye No. 33	40,810,757	38,208,509	2,895,000	4.1772
Madison No. 38	704,231,002	632,276,543	53,045,000	3.6709
Glendale No. 40	248,252,630	230,456,009	25,540,000	7.1915
Avondale No. 44	99,715,222	91,829,754	6,820,000	4.5052
Fowler No. 45	75,640,358	70,184,728	9,515,000	4.9941
Arlington No. 47	31,239,986	29,977,225	225,000	2.4568
Palo Verde No. 49	14,978,432	13,555,837	815,000	4.4027
Laveen No. 59	34,899,217	31,436,666	3,985,000	4.3219
Union No. 62	4,135,008	4,050,526	None	2.2642
Aguila No. 63	6,902,310	5,975,992	None	3.1144
Littleton No. 65	52,711,638	49,639,522	1,370,000	4.1117
Roosevelt No. 66	302,833,236	275,441,640	32,565,000	8.1470
Alhambra No. 68	318,516,723	293,594,140	35,885,000	6.5222
Sentinel No. 71	9,368,398	9,265,868	None	5.5795
Morristown No. 75	10,084,947	7,836,893	None	5.7409
Litchfield No. 79	147,404,336	137,175,145	21,440,000	5.1288
Nadaburg No. 81	24,749,281	22,289,462	1,465,000	7.7820
Cartwright No. 83	236,358,508	219,209,151	None	8.2456
Mobile No. 86	5,196,754	5,007,497	None	7.6780
Ruth Fisher No. 90	1,089,307,571	1,085,844,062	1,435,000	2.2929
Pendergast No. 92	141,441,054	136,724,702	8,370,000	7.4088
Paloma No. 94	3,708,560	3,649,679	100,000	7.9715
Total Overlapping General Obligation Bonded Debt			**$667,354,000**	

Overlapping Jurisdiction	2000/01 Net Secondary Assessed Valuation	2000/01 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2000/01 Combined Secondary and Primary Tax Rates Per $100 A.V.
High School Districts				
Buckeye Union No. 201	$136,753,478	$125,129,290	$ 2,355,000	$2.8425
Glendale Union No. 205	1,345,000,968	1,257,244,335	75,745,000	3.5618
Phoenix Union No. 210	3,636,464,615	3,333,303,563	218,145,000	4.6018
Tempe Union No. 213	2,408,577,317	2,237,658,492	230,010,000	3.3139
Tolleson Union No. 214	324,906,092	309,443,062	38,695,000	4.4672
Agua Fria Union No. 216	247,119,558	229,004,899	29,410,000	5.1889
Total Overlapping General Obligation Bonded Debt			**$594,360,000**	

Overlapping Jurisdiction	2000/01 Net Secondary Assessed Valuation	2000/01 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2000/01 Combined Secondary and Primary Tax Rates Per $100 A.V.
Unified School Districts				
Mesa No. 4	$2,051,301,721	$1,921,383,034	$279,505,000	$7.5543
Wickenburg No. 9	73,325,188	65,444,810	13,350,000	6.5626
Peoria No. 11	780,984,797	739,775,489	190,784,000	9.4925
Gila Bend No. 24	10,943,378	10,433,966	None	5.3163
Gilbert No. 41	763,100,466	709,398,827	76,790,000	8.9680
Scottsdale No. 48	2,708,919,498	2,459,858,211	312,750,000	5.4555
Higley No. 60	31,255,673	27,308,729	375,000	7.0784
Paradise Valley No. 69	1,614,097,876	1,509,127,804	311,520,000	7.5225
Chandler No. 80	807,764,845	763,436,057	133,630,000	7.9562
Dysart No. 89	264,838,444	244,041,316	8,195,000	6.1448
Cave Creek No. 93	653,557,499	536,901,850	89,515,000	5.7566
Queen Creek No. 95	55,925,365	50,636,555	17,495,000	9.2768
Deer Valley No. 97	946,930,080	885,569,266	183,500,000	8.0559
Fountain Hills No. 98	214,037,354	191,579,669	28,570,000	6.2903
Total Overlapping General Obligation Bonded Debt			**$1,645,979,000**	

Overlapping Jurisdiction	2000/01 Net Secondary Assessed Valuation	2000/01 Net Primary Assessed Valuation	Net General Obligation Bonded Debt Outstanding	2000/01 Combined Secondary and Primary Tax Rates Per $100 A.V.
Cities and Towns				
Avondale	$ 104,336,139	$ 97,804,983	$ 9,459,000	$1.2783
Buckeye	33,175,256	31,220,433	1,665,000	1.5551
Carefree	79,934,552	70,585,852	None	0.0000
Cave Creek	58,833,559	47,596,828	6,675,000	0.0000
Chandler	1,099,452,357	1,037,292,379	84,035,000	1.3000
El Mirage	22,323,925	19,186,740	None	0.0000
Fountain Hills	212,415,476	190,102,361	7,505,000	0.3331
Gila Bend	5,717,846	5,371,345	None	1.6416
Gilbert	593,732,571	554,316,091	32,890,000	1.2500
Glendale	876,902,521	829,707,564	64,720,000	1.7200
Goodyear	136,557,331	124,823,974	13,000,000	2.0816
Guadalupe	8,527,764	7,721,903	None	0.0000
Litchfield Park	35,572,376	33,133,204	None	0.0000
Mesa	1,919,915,826	1,796,085,424	198,990,000	0.0000
Paradise Valley	396,333,423	334,711,566	None	0.0000
Peoria	516,676,367	487,868,164	46,020,000	1.6274
Phoenix	7,573,211,016	7,024,054,018	484,344,683	1.8200
Queen Creek	22,428,459	19,266,571	None	0.0000
Scottsdale	2,877,733,056	2,581,458,702	288,120,000	1.1866
Surprise	176,094,650	160,045,259	6,993,345	0.8510
Tempe	1,356,429,397	1,258,271,537	76,405,000	1.3500
Tolleson	76,249,427	73,143,542	9,095,000	2.0598
Wickenburg	31,509,563	28,098,899	None	0.7118
Youngtown	15,002,914	14,297,512	None	0.0000
Total Overlapping General Obligation Bonded Debt			**$1,329,917,028**	

Direct and Overlapping General Obligation Debt Ratios
Maricopa County, Arizona

	Per Capita Bonded Debt Population Estimated @ 3,072,149(a)	As Percentage of County's	
		Net Secondary Assessed Valuation ($20,877,715,546)	Estimated Full Cash Value ($160,906,987,089)
Direct General Obligation Bonded Debt Outstanding ($79,595,000)	$25.91	0.38%	0.05%
Direct and Overlapping General Obligation Bonded Debt Outstanding ($4,637,456,657)	$1,519.11	22.35%	2.90%

(a) Population estimate from U.S. Census Bureau, Census 2000.

Other Indebtedness
Certificates of Participation

Issue Series	Original Amount	Maturity Dates	Balance Outstanding
Series 1993	$ 3,850,000	6-1-94/08	$ 1,300,000.00
Series 1994	30,000,000	6-1-95/04	14,285,000.00
Series 1996	2,500,000	6-1-97/11	2,003,380.53
Series 2000	5,300,000	7-1-01/10	5,300,000.00
Series 2000	6,975,000	7-1-01/15	6,975,000.00
Total Certificates of Participation Outstanding			**$29,863,380.53**

As of June 30, 2000, the County had the following leases in effect:

Operating Leases – The County's operating leases are for office equipment, land and buildings. Rental expenses under the terms of these operating leases were $14,917,844 for the year ended June 30, 2000. These operating leases have remaining lease terms from one to twelve years. Also, they provide renewal options and are contingent on budgetary appropriations each fiscal year. The future minimum rental payments required under these operating leases as of June 30, 2000, are as follows:

Year	General	Special Revenue	Enterprise	Total
2000-01	$ 8,445,901	$1,874,970	$ 1,466,733	$11,787,604
2001-02	6,757,636	1,290,801	1,399,035	9,447,472
2002-03	5,986,655	747,176	818,623	7,552,454
2003-04	4,705,276	723,719	168,744	5,597,739
2004-05	3,104,486	247,517	150,101	3,502,104
Thereafter	7,402,355	235,061	0	7,637,416
Total minimum payments required	**$36,402,309**	**$5,119,244**	**$4,003,236**	**$45,524,789**

Capital Leases – The County has entered into various lease-purchase agreements, which are noncancellable, for the acquisitions of the following equipment:

	Enterprise	General Fixed Assets Account Group
Computer Systems and Equipment		$ 8,094,090
Data Communications Equipment		235,464
Medical Equipment	$ 2,361,799	112,336
Modular Buildings and Improvements		3,905,953
Optical Scan Counter		4,212,000
Radio System		9,490,995
Sheriff's Helicopters		4,064,699
Telephone Systems		294,092
Total Fixed Assets	2,361,799	28,860,972
Accumulated Depreciation	(1,704,656)	-0-
Net Value of Leased Fixed Assets	**$ 657,143**	**$30,409,629**

These lease purchase agreements require the County to pay all maintenance costs. At the time of the final principal and interest payments, title to the leased equipment transfers to the County. These leases are contingent on budgetary appropriations each fiscal year. The assets are capitalized at a total principal cost.

The following is a schedule of future minimum lease payments for the above-described capital leases:

Year	Enterprise	General Long-Term Debt Account Group
2000-01	$400,278	$ 4,880,881
2001-02	232,792	3,498,992
2002-03	0	3,014,194
2003-04	0	2,546,944
2004-05	0	2,485,438
Thereafter	0	4,909,009
Total minimum lease payments	633,070	21,335,458
Amount representing interest	(24,276)	(3,213,947)
Present value of net minimum lease payments	**$608,794**	**$18,121,511**

PROPERTY TAXES

General

The State has two valuation bases for levying ad valorem property taxes. They are "limited property" and "full cash" values. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuations of centrally assessed properties such as gas, water and electric utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as described by statute" or if no statutory method is prescribed it is "synonymous with market value". "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value which may be based on another valuation approach.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

The assessment ratios utilized over the five-year period, 1996-2000 tax years, for each class are set forth below:

PROPERTY TAX ASSESSMENT RATIOS
1996 THROUGH 2000

	Property Classification (1)						
Tax Years	Mines (2)	Utilities (2)	Railroads, Private Car, And Airline Flight Property (3)	Commercial and Industrial (4)	Owner Occupied Residential	Leased or Rented Residential	Agriculture And Vacant Land (4)
1996	28	28	24	25	10	10	16
1997	27	27	23	25	10	10	16
1998	26	26	23	25	10	10	16
1999	25	25	23	25	10	10	16
2000	25	25	25	16	10	10	16

(1) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation. These classes consist of historic property; aerospace manufacturing property in a military reuse zone; certain manufacturing property in an enterprise zone; property in a foreign trade zone; (beginning in 1994-95) environmental technology property for the first 20 years from the date placed in service; producing oil, gas and geothermal resource interests; and leasehold or other possessory interest in certain public property.

(2) The assessed valuation percentages for mining and utility properties were reduced to 25% in 1999. For tax year 2000, mining and utility properties are included in the same class as commercial and industrial properties.

(3) The percentage is calculated annually based on the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash value of such properties.

(4) The first $51,831 of full cash value on commercial, industrial and agricultural personal property is exempt from taxation and is indexed annually for inflation. Any portion of the full cash value in excess of these amounts will be assessed at 25% or 16% as applicable.

Primary Taxes

Taxes levied against the assessed limited property value (after application of assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(1) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, are established at the previous year's limited property value increased by the greater of either 10% of last year's limited property value or 25% of the difference between last year's limited property value and the current year's full cash value.

(2) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city, town and community college district is 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 tax 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 limited and full cash values of personal property (other than mobile homes) and of utility, mining and producing oil, gas and geothermal property are the same. Primary taxes on residential property only are constitutionally limited to 1% of the full cash value of such property.

To offset the effects of the primary system limitation of tax levies on residential property to 1% of the primary full cash value, a tax equalization program was instituted, whereby the State will provide funds to qualifying local school districts in an amount up to 35% of the district's primary tax levy requirement as applied to residential property, not to exceed $500 per individual residential property. These funds are derived from appropriations from the State General Fund. This program also requires the counties to levy a tax of $0.5123 per $100 of assessed value under the primary system to supplement the State equalization funds provided to local school districts in the county. In addition, if the State's equalization contribution does not reduce the aggregate tax levy on residential properties in the district for primary purposes to 1% of the primary full cash value, the State will contribute additional funds to the extent necessary for this purpose.

Secondary Taxes

Taxes levied against the assessed full cash value (after application of the assessment ratio) are referred to as secondary taxes, which are used for debt retirement (i.e., debt service on bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property, and annual levies for voter-approved bonded indebtedness and special district assessments are unlimited.

Tax Procedures

The Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the parcel of property in order to determine the total tax owed by each property owner.

Beginning with the 1997 tax year, county assessors were given more time to value property. In addition, the Board of Supervisors of the County prepare and adopt the final tax roll showing the valuation and classification of each parcel of land located within the County no later than December 31 of each year for use in setting tax levy rates in the next fiscal year. For tax years 1995 and 1996 assessors used a transitional system of valuation and appeal.

Delinquent Tax Procedures

The property taxes due the City are billed along with State, County and other taxes, in September of the calendar tax year and are payable in two installments, October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (However, a law that became effective July 19, 1996, waives delinquent interest 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 of the County 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 title to such property is vested in 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 and current 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 of the County to deliver a Treasurer's Deed to the certificate holder as prescribed by law.

It should be noted that 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 noninterest 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 City. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When 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 would be stayed pursuant to the Bankruptcy Code. While the 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 post bankruptcy petition tax collection 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 Bonds. None of the County or the Financial Advisor, nor their respective agents or consultants have 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 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.

Tax Rates and Assessed Valuations

The data shown below lists separately the primary and secondary tax rates and assessed valuations for the county for the past five fiscal years.

Tax Year	Primary Tax Rate	Primary Assessed Valuation	Secondary Tax Rate	Secondary Assessed Valuation
2000-01	$1.1641	$19,362,298,255	$0.1152	$20,877,715,546
1999-00	1.1884	17,463,875,533	0.1085	18,912,226,467
1998-99	1.1472	16,017,265,623	0.1312	16,813,017,261
1997-98	1.1265	15,006,270,531	0.1364	15,723,498,194
1996-97	1.1054	13,975,668,204	0.1575	14,343,156,861

Real and Secured Property Taxes Levied and Collected (a)
Maricopa County, Arizona

Fiscal Year	Tax Rate	Tax Levy	Collected to June 30 of Initial Fiscal Year: Amount	Collected to June 30 of Initial Fiscal Year: % of Levy	Cumulative Collection to 4/01/01: Amount	Cumulative Collection to 4/01/01: % of Levy
2000-01	$1.2793	$329,569,753	(b)	(b)	$202,415,680	61.42%
1999-00	1.2969	302,045,034	$296,460,619	98.15%	296,460,619	98.15%
1998-99	1.2784	274,040,399	269,103,706	98.20%	273,852,207	99.93%
1997-98	1.2629	254,468,798	249,969,595	98.23%	254,455,491	99.99%
1996-97	1.7929	237,924,376	234,357,085	98.50%	237,916,015	99.99%

Source: Maricopa County Treasurer's Office.

(a) Taxes are certified and collected by the Maricopa County Treasurer. Taxes in support of debt service are levied by the Maricopa County Board of Supervisors as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County General Fund.

(b) 2000-01 Taxes in Course of Collection:
The first installment was due on 10-01-00 and became delinquent on 11-01-00; and the second installment was due on 03-01-01 and became delinquent on 05-01-01.

ASSESSED VALUATIONS AND TAX RATES

Arizona property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads, which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the maximum allowable prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness and special district taxes are unlimited.

Direct and Overlapping Assessed Valuations and Total Tax Rates (a)
Per $100 Assessed Valuation

Overlapping Jurisdiction	2000-01 Secondary Assessed Valuation	2000-01 Primary Assessed Valuation	2000-01 Total Tax Rates Per $100 Assessed Valuation (a)
State of Arizona	$31,837,391,782	$29,944,135,240	N/A
Maricopa County Community College District	20,877,715,546	19,362,298,255	$1.1194
Maricopa County Library District (b)	20,877,715,546	N/A	0.0421
Maricopa County Fire District (b)	20,877,715,546	N/A	0.0096
Maricopa County Flood Control District (b)	17,485,889,868	N/A	0.2534
Central Arizona Water Conservation District (b)	20,877,715,546	N/A	0.1300
Elementary School Districts	9,279,425,522	8,658,961,823	188.7996
Unified School Districts	10,940,943,449	10,087,586,854	94.3523
High School Districts	8,098,822,028	7,491,783,641	23.9761
E. Valley Institute of Technology District No. 401	9,225,862,579	N/A	0.1186
Cities and Towns	18,229,524,534	16,826,614,686	20.7663
Maricopa County	20,877,715,546	19,362,298,255	1.2746

* Excludes school district assistance tax of $0.5123 per $100 of assessed value.

(a) Based upon fiscal year 2000-01 data obtained from the Maricopa County Department of Finance.

(b) The assessed valuation of the Flood Control District does not include the personal property assessed valuation of Maricopa County. All levies for library districts, fire districts, technology, water conservation districts and flood control districts are levied on the secondary assessed valuation, as shown here.

Weighted Average Overlapping Tax Rates	**Weighted Average Total Tax Rate Per $100 Assessed Valuation (a)**
Inside Elementary Districts, Inside Cities and Towns and Outside East Valley Institute of Technology No. 401	$14.5738
Inside Elementary Districts, Outside Cities and Towns and Outside East Valley Institute of Technology No. 401	$ 6.6134
Inside Elementary School Districts, Inside Cities and Towns and Inside East Valley Institute of Technology No. 401	$12.6585
Inside Elementary School Districts, Outside Cities and Towns and Inside East Valley Institute of Technology No. 401	$10.9211
Inside Unified School Districts, Inside Cities and Towns and Outside East Valley Institute of Technology No. 401	$12.1909
Inside Unified School Districts, Outside Cities and Towns and East Valley Institute of Technology No. 401	$11.2679
Inside Unified School Districts, Inside Cities and Towns and Inside East Valley Institute of Technology No. 401	$10.6939
Inside Unified School Districts, Outside Cities and Towns and Inside East Valley Institute of Technology No. 401	$11.5758
Outside all school districts, inside cities and towns and outside East Valley Institute of Technology No. 401	$ 6.2223
Outside all school districts, outside cities and towns and outside East Valley Institute of Technology No. 401	$ 7.2887

(a) The tax shown is a weighted average based on each municipality's proportionate amount of primary assessed valuation for each classification.

Major taxpayers shown below are the major property taxpayers located within the County, an estimate of their 2000-01 secondary assessed valuation as of September 2000 and their relative proportion of the County's 2000-01 secondary assessed valuation.

Assessed Valuation of Major Taxpayers (a)
Maricopa County, Arizona

Taxpayer (b)	2000-01 Secondary Assessed Valuation	As % of County's Total 2000-01 Secondary Assessed Valuation
Arizona Public Service Company	$ 783,320,617	3.75%
U.S. West Communications Inc.	321,615,550	1.55
Southern California Edison Company	236,027,104	1.13
El Paso Electric Co.	204,045,244	0.98
Motorola Inc.	173,500,012	0.83
Public Service Company of New Mexico	112,181,397	0.54
Southwest Gas Corporation	97,038,350	0.46
Southern Calif. Public Power Authority	88,506,537	0.42
Intel Corporation	87,504,788	0.42
AT&T	73,811,195	0.35
City of Los Angeles Dept. of Wtr. & Power	62,328,889	0.30
Scottsdale Fashion Square Partnership	47,334,672	0.23
MCI Telecommunications Corp	46,843,769	0.22
Sheraton The Phoenician	39,045,493	0.19
Total	**$2,373,103,617**	**11.38%**

(a) Data obtained from the fiscal year 2000-01 tax rolls of the Maricopa County Assessor's Office and the records of the Arizona Department of Revenue.

(b) Some such taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE 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. None of the County, the Underwriters or counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Maricopa County Treasurer's office.

Comparative Secondary Assessed Valuation Histories

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
2000-01	$7,573,211,016	$20,877,715,546	$31,744,964,844
1999-00	6,915,960,312	18,912,226,467	29,098,577,633
1998-99	6,202,274,718	16,813,017,261	26,793,103,121
1997-98	5,894,963,462	15,723,498,194	25,377,388,011
1996-97	5,400,221,498	14,343,156,861	23,333,678,475

Source: *State and County Abstract of the Assessment Role*, State of Arizona Department of Revenue and The Arizona Property Tax Research Foundation, *Property Tax Rates and Assessed Values.*

Estimated Full Cash Valuation (a)
Maricopa County, Arizona

Fiscal Year	Estimated Full Cash Value
2000-01	$160,906,987,089
1999-00	134,709,854,002
1998-99	128,171,304,453
1997-98	120,276,272,356
1996-97	107,807,337,315

(a) Estimated full cash value is the total market value of the taxable property less estimated exempt property within the City as provided to the City by the Arizona Department of Revenue, Division of Property and Special Taxes.

Sales and Transaction Privileges Tax Receipts

The following table indicates sales and transaction privilege tax revenue that have been, or are estimated to be received by the County. Such taxes are levied by the State and are distributed to the County on the basis of a formula prescribed by State statute.

Fiscal Year	Sales and Transaction Privilege Tax Receipts(a)
1999-00	$296,029,480
1998-99	273,423,421
1997-98	256,680,131
1996-97	240,138,668
1995-96	234,576,660
1994-95	225,445,807

(a) Does not include a special county-wide $.005 sales tax levied by Maricopa County for construction of freeways. The proceeds of such tax are collected by the State and held in trust by the State Treasurer. All freeway construction is administered by the Arizona Department of Transportation. The $.005 sales tax will produce approximately $130 million in fiscal year 2000. The revenues from the tax will not be available to the County for general operating purposes or payments on the Series 2001 Lease.

Source: Maricopa County, Arizona, Comprehensive Annual Financial Report for the year ended June 30, 2000.

APPENDIX C

MARICOPA COUNTY

GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2000

Combined Balance Sheet
All Fund Types And Account Groups
As of June 30, 2000

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS				
Cash in bank and on hand	$ 88,139	$ 12,571,822	$	$ 100
Cash and investments held by County Treasurer	25,376,011	133,873,493	24,573,067	149,863,844
Cash and investments held by trustee	7,598,720	102,309	1,841,803	9,241,341
Receivables (net of allowances for uncollectibles):				
Taxes	5,143,284	1,202,557	520,129	
Accounts				
Accrued interest	2,021,895	1,428,798		1,159,189
Special assessments			823,040	
Due from other funds	75,378,475	944,339	2,982	
Due from other governmental units	74,150,888	71,646,247		39,824
Inventory of supplies	2,121,165	868,650		
Prepaids				
Miscellaneous	380,864	2,254,922		1,140,478
Property, plant and equipment				
Accumulated depreciation				
Amount available for retirement of long-term debt				
Amount to be provided for retirement of long-term debt				
Total assets and other debits	$ 192,254,521	$ 224,893,137	$ 27,560,821	$ 161,244,574
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Vouchers payable	$ 13,832,631	$ 35,255,105	$	$ 4,433,263
Employee compensation	7,371,495	5,959,979		11,210
Accrued liabilities	1,538,352	6,130,696		450
Due to other funds		10,287,094		2,268
Due to other governmental units	4,816,133	7,784,847		
Deferred revenue	3,891,255	14,795,881	1,142,448	
Deposits held for other parties		1,643,213		
Interest payable			4,180,428	
General obligation bonds payable			20,315,000	
Stadium District revenue bonds payable			800,000	
Stadium District debt with governmental commitment			900,000	
Special assessment debt with governmental commitment			70,060	
Housing Department bonds payable				
Housing Department loans payable				
Capital leases payable				
Certificates of participation payable				
Claims and judgements payable				
Liability for reported and incurred but not reported claims				
Total liabilities	31,449,866	80,856,795	27,407,934	4,447,191
Equity and other credits:				
Contributed capital				
Investment in general fixed assets				
Retained earnings (deficits):				
Unreserved				
Fund balances:				
Reserved for inventory of supplies	2,121,165	868,650		
Reserved for capital lease expenditures	4,247,293			
Reserved for debt service			152,887	
Reserved for investment trust participants				
Unreserved	154,436,197	143,167,692		156,797,383
Total equity and other credits	160,804,655	144,036,342	152,887	156,797,383
Total liabilities, equity and other credits	$ 192,254,521	$ 224,893,137	$ 27,560,821	$ 161,244,574

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 2000
$ 1,275	$ 164,189	$ 38,726,415	$	$	$ 51,549,950
157,628,704	23,315,816	1,443,058,316			1,957,488,250
5,150,644	2,347,238				26,079,855
					6,865,950
30,965,149					30,965,149
735,598	240,747	14,096,367			19,882,594
					823,040
		659,935			76,985,731
2,340,219	19,342	115,394			148,311,714
2,927,317	1,724,817				7,841,949
2,413,430	652,255				3,065,685
3,944					3,780,308
152,497,557	9,084,036		1,023,841,892		1,185,423,485
(82,259,368)	(5,433,144)				(87,892,512)
				152,887	152,887
				271,250,733	271,250,733
$ 272,404,489	$ 32,115,306	$ 1,496,656,426	$ 1,023,841,892	$ 271,403,620	$ 3,702,374,766
$ 16,903,410	$ 1,910,558	$ 349,904	$	$	$ 72,884,871
4,838,759	576,330			27,084,256	45,842,029
18,869,549	1,090,112				26,829,159
62,955,407	543,030	3,197,932			76,985,731
3,288,904		11,176,915			27,066,789
					19,829,564
		80,299,933			81,943,146
					4,180,426
				79,595,000	99,910,000
				27,704,259	28,504,259
				28,225,000	29,125,000
				659,388	729,448
				95,975	95,975
				1,976,984	1,976,984
608,794				18,121,511	18,730,305
5,666,171				17,222,210	22,888,381
				70,719,037	70,719,037
42,964,831	43,199,791				86,164,622
156,095,825	47,319,821	95,024,684		271,403,620	714,005,736
93,468,652	19,632,407				113,101,059
			1,023,841,892		1,023,841,892
22,839,992	(34,836,922)				(11,996,930)
					2,988,815
					4,247,293
					152,887
		1,401,326,477			1,401,326,477
		305,265			454,706,537
116,308,644	(15,204,515)	1,401,631,742	1,023,841,892		2,988,369,030
$ 272,404,489	$ 32,115,306	$ 1,496,656,426	$ 1,023,841,892	$ 271,403,620	$ 3,702,374,766

Combined Statement Of Revenues, Expenditures And Changes In Fund Balances

All Governmental Fund Types And Expendable Trust Fund

For the Fiscal Year Ended June 30, 2000

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
REVENUES				
Taxes	$ 222,975,967	$ 52,044,545	$ 21,008,968	$
Licenses and permits	271,025	21,915,996		
Intergovernmental	402,400,291	379,977,697		859,370
Charges for services	20,744,303	40,987,616	280,976	13,389
Fines and forfeits	10,871,790	3,711,582		
Miscellaneous	15,281,194	27,655,074	570,601	5,788,570
Total revenues	672,544,570	526,292,510	21,860,545	6,661,329
EXPENDITURES				
Current:				
General government	88,342,570	3,286,559		
Public safety	202,194,917	220,258,774		
Highways and streets		55,450,402		
Health, welfare and sanitation	186,759,849	92,227,337		
Culture and recreation	1,334,263	13,968,500		
Education	1,353,609	16,499,854		
Capital outlay	32,223,642	119,333,888		29,843,358
Debt service:				
Principal retirement			23,808,586	
Interest charges			7,908,121	
Total expenditures	512,208,850	521,025,314	31,716,707	29,843,358
Excess (deficiency) of revenues over expenditures	160,335,720	5,267,196	(9,856,162)	(23,182,029)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	833,662	95,052,830	8,623,900	154,849,043
Operating transfers out	(151,792,199)	(116,701,994)		
Proceeds of capital leases	4,542,153			
Total other financing sources (uses)	(146,616,384)	(21,649,164)	8,623,900	154,849,043
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,719,336	(16,381,968)	(1,232,262)	131,667,014
Fund balances at beginning of year	145,038,481	160,600,449	1,385,149	25,130,369
Decrease in reserve for inventory of supplies	(199,549)	(182,139)		
Increase in reserve for capital lease expenditures	2,246,387			
Residual equity transfer in	34,121,505			
Residual equity transfer out	(34,121,505)			
Fund balances at end of year	$ 160,804,655	$ 144,036,342	$ 152,887	$ 156,797,383

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND TYPE EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY) JUNE 30, 2000
$	$ 296,029,480
	22,187,021
	783,237,358
	62,026,284
	14,583,372
204,156	49,499,595
204,156	1,227,583,110
	91,829,129
	422,453,891
	55,450,402
35,000	279,022,186
10,680	15,313,443
	17,853,463
	181,400,888
	23,808,586
	7,908,121
45,680	1,094,839,909
158,476	132,723,201
	259,159,435
	(268,494,193)
	4,542,153
	(4,792,605)
158,476	127,930,596
146,789	332,301,237
	(381,689)
	2,248,387
	34,121,505
	(34,121,505)
$ 305,265	$ 462,098,532

Combined Statement Of Revenues, Expenditures And Changes In Fund Balances
Budget And Actual - General, Special Revenue, Debt Service And Capital Projects Funds
For the Fiscal Year Ended June 30, 2000

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES						
Taxes	$ 222,351,740	$ 222,975,967	$ 624,227	$ 53,117,699	$ 52,044,545	$ (1,073,154)
Licenses and permits	45,000	271,025	226,025	18,543,522	21,915,996	3,372,474
Intergovernmental	368,187,558	402,400,291	34,212,733	389,166,158	368,083,981	(21,082,177)
Charges for services	18,492,285	20,744,303	2,252,018	35,669,878	33,827,136	(1,842,742)
Fines and forfeits	9,970,000	10,871,790	901,790	1,485,800	3,711,582	2,225,782
Miscellaneous	12,905,483	15,281,194	2,375,711	20,269,974	26,304,439	6,034,465
Total revenues	631,952,066	672,544,570	40,592,504	518,253,031	505,887,679	(12,365,352)
EXPENDITURES						
Current:						
General government	128,706,892	95,197,616	33,509,276	4,974,487	3,285,621	1,688,866
Public safety	206,147,639	202,194,917	3,952,722	240,114,089	215,799,390	24,314,699
Highways and streets				42,942,854	55,450,402	(12,507,548)
Health, welfare and sanitation	256,678,300	242,255,649	14,422,651	108,744,801	92,227,337	16,517,464
Culture and recreation	1,336,056	1,334,263	1,793	14,137,483	13,439,124	698,359
Education	1,405,955	1,353,609	52,346			
Capital outlay	33,441,539	27,681,489	5,760,050	168,120,289	119,078,622	49,041,667
Debt service:						
Principal retirement						
Interest charges						
Total expenditures	627,716,381	570,017,543	57,698,838	579,034,003	499,280,496	79,753,507
Excess (deficiency) of revenues over expenditures	4,235,685	102,527,027	98,291,342	(60,780,972)	6,607,183	67,388,155
OTHER FINANCING SOURCES (USES)						
Operating transfers in	62,689,415	62,984,508	295,093	88,890,845	95,052,830	6,161,985
Operating transfers out	(138,029,946)	(151,792,199)	(13,762,253)	(121,202,529)	(116,701,994)	4,500,535
Total other financing sources (uses)	(75,340,531)	(88,807,691)	(13,467,160)	(32,311,684)	(21,649,164)	10,662,520
Excess (deficiency) of revenues and other sources over expenditures and other uses	(71,104,846)	13,719,336	84,824,182	(93,092,656)	(15,041,981)	78,050,675
Fund balances at beginning of year	71,304,846	145,038,481	73,733,635	133,928,793	154,812,835	20,884,042
Increase (decrease) in reserve for inventory of supplies		(199,549)	(199,549)		(143,143)	(143,143)
Fund balances at end of year	$ 200,000	$ 158,558,268	$ 158,358,268	$ 40,836,137	$ 139,627,711	$ 98,791,574

The accompanying notes are an integral part of these financial statements.

Debt Service Funds			Capital Projects Funds			Total (Memorandum Only)		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
$ 20,903,863	$ 21,008,968	$ 105,105	$	$	$	$ 296,373,302	$ 296,029,480	$ (343,822)
						18,588,522	22,187,021	3,598,499
			8,186,000	859,370	(7,326,630)	765,539,716	771,343,642	5,803,926
						54,162,163	54,571,439	409,276
						11,455,800	14,583,372	3,127,572
400,000	570,601	170,601	2,350,000	5,748,233	3,398,233	35,925,457	47,904,467	11,979,010
21,303,863	21,579,569	275,706	10,536,000	6,607,603	(3,928,397)	1,182,044,960	1,208,619,421	24,574,461
						133,681,379	98,483,237	35,198,142
						446,261,728	417,994,307	28,267,421
						42,942,854	55,450,402	(12,507,548)
						365,423,101	334,482,986	30,940,115
						15,473,539	14,773,387	700,152
						1,405,955	1,353,609	52,346
			98,248,115	29,843,358	68,404,757	297,809,943	176,603,469	121,206,474
22,015,000	23,600,426	(1,585,426)				22,015,000	23,600,426	(1,585,426)
9,428,470	7,843,043	1,585,427				9,428,470	7,843,043	1,585,427
31,443,470	31,443,469	1	98,248,115	29,843,358	68,404,757	1,334,441,969	1,130,584,866	203,857,103
(10,139,607)	(9,863,900)	275,707	(85,712,115)	(23,235,755)	62,476,360	(152,397,009)	78,034,555	228,431,564
7,534,746	8,623,900	1,089,154	154,931,875	154,849,043	(82,832)	314,046,881	321,510,281	7,463,400
						(259,232,475)	(268,494,193)	(9,261,718)
7,534,746	8,623,900	1,089,154	154,931,875	154,849,043	(82,832)	54,814,406	53,016,088	(1,798,318)
(2,604,861)	(1,240,000)	1,364,861	69,219,760	131,613,288	62,393,528	(97,582,603)	129,050,643	226,633,246
2,548,314	1,240,000	(1,308,314)	25,370,624	24,912,935	(457,689)	233,152,577	326,004,251	92,851,674
							(342,692)	(342,692)
$ (56,547)	$	$ 56,547	$ 94,590,384	$ 156,526,223	$ 61,935,839	$ 135,569,974	$ 454,712,202	$ 319,142,228

Combined Statement Of Revenues, Expenses And Changes In Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	JUNE 30, 2000
OPERATING REVENUES			
Net patient service revenue	$ 157,286,802	$	$ 157,286,802
Charges for services	387,932,964	87,758,508	475,691,472
Other	15,645,453	392,504	16,037,957
Total operating revenues	560,865,219	88,151,012	649,016,231
OPERATING EXPENSES			
Personal services	109,481,192	6,628,033	116,109,225
Supplies	35,681,804	6,408,788	42,090,592
Medical services	356,683,727		356,683,727
Other services	37,989,771	3,670,501	41,660,272
Legal		5,515,301	5,515,301
Insurance	342,569	54,305,170	54,647,739
Leases and rentals	3,306,914	1,144,824	4,451,738
Repairs and maintenance	2,489,754	3,346,329	5,836,083
Travel and transportation	428	97,435	97,863
Utilities	3,720,252	4,299,278	8,019,530
Depreciation	8,166,068	578,926	8,744,994
Miscellaneous	4,945,592	1,435,199	6,380,791
Total operating expenses	562,808,071	87,429,784	650,237,855
Operating income (loss)	(1,942,852)	721,228	(1,221,624)
NON-OPERATING REVENUES (EXPENSES)			
Grant revenues	5,073,775	46,832	5,120,607
Interest income	8,341,509	1,033,844	9,375,353
Interest expense	(2,669,572)	(20,902)	(2,690,474)
Loss on disposal of fixed assets	(12,884)	(370,675)	(383,559)
Net non-operating revenues	10,732,828	689,099	11,421,927
Net income before operating transfers	8,789,976	1,410,327	10,200,303
OPERATING TRANSFERS			
Transfers in	10,824,101		10,824,101
Transfers out	(1,489,343)		(1,489,343)
Net income (loss)	18,124,734	1,410,327	19,535,061
Fund equities (deficit) at beginning of year – as restated	98,183,910	(15,562,347)	82,621,563
OTHER CHANGES IN FUND EQUITIES			
Net residual equity transfers	(34,121,505)		(34,121,505)
Increase in contributed capital	34,121,505		34,121,505
Transfer to General Fixed Assets Account Group		(1,052,495)	(1,052,495)
Fund equities (deficits) at end of year	$ 116,308,644	$ (15,204,515)	$ 101,104,129

The accompanying notes are an integral part of these financial statements.

Combined Statement Of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	JUNE 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ (1,942,852)	$ 721,228	$ (1,221,624)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	8,166,068	578,926	8,744,994
Changes in assets and liabilities:			
Increase in:			
Accounts receivable	(5,337,976)		(5,337,976)
Due from other governmental units		(19,342)	(19,342)
Inventory of supplies	(766,267)	(388,553)	(1,154,820)
Prepaids	(544,489)		(544,489)
Employee compensation	670,453		670,453
Accrued liabilities		299,829	299,829
Due to other funds		202,275	202,275
Due to other governmental units	3,288,904		3,288,904
Liability for reported and incurred but not reported claims	5,704	2,251,654	2,257,358
Decrease in:			
Accounts receivable		83,225	83,225
Due from other funds		1,818,745	1,818,745
Due from other governmental units	20,380,682		20,380,682
Prepaids		28,459	28,459
Miscellaneous	10,415,546		10,415,546
Vouchers payable	(13,933,104)	(267,764)	(14,200,868)
Employee compensation		(153,972)	(153,972)
Accrued liabilities	(245,102)		(245,102)
Due to other funds	(5,575,715)		(5,575,715)
Net cash provided by operating activities	14,581,852	4,954,710	19,536,562
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Grants received	5,073,775	46,832	5,120,607
Operating transfers from other funds	10,824,101		10,824,101
Operating transfers to other funds	(1,489,343)		(1,489,343)
Interest expense	(2,669,572)	(20,902)	(2,690,474)
Net cash provided by non-capital financing activities	11,738,961	25,930	11,764,891
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of fixed assets	(11,083,996)	(2,878,234)	(13,962,230)
Proceeds from sale of certificates of participation	5,300,000		5,300,000
Capital lease payments	(516,364)		(516,364)
Certificate of participation payments	(692,403)		(692,403)
Net cash used for capital and related financing activities	(6,992,763)	(2,878,234)	(9,870,997)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	8,623,575	984,609	9,608,184
Proceeds from sale of investments held by trustee		2,363,476	2,363,476
Purchase of investments held by trustee		(2,347,238)	(2,347,238)
Net cash provided by investing activities	8,623,575	1,000,847	9,624,422
Net increase in cash and cash equivalents	27,951,625	3,103,253	31,054,878
Cash and cash equivalents, July 1, 1999	134,828,998	20,376,762	155,205,760
Cash and cash equivalents, June 30, 2000	$ 162,780,623	$ 23,480,015	$ 186,260,638
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Transfer of equipment to General Fixed Assets Account Group	$	$ (1,052,495)	$ (1,052,495)
Restatement of July 1, 1999 accrued liabilities and retained earnings	3,769,223		3,769,223
Deletion of equipment	(24,737)	(745,116)	(769,853)
Elimination of accumulated depreciation related to deletions	11,853	374,441	386,294
Loss on disposal of fixed assets	12,884	370,675	383,559
Residual equity transfer out to the General Fund resulting in an increase of due to other funds. Cash will be transferred in fiscal year 2000-01.	(34,121,505)		(34,121,505)
Increase in contributed capital due to a residual equity transfer from the General Fund resulting in a decrease of due to other funds. Cash will be transferred in fiscal year 2000-01.	34,121,505		34,121,505

The accompanying notes are an integral part of these financial statements.

Combining Statement Of Changes In Net Assets
Investment Trust Funds
For the Fiscal Year Ended June 30, 2000

	TREASURER'S INVESTMENT POOL	INDIVIDUAL INVESTMENT ACCOUNTS	TOTAL
Additions:			
Contributions from participants	$3,922,068,543	$	$ 3,922,068,543
Investment income:			
Interest income	60,167,964		60,167,964
Net increase (decrease) in fair value of investments	(2,777,771)	13,490	(2,764,281)
Net investment income	57,390,193	13,490	57,403,683
Total additions	3,979,458,736	13,490	3,979,472,226
Deductions:			
Distributions to participants	3,919,122,208	15,299,622	3,934,421,830
Total deductions	3,919,122,208	15,299,622	3,934,421,830
Net increase (decrease) in net assets	60,336,528	(15,286,132)	45,050,396
Net assets held in trust:			
July 1, 1999	1,254,572,000	101,704,081	1,356,276,081
June 30, 2000	$1,314,908,528	$ 86,417,949	$ 1,401,326,477

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Maricopa County conform to generally accepted accounting principles applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB). A summary of the County's more significant accounting policies follows.

The County's major operations include general government, public safety, highways and streets, health, welfare and sanitation, culture and recreation, education, maintenance and construction. In addition, the County owns and operates five enterprise activities: two health plans, a long-term care system, a medical center and landfills.

A. Reporting Entity

Maricopa County is a general purpose local government governed by a separately elected board of five county supervisors. These general purpose financial statements present all fund types and account groups of the County (a primary government) and its component units. Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations, and so data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each blended component unit has a June 30 year-end. The County has no discretely presented component units. The reporting entity is thus comprised of the primary government, Maricopa County Flood Control District, Maricopa County Library District, Maricopa County Stadium District, various Special Assessment Districts and the Maricopa County Street Lighting Districts.

The various school districts and some special districts within the County are governed by independently elected boards, and the County is not obligated in any manner for the debt of such districts. Therefore, the financial statements of such districts are not included in the accompanying financial statements except to reflect amounts held in a fiduciary capacity by the County Treasurer.

The Blended Component Units are as follows:

Maricopa County Flood Control District

The Maricopa County Flood Control District is a legally separate entity that provides flood control facilities and regulates floodplains and drainage to prevent flooding of property in Maricopa County. As the County Board of Supervisors serves as the Board of Directors of the Flood Control District, the District is considered a component unit of the County. The District's activities are reported in the Special Revenue Funds and its fixed assets are reported in the General Fixed Assets Account Group.

Maricopa County Library District

The Library District is a legally separate entity that provides and maintains library services for the residents of Maricopa County. As the County Board of Supervisors serves as the Board of Directors of the Library District, the District is considered a component unit of the County. The District's activities are reported in the Special Revenue Funds and its fixed assets are reported in the General Fixed Assets Account Group.

Maricopa County Stadium District

The Stadium District is a legally separate entity that provides regional leadership and fiscal resources to assure the presence of Major League Baseball in Maricopa County. As the County Board of Supervisors serves as the Board of Directors of the Maricopa County Stadium District, the District is considered a component unit of the County. The District's activities are reported in the Special Revenue, Debt Service, and Capital Projects Funds and its fixed assets and long-term liabilities are reported in the General Fixed Assets and General Long-Term Debt Account Groups.

Maricopa County Special Assessment Districts

The Special Assessment Districts are legally separate entities that provide improvements to various properties within the County. As the County Board of Supervisors serves as the Board of Directors of the Maricopa County Special Assessment Districts, the Districts are considered a component unit of the County. The Districts' activities are reported in the Debt Service Funds and their long-term liabilities are reported in the General Long-Term Debt Account Group.

Maricopa County Street Lighting Districts

The Street Lighting Districts are legally separate entities that provide street lighting in areas of the County that are not under local city jurisdictions. As the County Board of Supervisors serves as the Board of Directors of the Maricopa County Street Lighting Districts, the Districts are considered a component unit of the County. The Districts' activities are reported in the Special Revenue Funds.

Complete financial statements of the Maricopa County Stadium District may be obtained at the entity's administrative office listed below:

Maricopa County Stadium District
Bank One Ballpark
401 East Jefferson
Phoenix, Arizona 85004

Separate financial statements of the remaining blended component units are not prepared.

Related Organization

The Industrial Development Authority of Maricopa County (Authority) is a legally separate entity that was created to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate to Maricopa County. The Authority issues bonds for which the proceeds are lent to qualified businesses to finance projects located within the County. The County Board of Supervisors appoints the Authority's Board of Directors. However, the Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

B. Fund Accounting

The County's accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the County's available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Account groups are reporting devices to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Accounts are separately maintained for each fund and account group; however, in the accompanying financial statements, funds that have similar characteristics have been combined into generic fund types that are further classified into broad fund categories. A description of the fund categories, types, and account groups follows.

1. **Governmental Funds** account for the County's general government activities using the flow of current financial resources measurement focus and include the following fund types:

   The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in other funds.

   The *Special Revenue Funds* account for specific revenue sources, other than expendable trusts and major capital projects, that are legally restricted to expenditures for specific purposes.

   The *Debt Service Funds* account for resources accumulated and disbursed for the payment of general long-term debt principal, interest, and related costs.

   The *Capital Projects Funds* account for resources to be used for acquiring or constructing major capital facilities, other than those financed by Proprietary Funds.

2. **Proprietary Funds** account for the County's ongoing activities that are similar to those found in the private sector using the flow of economic resources measurement focus. The County applies only those applicable FASB Statements and Interpretations, APB Opinions, and ARBs issued on or before November 30, 1989, to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The County's proprietary funds include the following fund types:

   The *Enterprise Funds* account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or for which the Board of Supervisors has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

   The *Internal Service Funds* account for the financing of goods and services provided by the department or agency to the County departments or agencies, or to other governments on a cost-reimbursement basis.

3. **Fiduciary Funds** account for assets held by the County on behalf of others, and include the following fund types:

   The *Expendable Trust Fund* is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus. Expendable trust funds account for assets where both the principal and interest may be spent.

   The *Investment Trust Funds* account for investments made by the County on behalf of other governmental entities using the economic resources measurement focus.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity.

4. **Account Groups** are used to establish control and accountability for certain County assets and liabilities that are not recorded in the funds and include the following two groups:

   The *General Fixed Assets Account Group* accounts for all fixed assets of the County, except those accounted for in Proprietary Funds.

   The *General Long-Term Debt Account Group* accounts for all long-term obligations of the County, except those accounted for in Proprietary Funds.

C. Basis of Accounting

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied, and determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Governmental, Expendable Trust, and Agency Funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt that are recognized when due. However, since debt service resources are provided during the current year for payment of general long-term debt principal and interest due early in the following year, those expenditures and related liabilities have been recognized in the Debt Service Funds.

Those revenues susceptible to accrual prior to receipt are property taxes; franchise taxes; special assessments; intergovernmental aid, grants and reimbursements; interest revenue; charges for services; and sales taxes collected and held by the State at year-end on behalf of the County. Fines and forfeits, licenses and permits, rents, contributions, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The financial statements of the Proprietary and Investment Trust Funds are presented on the accrual basis of accounting. Revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

D. Budgeting and Budgetary Control

Arizona Revised Statutes (A.R.S.) require the County to prepare and adopt a balanced budget annually for each separate fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibit expenditures or liabilities in excess of the amounts budgeted.

Essentially, the County prepares its budget on the same modified accrual basis of accounting used to record actual revenues and expenditures.

The County has adopted budgets in accordance with the A.R.S. requirements for the General, Special Revenue, Debt Service, and Capital Projects Funds except for certain Special Revenue, Debt Service and Capital Projects Funds. Formal budget integration is not employed for the Expendable Trust, Internal Service, and Enterprise Funds because effective budgetary control is alternatively achieved through either the terms of the trust agreement in the case of the Expendable Trust Fund, or the capability of cost recovery in the case of Internal Service and Enterprise Funds. Budgeted amounts are reported as originally adopted or as amended by authorization from the Board of Supervisors. All budget adjustments require authorization from the Board of Supervisors.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon approval of the Board of Supervisors. With the exception of the General Fund, each fund includes only one department.

Increases in budgeted revenues and budgeted appropriations resulting from unanticipated grant funds are included in the budget columns in the financial statements. These increases are not subject to Arizona budgetary law. All grant agreements require approval by the Board of Supervisors.

Capital projects are typically long-term projects that are planned for and budgeted over several years. The budgets presented are on an annual basis only.

The County budgets for Governmental Fund types on a basis consistent with generally accepted accounting principles (GAAP), with the exception of the following types of transactions:

Capital Lease Transactions
Bond Issuance Transactions

Encumbrance accounting, under which purchase orders, contracts and other commitments to expend monies, is recorded to reserve that portion of the applicable fund balance, is employed as an extension of formal budgetary control. Encumbrances outstanding at year-end for goods or services, which were not received before fiscal year-end, are canceled. However, the County may draw warrants against encumbered amounts for goods or services received but unpaid at June 30 for 30 days immediately following the close of the fiscal year. After 30 days, the remaining encumbered balances lapse.

E. Grants

Grants are recorded as intergovernmental receivables and revenues when the related expenditure (or expense) is incurred. Grant monies received in advance and not spent are recorded as liabilities in their respective fund. Reimbursement grants for the acquisition of fixed assets of Proprietary Fund Types are recorded as intergovernmental receivables and contributed capital when the related expense is incurred.

F. Cash and Investments

For purposes of its statements of cash flows, the County considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

G. Inventory of Supplies

Inventories of the Governmental Funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources." These inventories are stated at weighted-average cost.

Inventories of the Proprietary Funds are recorded as assets when purchased and expensed when consumed. The amount shown on the balance sheet for the Enterprise Funds is valued at cost using the first-in, first-out method. The amount shown on the balance sheet for the Internal Service Funds is valued at cost using the moving average method.

H. Property, Plant and Equipment

Property, plant and equipment expenditures are recorded in the Governmental Fund types, while the assets are recorded in the General Fixed Assets Account Group. Property, plant and equipment for general governmental purposes are capitalized at cost or estimated fair market value at date of donation in the case of gifts. Depreciation on property, plant and equipment in the General Fixed Assets Account Group is not recorded.

The County capitalizes equipment that is relatively permanent and of significant value. Relatively permanent is defined as a useful life of one year or longer. Significant value is defined as $1,000 or more. Structures and improvements of $5,000 or more are capitalized.

Certain infrastructure assets, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized.

Property, plant and equipment acquired by the Proprietary Funds are recorded at cost or estimated fair market value at date of donation in the case of gifts. Depreciation is computed using the straight-line method applied over the estimated useful lives of the assets and is charged as an expense against operations. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized and retirements are deducted.

The following shows the estimated useful lives of various kinds of County assets:

TYPE OF ASSETS	ESTIMATED USEFUL LIFE IN YEARS
Buildings	20 - 50
Improvements other than buildings	20 - 50
Autos and trucks	3
Other equipment	3 - 20

I. Property Tax Revenues

Property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred revenues.

The County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The County also levies various personal property taxes throughout the year. Rolls are compiled by the Assessor as property is discovered and certified to the Board of Supervisors. The Board acting as the Board of Equalization, conducts hearings on the roll and certifies the amended roll to the County Treasurer at regular monthly Board meetings. The taxes are then due the second Monday of the following month after receipt of the tax notice and becomes delinquent 30 days thereafter.

The County also assesses personal property taxes upon secured and unsecured property. Secured personal property taxes are assessed and billed with real estate taxes. Unsecured personal property taxes are billed annually and are payable 30 days after the billing date. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy thereof.

J. Compensated Absences

Compensated absences consist of personal leave and a calculated amount of family medical leave as defined by the Federal Family and Medical Leave Act (FMLA), earned by employees based on services already rendered. Employees may accumulate up to 240 hours of personal leave depending on years of service, but any personal hours in excess of the maximum amount that are unused by the calendar year-end are converted to family medical leave. Generally, family medical leave benefits provide for qualifying FMLA events and are cumulative but do not vest with employees and therefore, are not accrued. However, upon retirement, County employees with accumulated family medical leave in excess of 1,000 hours are entitled to a $3,000 bonus. The amount of such bonuses is accrued in the liability recorded for compensated absences.

The amount of compensated absences expected to be paid by available financial resources is recorded as a current liability at June 30 in the Governmental Funds. The remaining noncurrent amount of compensated absences of the Governmental Funds is recorded in the General Long-Term Debt Account Group. Vested compensated absences of the Proprietary Funds are recorded as expenses and liabilities of those funds as the benefits accrue to employees. See Note 12 - Employee Compensation Payable for more information.

K. Total Columns on Combined Statements

The total columns on the combined statements are captioned "Memorandum Only" to indicate the aggregate of the columnar statements by fund type and account group. The data in these columns does not present financial position; results of operations or cash flows in conformity with generally accepted accounting principles and are not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 – REPORTING CHANGES

During the fiscal year 1999-00, Maricopa County established a Planning and Development Fund as a Special Revenue Fund.

NOTE 3 – BEGINNING FUND EQUITY RESTATED

The beginning fund equity of the Enterprise Funds was restated to correct an overstatement in the liability for closure and postclosure costs at June 30, 1999, in the Solid Waste Fund related to the County's landfills, as estimated costs were not adjusted for cost information existing in prior years.

Changes in Beginning Fund Equity:

	Enterprise Funds
Fund Equity at June 30, 1999, as previously reported	$ 94,414,687
Correct overstatement in liability for closure and postclosure costs	3,769,223
Fund Equity at July 1, 1999, as restated	$ 98,183,910

NOTE 4 – INDIVIDUAL FUND DEFICITS

Regional Schools (Special Revenue Fund), Research and Reporting (Special Revenue Fund), Risk Management (Internal Service Fund) and Non-AHCCCS Health Plans (Enterprise Fund) had deficits of $6,400, $140,051, $23,102,947 and $3,143,815, respectively, at June 30, 2000. For all of these funds except the Risk Management Fund, the deficits resulted from operations during the year and are expected to be corrected through normal operations in fiscal year 2000-01. The Risk Management Fund deficit is the result of the County Board of Supervisors electing to not fund the Risk Management Fund's unpaid claims. Consequently, the Risk Management Fund only billed user departments for operating costs and administrative expenses from fiscal year 1995-96 to fiscal year 1998-99, resulting in a fund deficit of $23,321,519 at June 30, 1999. On July 1, 1999, Risk Management began billing user departments for actuarially determined paid claim estimates.

NOTE 5 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. Statute requires collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

County Treasurer's Investment Pool – Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer (see Note 6). Those monies are pooled with County monies for investment purposes.

At June 30, 2000, the investment pool had cash on hand of $4,500. The carrying amount of the pool's total cash in bank was $18,276,027, and the bank balance was $(811,078).

At June 30, 2000, the investments in the County Treasurer's investment pool consisted of the following:

	Reported Amount	Fair Value
U.S. government securities	$ 1,845,757,254	$ 1,845,757,254
Total	$ 1,845,757,254	$ 1,845,757,254

The investment pool's investments at June 30, 2000, are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered in the County's name, or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

	CATEGORY I	CATEGORY II	CATEGORY III	REPORTED AMOUNT	FAIR VALUE
U.S. government securities	$ 1,845,757,254	$	$	$ 1,845,757,254	$ 1,845,757,254
Total investments	$ 1,845,757,254	$	$	$ 1,845,757,254	$ 1,845,757,254

Other Deposits – At June 30, 2000, the total nonpooled cash on hand was $96,671. The carrying amount of the total nonpooled cash in bank was $31,733,239, and the bank balance was $32,207,158. Of the bank balance, $5,015,928 was covered by federal depository insurance or by collateral held by the County or its agent in the County's name and $27,191,230 was covered by collateral held by the pledging financial institution's trust department or agent in the County's name.

Other Investments - At June 30, 2000, the County's nonpooled investments consisted of the following:

	Reported Amount	Fair Value
U.S. government securities	$ 34,334,036	$ 34,334,036
Repurchase agreements	77,613,948	77,613,948
Mutual funds	27,302,380	27,302,380
Total	$ 139,250,364	$ 139,250,364

The County's nonpooled investments at June 30, 2000, are categorized below to give an indication of the level of risk assumed by the County at year-end.

	CATEGORY I	CATEGORY II	CATEGORY III	REPORTED AMOUNT	FAIR VALUE
U.S. government securities	$ 16,123,545	$ 2,347,237	$ 15,863,254	$ 34,334,036	$ 34,334,036
Repurchase agreements		77,613,948		77,613,948	77,613,948
Mutual funds (Not subject to categorization)				27,302,380	27,302,380
Total investments	$ 16,123,545	$ 79,961,185	$ 15,863,254	$ 139,250,364	$ 139,250,364

The Board of Supervisors authorized $5,824,173 of interest earned in certain other funds to be transferred to the General Fund.

A reconciliation of cash and investments to amounts shown on the Combined Balance Sheet follows:

Cash and Investments:	County Treasurer's Investment Pool	Other	Total
Cash on hand	$ 4,500	$ 96,671	$ 101,171
Carrying amount of deposits	18,276,027	31,733,239	50,009,266
Reported amount of investments	1,845,757,254	139,250,364	1,985,007,618
Total	$ 1,864,037,781	$ 171,080,274	$ 2,035,118,055

Combined Balance Sheet:

Cash in bank and on hand	$ 51,549,950
Cash and investments held by County Treasurer	1,957,488,250
Cash and investments held by Trustee	26,079,855
Total	$ 2,035,118,055

NOTE 6 – COUNTY TREASURER'S INVESTMENT POOL

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County monies under his stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments monthly and at June 30.

The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

Details of each major investment classification follows.

Investment Type	Principal	Interest Rates	Maturities	Fair Value	Reported Amount
U. S. government securities	$ 1,845,757,254	5.0 – 7.0%	Up to 3 Years	$ 1,845,757,254	$ 1,845,757,254

A condensed statement of the investment pool's net assets and changes in net assets follows.

Statement of net assets	
Assets	$ 1,925,811,575
Liabilities	0
Net assets	$ 1,925,811,575
Net assets held in trust for:	
Internal participants	$ 610,903,047
External participants	1,314,908,528
Total net assets held in trust	$ 1,925,811,575
Statement of changes in net assets	
Total additions	$ 15,314,925,037
Total deductions	15,114,382,474
Net increase	200,542,563
Net assets held in trust:	
July 1, 1999	1,725,269,012
June 30, 2000	$ 1,925,811,575

NOTE 7 – ACCOUNTS RECEIVABLE

Accounts receivable balances shown on the combined balance sheet for the Enterprise Funds are stated net of allowances for uncollectibles. A summary of such receivables and related estimated uncollectibles at June 30, 2000, follows.

	ENTERPRISE FUNDS
Gross accounts receivable	$ 72,906,145
Less: estimated uncollectibles	(41,940,996)
Accounts receivable	$ 30,965,149

NOTE 8 - PROPERTY TAXES RECEIVABLE

The County Treasurer is responsible for the collection of property taxes for all governmental entities within the County. Uncollected real property taxes receivable at June 30, 2000, as determined from the records of the County Treasurer's Office, consisted of the following:

YEAR	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
1999-00	$ 4,601,120	$ 1,052,896	$ 453,312
1998-99	129,004	37,551	14,641
1997-98	83,088	0	0
1996-97	73,405	133	977
1995-96	48,536	252	3,731
1994-95	28,616	1,000	36
Prior	179,495	110,725	47,432
Total	$ 5,143,264	$ 1,202,557	$ 520,129

The portion of property taxes receivable not collected within 60 days after June 30, 2000, has been deferred and, consequently, is not included in current year revenues. In addition, allowance for uncollectable taxes is considered immaterial, therefore, these amounts are not calculated and presented.

NOTE 9 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments at June 30, 2000, of $148,311,714, include $55,092,335, $17,515,558 and $13,457,595 in state-shared revenues for sales taxes, vehicle license taxes and highway user taxes, respectively, $16,006,983 in jail tax collected by the State but not received by the County, $936,969 in rental car surcharge collected by the State but not received by the County, $30,820,079 in various Federal and State grants, and $4,849,653 due from other governments for prisoner detention and police services. The balance of $9,632,542 is comprised of miscellaneous receivables from Federal, State and Local Governments.

NOTE 10 – CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets follows.

GENERAL FIXED ASSETS	BALANCE JULY 1, 1999	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2000
Land	$ 33,020,453	$	$	$ 33,020,453
Buildings	657,808,192	1,322,906	1,498,372	657,630,726
Improvements other than buildings	55,169,396	39,245		55,208,641
Machinery and equipment	209,723,708	44,558,998	8,893,751	245,388,955
Construction in progress	6,592,046	29,807,830	3,806,759	32,593,117
Total general fixed assets	$ 962,311,795	$ 75,728,979	$ 14,198,882	$ 1,023,841,892

The schedule of investment in general fixed assets by source at June 30, 2000, is as follows:

General Fund	$ 437,617,474
Capital Projects Fund	32,593,117
Special Revenue Funds:	
Air Pollution	4,643,342
Animal Control	4,055,787
Bank One Ball Park	355,291,757
Flood Control	23,355,089
Housing Department	43,985,901
Jail Operations	2,322,269
Library	8,767,256
Other Grants	17,429,283
Other Special Revenue	9,236,779
Parks and Recreation	5,621,565
Public Health	6,400,833
Recorder's Surcharge	5,182,955
Regional Schools	8,838,377
Sports Authority	22,333
Stadium District	13,123
Transportation	58,464,652
Total investment in general fixed assets	$ 1,023,841,892

NOTE 11 – PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The Proprietary Fund type schedule of property, plant and equipment by asset class at June 30, 2000, is as follows:

ASSET CLASS	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTAL PROPRIETARY FUNDS
Land	$ 1,489,679	$ 0	$ 1,489,679
Buildings	71,108,245	379,533	71,487,778
Improvements other than buildings	1,375,385	0	1,375,385
Machinery and equipment	71,140,896	8,704,503	79,845,399
Construction in progress	7,383,352	0	7,383,352
Total property, plant and equipment	152,497,557	9,084,036	161,581,593
Accumulated depreciation	(82,259,368)	(5,433,144)	(87,692,512)
Net property, plant and equipment	$ 70,238,189	$ 3,650,892	$ 73,889,081

NOTE 12 – EMPLOYEE COMPENSATION PAYABLE

Compensated absences consist of personal leave and a calculated amount of family medical leave, as defined by the Federal Family and Medical Leave Act (FMLA), earned by employees based on services already rendered. Employees may accumulate up to 240 hours of personal leave hours, but any personal leave hours in excess of the maximum amount that are unused by the calendar year-end are converted to family medical leave. Generally, family medical leave benefits provide for qualifying FMLA events and are cumulative, but do not vest with employees and therefore, are not accrued. Personal leave and other compensated absences with similar characteristics are accrued as a liability when the benefits are earned by the employees, if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Additionally, the liability to be recognized should be based upon these requirements:

a) Upon retirement, County employees with accumulated family medical leave in excess of 1,000 hours are entitled to a $3,000 bonus.
b) Fringe benefits related to compensated absences are susceptible to accrual.

Liabilities for personal leave and the $3,000 bonus earned by employees at June 30, 2000, were recorded in the following funds and account group:

General	$ 3,186,000
Special Revenue	2,605,320
Enterprise/Internal Service	3,648,793
General Long-Term Debt	27,084,256
Total	$ 36,524,369

The remaining balance of $9,317,660 is comprised of accrued payroll and employee benefits at June 30, 2000.

NOTE 13 – LONG-TERM OBLIGATIONS

Under the direction of the U.S. Department of Housing and Urban Development (HUD) Public Housing Authority GAAP Conversion Guide dated January 1, 2000, Maricopa County will no longer report a liability for the $17,973,888 of Housing Department permanent notes and interest.

The Stadium District revenue bonds payable at June 30, 1999 and 2000, in the amounts of $30,230,000 and $28,225,000 respectively, have been reclassified as Stadium District debt with governmental commitment. The City of Peoria and the City of Mesa Municipal Development Corporation issued these revenue bonds on behalf of the Stadium District. Under the Intergovernmental Agreements (IGA), the Stadium District has agreed to pay the principal and interest payments due on the bonds from Stadium District revenues. As the obligation of the Stadium District was established through these intergovernmental agreements the reclassification is considered appropriate.

A summary of changes in the general long-term obligations follows:

	BALANCE JULY 1, 1999	ISSUES/ ADDITIONS	RETIREMENTS/ DEDUCTIONS	BALANCE JUNE 30, 2000
General obligation bonds payable	$ 99,910,000	$	$ 20,315,000	$ 79,595,000
Special assessment debt with governmental commitment	867,548		208,160	659,388
Housing Department bonds payable	110,090		14,115	95,975
Housing Department permanent notes and interest	17,973,888		17,973,888	
Housing Department loans payable	2,085,653		108,669	1,976,984
Stadium District revenue bonds	28,984,685		1,280,426	27,704,259
Stadium District debt with governmental commitment	30,230,000		2,005,000	28,225,000
Capital leases payable (Note 14)	17,633,952	4,542,153	4,054,594	18,121,511
Certificates of participation payable	20,667,686		3,445,476	17,222,210
Employee compensation payable (Note 12)	24,352,492	2,731,764		27,084,256
Claims and judgements payable (Note 17B and C)	69,950,438	11,964,099	11,195,500	70,719,037
	$ 312,766,432	$ 19,238,016	$ 60,600,828	$ 271,403,620

Issues of long-term debt were as follows at June 30, 2000:

General Obligation Bonds

General obligation (G.O.) bonds are direct obligations of the County. Prior to issuance, G.O. bonds must have a majority vote approval from the residents. Principal and interest are payable from secondary property taxes levied on all taxable property within the County without limitation as to rate or amount. The bonds are generally callable and the interest payable semiannually.

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2000
1986 Bond Issue				
Series Series D (1993)	$ 25,575,000	4.5 - 7.5%	7-1-00/04	$ 24,000,000
1992 Refunding Bond Issue				
First Series 1992	68,500,000	4.0 – 5.4%	7-1-00/03	7,275,000
Second Series 1992	67,500,000	6.25%	7-1-00/03	58,700,000
1994 Refunding Bond Issue				
1994A Tax Exempt	9,220,000	5.0 – 5.2%	7-1-00/02	3,295,000
1995 Refunding Bond Issue	17,320,000	4.5 – 4.7%	7-1-00/02	6,640,000
	$ 188,115,000			$ 99,910,000

Special Assessment Bonds Debt With Governmental Commitment

Special Assessments Bonds are recorded in the General Long-Term Debt Account Group and payable from assessments collected from property owners benefited by the respective improvements. The proceeds were used to finance construction in these districts. While there is no legal obligation for the County to further secure the special assessment bonds of the districts below, the County has made a moral commitment to take steps necessary to prevent default.

The following special assessment districts had bonds outstanding at June 30, 2000:

Notes to the Financial Statements
(Continued)

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2000
Fairview Lane	$ 59,379	9.000%	1-1-01/06	$ 17,718
158th Street	73,587	9.000%	1-1-01/02	4,934
Boulder	48,813	9.000%	1-1-01/02	5,300
Grand View Manor	274,888	9.000%	1-1-01/05	46,816
East Fairview Lane	60,657	9.000%	1-1-01/07	26,894
Queen Creek Water	301,960	4.870%	7-1-00/17	271,260
White Fence Farms	185,810	9.000%	1-1-01/07	67,778
104th Place/University	83,238	9.000%	1-1-01/07	46,100
Central Avenue	301,905	9.000%	1-1-01/09	234,965
Billings Street	14,004	9.000%	1-1-01/08	7,683
	$ 1,404,239			$ 729,448

Public Housing Bonds

Housing Department Bonds, payable from Federal government subsidies, are due annually in varying principal and interest amounts.

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATE	MATURITY DATES	OUTSTANDING AT JUNE 30, 2000
AZ 9-6	$ 369,787	3.875%	11-1-00/05	$ 95,975

Housing Department Loans Payable

Housing Department loans payable at June 30, 2000, consisted of the outstanding notes below. The Department sold notes to the Federal Financing Bank. These notes will be repaid through Federal government subsidies.

DESCRIPTION	AMOUNT OF NOTE	INTEREST RATE	MATURITY DATES	OUTSTANDING AT JUNE 30, 2000
AZ 9-5	$ 180,839	6.60%	11-1-00	$ 15,838
AZ 9-9	3,112,494	6.60%	11-1-00/12	1,961;146
	$ 3,293,333			$ 1,976,984

Following is the schedule of principal and interest requirements on the Housing Department loans payable:

YEAR	PRINCIPAL	INTEREST	TOTAL
2000-01	$ 115,484	$ 130,838	$ 246,322
2001-02	106,578	122,859	229,437
2002-03	113,612	115,825	229,437
2003-04	121,110	106,327	227,437
2004-05	128,829	100,608	229,437
After 2005	1,391,371	444,121	1,835,492
	$ 1,976,984	$ 1,020,578	$ 2,997,562

Stadium District Revenue Bonds and Debt with Governmental Commitment

Stadium District Revenue Bonds are special obligations of the District. The bonds are payable solely from pledged revenues, consisting of car rental surcharges levied and collected by the Stadium District pursuant to A.R.S. §48-4234. Under the statute, the Stadium District may set the surcharge at $2.50 on each lease or rental of a motor vehicle licensed for hire, for less than one year, and designed to carry fewer than 15 passengers, regardless of whether such vehicle is licensed in the State of Arizona. The Stadium District Board of Directors initially levied a surcharge at a rate of $1.50 beginning in January 1992 and increased the surcharge to $2.50, the maximum amount permitted by statute, in January 1993. The bonds do not constitute a debt or a pledge of the faith or credit of Maricopa County, the State of Arizona, or any other political subdivision. The payment of the bonds is enforceable solely out of the pledged revenues and no owner shall have any right to compel any exercise of taxing power of the District, except for surcharges.

On May 15, 1993, the Stadium District issued $10,640,000 of Revenue Bonds Series 1993A to renovate Phoenix Municipal Stadium and construct a practice facility, and to pay off $2,731,000 of outstanding debt financed by the City of Tempe for the renovation of Tempe Diablo Stadium.

On July 1, 1993, the Stadium District issued $4,870,000 of Revenue Bonds Series 1993B to purchase Compadre Stadium.

On June 1, 1996, the Stadium District issued $9,110,000 of Revenue Bonds Series 1996 to assist in the construction of the City of Mesa HoHoKam Stadium for use by the Chicago Cubs and to assist in the construction of the City of Phoenix Maryvale Baseball Park for use by the Milwaukee Brewers.

Subordinate Debt - On June 1, 1993, the City of Peoria issued $24,160,000 of 1993 Series A Bonds on behalf of the Stadium District to construct the Peoria Sports Complex for use by the San Diego Padres and the Seattle Mariners. The Stadium District entered into an Intergovernmental Agreement ("IGA") with the City of Peoria and the City of Peoria Municipal Sports Complex Authority, pursuant to which the Stadium District has agreed to pay the principal and interest payments due on the bonds from Stadium District Revenues. Stadium District Revenues in the "Peoria Subordinate Obligation Subaccount" remain subject to the pledge and priority lien of the Stadium District Bonds.

Second Subordinate Debt - On April 1, 1996, the City of Mesa Municipal Development Corporation issued $10,000,000 of Revenue Bonds Series 1996B on behalf of the Stadium District. Pursuant to the terms of an IGA with the City of Mesa, the Stadium District will, as certain specified revenues become available in the future, repay the City of Mesa an amount equal to the debt service associated with the Series 1996B Bonds, plus certain expenses relating thereto. The calculation of available revenues under the IGA for fiscal year 2000 is $664,333 and is due and payable October 15, 2000. At June 30, 2000, the Stadium District had prepaid $563,837 to the City of Mesa toward future debt payments.

The bonds are secured solely by the City of Mesa's obligation to make payments under the lease and its pledge of excise taxes to secure such obligation. The bonds are remarketed by their remarketing agent at an annual interest rate necessary to market such bonds at prices equal to 100% of the principal amounts thereof, which is not to exceed 15%.

On March 10, 1997, the Stadium District issued $10,000,000 in Second Subordinate Capital Appreciation Net Revenue Bonds to assist in the construction of the City of Phoenix Maryvale Baseball Park for use by the Milwaukee Brewers. The bonds mature October 15, 2035. Pursuant to terms of the agreement, the Stadium District will, as certain specified revenues become available in the future, prepay the bonds. The calculation of certain specified revenues under the debt agreement for fiscal year 2000 is $664,333 and is due and payable October 15, 2000. At June 30, 2000, the value of the bonds including interest is $8,283,401, which represents the total obligation if paid on that date.

The Stadium District had the following revenue bonds outstanding at June 30, 2000:

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2000
Revenue Bonds				
Series 1993A	$ 10,640,000	3.90 - 5.50%	7-1-00/13	$ 10,400,000
Series 1993B	4,870,000	3.70 - 4.75%	7-1-00/03	2,640,000
Series 1996	9,110,000	5.00 - 5.75%	7-1-00/14	8,795,000
IGA Peoria Sports Complex - Series 1993A	24,160,000	4.50 - 7.70%	7-1-00/13	20,230,000
Second subordinate obligations:				
IGA Mesa Municipal Dev. Corp. Series 1996B	10,000,000	Variable, 15% maximum	10-15-01/16	8,895,000
Capital Appreciation Bonds	10,000,000	6.26 - 8.77%	10-15-35	6,669,259
	$ 68,780,000			$ 57,629,259

Certificates of Participation

Certifications of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments are subject to annual appropriations being made by the County for that purpose.

On February 1, 2000, Maricopa County issued $5,300,000 of Certificates of Participation to pay for the cost of construction for the Avondale Family Health Center.

On August 1, 1996, Maricopa County issued $2,500,000 of Certificates of Participation to pay for the cost of a building for Maricopa County Regional School District 509.

On August 1, 1994, Maricopa County issued $30,000,000 of Certificates of Participation to assist in the acquisition of the County's Southeast Juvenile Court and Detention Center and its adult detention facility known as the Estrella Jail Complex.

On August 1, 1993, Maricopa County issued $3,850,000 of Certificates of Participation to assist in the acquisition, construction and equipping of the County's West Mesa Justice Court and Northwest Regional Probation Center facilities. Additionally, the proceeds were used for an advance refunding of the Certificates of Participation Series 1989 and to prepay land purchase agreements the County had previously executed with the State of Arizona.

The following Certificates of Participation were outstanding at June 30, 2000:

DESCRIPTION	AMOUNT OF ISSUE	INTEREST RATES	MATURITY DATES	OUTSTANDING AT JUNE 30, 2000
2000 Certificates of Participation	$ 5,300,000	5.500 - 6.00%	7-1-01/10	$ 5,300,000
1996 Certificates of Participation	2,500,000	5.750 - 6.25%	6-1-01/11	2,003,380
1994 Certificates of Participation	30,000,000	5.125 - 6.00%	5-25-01/04	14,285,000
1993 Certificates of Participation	3,850,000	4.800 - 5.25%	6-01-01/08	1,300,001
	$ 41,650,000			$ 22,888,381

The following is a schedule of future minimum principal and interest payments, for the above-described Certificates of Participation:

YEAR	ENTERPRISE FUNDS	GENERAL LONG-TERM DEBT ACCOUNT GROUP
2000-01	$ 839,557	$ 4,671,788
2001-02	803,826	4,579,683
2002-03	803,860	4,580,727
2003-04	805,447	4,482,259
2004-05	760,958	326,120
After 2005	3,752,911	1,750,445
Total principal and interest payments	7,766,559	20,391,022
Amount representing interest	(2,100,388)	(3,168,812)
Total Certificates of Participation payable at June 30, 2000	$ 5,666,171	$ 17,222,210

The following fixed assets are currently associated with the Certificates of Participation:

	ENTERPRISE FUNDS	GENERAL FIXED ASSETS ACCOUNT GROUP
Land	$ 1,084,430	$
Juvenile Court		30,000,000
Justice Court/Probation Center Buildings		2,765,570
Avondale Family Health Center	155,617	
Pappas School Building		2,500,000
	$ 1,240,047	$ 35,265,570

Refunded and Refinanced Obligations

Future debt service on refunded bonds has been provided through advanced refunding bond issues whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued or guaranteed by the United States government. These securities are then deposited in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

The proceeds of the refunding issues have been placed in irrevocable trusts and invested in U.S. Treasury obligations that, together with the interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues refunded.

The outstanding balance of the refunded debt and the related assets held in trust at June 30, 2000, is not included in the accompanying financial statement.

General Obligation Bonds	Date Refunded	Remaining Amount Outstanding
Project of 1986, Series B	2/1/92	$ 8,000,000
Project of 1986, Series C	2/1/92	9,000,000
Project of 1986, Series C	8/1/92	58,000,000
Total Refunded Bonds Outstanding		$ 75,000,000

Legal Debt Margin

County indebtedness may not exceed six percent of the value of the County's taxable property ascertained by the last assessment. However, with voter approval, the County may become indebted for an amount not to exceed 15 percent of such taxable property. At June 30, 2000, the County's net bonded debt was $79,595,000, (0.43% of taxable property), while the six percent limit was $1,120,609,851 and the 15 percent limit was $2,801,524,627.

Debt Service Requirements

The County's debt service principal and interest requirements to maturity on all General Obligation, Special Assessment, Housing Department and Stadium District bond issues are as follows:

Fiscal Year	General Obligation	Special Assessment	Housing Department	Stadium District	Total Debt Service
2000-01	$ 25,941,675	$ 98,840	$ 17,560	$ 4,357,155	$ 30,415,030
2001-02	22,160,035	102,896	19,781	4,345,683	26,628,195
2002-03	21,515,750	66,578	16,358	4,346,105	25,944,789
2003-04	20,975,000	92,292	18,578	4,347,300	25,433,170
2004-05		108,759	17,921	4,351,295	4,477,975
After 2005		492,798	17,264	41,796,423	42,306,483
	$ 90,592,460	$ 961,761	$ 107,460	$ 63,543,981	$ 155,205,642
Less Interest	(10,997,460)	(302,373)	(11,485)	(23,178,981)	(34,490,279)
	$ 79,595,000	$ 659,388	$ 95,975	$ 40,365,000	$ 120,715,363

The principal and interest on the Second Subordinate Capital Appreciation Net Revenue Bonds ($6,669,259) and the IGA City of Mesa Municipal Development Corporation Revenue Bonds Series 1996B ($8,895,000) have been excluded from the above schedule as the timing of the repayments cannot be determined due to these bonds having variable interest rates and other factors affecting future payments.

Conduit Debt Obligations

Maricopa County issues revenue bonds on behalf of private sector entities to provide financial assistance for projects deemed to be of public interest. Neither the principal, accrued interest or premium, if any shall ever constitute an indebtedness of the County or State of Arizona or any political subdivision, nor shall it be a liability or a charge against the general credit or taxing powers. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2000, there were three revenue bonds outstanding, with an aggregate principal amount payable of $132,570,000.

NOTE 14 – OBLIGATIONS UNDER LEASES

A. Operating Leases – The County's operating leases are for office equipment, land and buildings. Rental expenses under the terms of these operating leases were $14,917,844 for the year ended June 30, 2000. These operating leases have remaining lease terms from one to twelve years. Also, they provide renewal options and are contingent on budgetary appropriations each fiscal year. The future minimum rental payments required under these operating leases as of June 30, 2000, are as follows:

YEAR	GENERAL FUND	SPECIAL REVENUE FUNDS	ENTERPRISE FUNDS	TOTAL
2000-01	$ 8,445,901	$ 1,874,970	$ 1,466,733	$ 11,787,604
2001-02	6,757,636	1,290,801	1,399,035	9,447,472
2002-03	5,988,655	747,176	818,623	7,552,454
2003-04	4,705,276	723,719	168,744	5,597,739
2004-05	3,104,486	247,517	150,101	3,502,104
Thereafter	7,402,365	235,061	0	7,637,416
Total minimum payments required	$ 36,402,309	$ 5,119,244	$ 4,003,236	$ 45,524,789

B. Capital Leases - The County has entered into various lease-purchase agreements, which are noncancellable, for the acquisitions of the following equipment:

	ENTERPRISE FUNDS	GENERAL FIXED ASSETS ACCOUNT GROUP
Computer Systems and Equipment	$	$ 8,094,090
Data Communications Equipment		235,464
Medical Equipment and Furniture	2,361,799	112,336
Modular Buildings and Improvements		3,905,953
Optical Scan Counter		4,212,000
Radio System		9,490,995
Sheriff's Helicopters		4,064,699
Telephone Systems		294,092
Total Fixed Assets	2,361,799	30,409,629
Accumulated Depreciation	(1,704,656)	
Net Value of Leased Fixed Assets	$ 657,143	$ 30,409,629

These lease-purchase agreements require the County to pay all maintenance costs. At the time of the final principal and interest payments, title to the leased equipment transfers to the County. These leases are contingent on budgetary appropriations each fiscal year. The assets are capitalized at total principal cost.

The following is a schedule of future minimum lease payments for the above-described capital leases:

YEAR	ENTERPRISE FUNDS	GENERAL LONG-TERM DEBT ACCOUNT GROUP
2000-01	$ 400,278	$ 4,880,881
2001-02	232,792	3,498,992
2002-03	0	3,014,194
2003-04	0	2,546,944
2004-05	0	2,485,438
Thereafter	0	4,909,009
Total minimum lease payments	633,070	21,335,458
Amount representing interest	(24,276)	(3,213,947)
Present value of net minimum lease payments	$ 608,794	$ 18,121,511

NOTE 15 – MUNICIPAL LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require Maricopa County to place a final cover on the eight County landfills (this includes three transfer stations) when they stop accepting waste and to perform specific maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of closure and postclosure care costs as an operating expense, based on capacity used during the fiscal year. In addition, a liability will be reported based on the total capacity used to date. At June 30, 2000, the operating expense and liability are as follows:

	CAVE CREEK	QUEEN CREEK	HASSAYAMPA PHASE 1	NEW RIVER	GILA	TRANSFER STATIONS	TOTAL
CLOSURE COSTS							
Total closure and post-closure costs	$ 3,087,701	$ 5,596,469	$ 1,429,434	$ 1,131,300	$ 777,323	$ 504,050	$ 12,526,277
Approximate total capacity (cubic yards)	5,320,000	3,346,000	2,683,200	530,936	258,720		12,138,856
Total cost per cubic yard		$ 7.17					
WASTE FLOW (Cubic Yards)							
Prior to fiscal year 1999-00	5,320,000	3,190,000	2,683,200	530,936	258,720		11,982,856
Fiscal Year 1999-00	0	78,000	0	0	0		78,000
Total waste received	5,320,000	3,268,000	2,683,200	530,936	258,720		12,060,856
Capacity used	100.00%	97.61%	100.00%	100.00%	100.00%		99.35%
ACCRUAL OF COSTS							
Prior to fiscal year 1999-00	$ 3,828,000	$ 4,373,731	$ 1,870,000	$ 1,293,500	$ 717,000	$ 3,094,000	$ 15,176,231
Fiscal year 1999-00	0	559,635	0	0	0	0	559,635
Adjustment of liability for revised estimate of closure costs	(740,299)	103,409	(440,566)	(162,200)	60,323	(2,589,950)	(3,769,223)
Total costs accrued at June 30, 2000	$ 3,087,701	$ 5,036,835	$ 1,429,434	$ 1,131,300	$ 777,323	$ 504,050	$ 11,966,643
REMAINING CAPACITY AND COSTS							
Remaining life in years	0	1	0	0	0	0	
Remaining capacity (cubic yards)	0	78,000	0	0	0	0	78,000
Remaining costs to accrue	$ 0	$ 559,634	$ 0	$ 0	$ 0	$ 0	$ 559,634

Accrued liabilities of $11,966,643 have been reduced by $2,993,155 for actual closure and postclosure care costs incurred. The total estimated cost for closure and postclosure care was reduced by $3,769,223 during fiscal year 1999-00. This revision was due to the closure costs of the closed landfills being lower than originally estimated. The revised accrued liability balance at June 30, 2000, for the Solid Waste Enterprise Fund is $8,973,488.

The County will recognize the remaining estimated cost of closure and postclosure care costs of $559,634 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 1999-00. The actual cost to close the sites may differ from the estimates due to changes in technology, inflation, or changes in regulations. The estimated costs to be incurred in future fiscal years is as follows:.

YEAR	CLOSURE	POSTCLOSURE	TOTAL
2000-01	$ 4,106,542	$ 119,995	$ 4,226,537
2001-02	0	169,175	169,175
2002-03	0	169,175	169,175
2003-04	0	169,175	169,175
2004-30	0	4,799,060	4,799,060
Total	$ 4,106,542	$ 5,426,580	$ 9,533,122

Effective September 1, 1997, State and Federal laws and regulations require that the County demonstrate financial assurance to ensure that the funds necessary to meet the costs of closure, postclosure care, and corrective action will be available when needed. The County is in compliance with these requirements.

NOTE 16 – RISK MANAGEMENT

The Risk Management Fund and the Employee Benefits Trust Fund (Internal Service Funds) account for the financing of the uninsured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and short-term disability to eligible employees. Also, prior to January 1, 1998, the County was liable for a portion of medical benefits to eligible employees and their dependents. Subsequent to January 1, 1998, all employee medical benefits are provided through commercial insurance coverage. The County is still liable for claims filed under the previous medical coverage.

The County carries commercial insurance for general and automobile liability in excess of $1,000,000 per occurrence and medical malpractice liability in excess of $1,000,000 per occurrence. Settled claims have not exceeded this commercial coverage since the inception of these insurance policies.

Payment of workers' compensation benefits is self-funded up to $250,000 per occurrence.

Liabilities for unpaid claims are estimates determined by an independent actuary using the following actuarial methods: incurred loss development, paid loss development, frequency/severity, exposure/loss rate (incurred losses), and the exposure/loss rate (paid losses). Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 5.27 percent annual rate of return on future investment income. Accrued actuarial liabilities at June 30, 2000, for each insurable area follows.

General liability	$ 16,660,089
Automobile liability	857,364
Malpractice	16,812,189
Workers' compensation	8,388,464
Property reserve	245,725
Auto physical damage reserve	66,793
Subtotal	43,030,624
Employee health and disability claims	169,167
Total	$ 43,199,791

Changes in the unpaid claims liability reported in the Risk Management Fund follows.

YEAR	BALANCE JULY 1	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATE	CLAIM PAYMENTS	BALANCE JUNE 30
1997-98	$ 26,957,623	$ 11,581,577	$ (8,166,303)	$ 30,372,897
1998-99	30,372,897	19,724,588	(9,325,467)	40,772,018
1999-00	40,772,018	10,779,261	(8,520,655)	43,030,624

NOTE 17 – CONTINGENT LIABILITIES

A. General Litigation - At June 30, 2000, there were lawsuits and claims pending against the County including interest and costs of litigation ranging from a probable/possible loss of $23,319,383 to a remote loss of $40,769,383 depending upon the outcome of the litigation. A total of $42,718,106 has been accrued in the liability for reported and incurred but not reported claims for general liability, automobile liability, malpractice and workers' compensation claims in the Risk Management Fund based on the actuary calculation. See Note 16 - Risk Management for more information.

B. Indigent Health Care Litigation - At June 30, 2000, there were lawsuits and claims pending against the County in the amount of $128,356,539 for Indigent Health Care. The County has accrued a liability of $1,500,000 in the County General Fund (in accrued liabilities) at June 30, 2000, and $46,169,037 in the General Long-Term Debt Account Group (in Claims and Judgements Payable) in accordance with GASB 10 - Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

C. Environmental Claims - The County has estimated and recorded a probable liability of $24,550,000 in the General Long-Term Debt Account Group in Claims and Judgements Payable for claims resulting from environmental hazards such as illegal dumping by previous landowners and tenants. There is a potential incremental liability of $126,450,000, which is contingent upon the extent to which additional environmental contamination is found. The County is researching historical records and performing investigations to identify the previous landowners and parties who are responsible for the environmental hazards.

NOTE 18 – CONTRIBUTED CAPITAL

Changes in proprietary fund type contributed capital for the year are summarized as follows:

	CONTRIBUTED CAPITAL AT JULY 1, 1999	ADDITIONS	DEDUCTIONS	CONTRIBUTED CAPITAL AT JUNE 30, 2000
ENTERPRISE FUNDS				
Maricopa Health Plan	$ 590,079	$	$	$ 590,079
Medical Center	47,951,622	34,121,505		82,073,127
ALTCS	4,814			4,814
Non-AHCCCS Health Plans	9,401			9,401
Solid Waste	10,791,231			10,791,231
Total	$ 59,347,147	$ 34,121,505	$	$ 93,468,652
INTERNAL SERVICE FUNDS				
Equipment Services	$ 14,744,048	$	$	$ 14,744,048
Telecommunications	1,079,758			1,079,758
Reprographics	291,348			291,348
Risk Management	2,886,478			2,886,478
Employee Benefits Trust	30,445			30,445
Sheriff Warehouse	600,330			600,330
Total	$ 19,632,407	$	$	$ 19,632,407

NOTE 19 – MEDICAL CENTER OPERATING REVENUE

Medical Center operating revenue is reported net of the following deductions:

Gross patient service revenue	$ 356,919,201
Allowance for uncollectible accounts	(37,608,354)
Indigent patient write-off	(79,036,580)
Contractual and administrative adjustments	(59,040,295)
Cost containment contractual adjustments	(83,947,170)
Total net patient revenue	157,286,802
Charges for services	15,554,098
Total charges for services	15,554,098
Disproportionate share settlement	68,636,100
Disproportionate share distributions	(55,495,800)
Miscellaneous	1,683,396
Total other revenue	14,823,696
Total operating revenue	$ 187,664,596

NOTE 20 – RESIDUAL EQUITY TRANSFERS

During fiscal year 1999-00, ALTCS transferred fund balance in excess of reserve requirements to the General Fund in the amount of $34,121,505. The General Fund transferred $34,121,505 to the Medical Center to cover account deficits.

FUND	DESCRIPTION	EQUITY TRANSFER-IN	EQUITY TRANSFER OUT
General Fund			
	Surplus From ALTCS	$ 34,121,505	$ -
	Transfer To Medical Center For Deficit		34,121,505
Enterprise Funds			
ALTCS	Transfer Surplus To General Fund		34,121,505
Medical Center	Transfer From General Fund To Cover Deficit	34,121,505	

In addition, there were transfers to the General Fixed Assets Account Group in the amount of $1,052,495 from Telecommunications (Internal Service Fund).

NOTE 21 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The interfund receivables, payables, and operating transfers by fund are as follows:

Notes to the Financial Statements
(Continued)

FUNDS	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT
GENERAL	$ 75,378,476	$	$ 633,662	$ 151,792,199
SPECIAL REVENUE				
Transportation				473,079
Flood Control	7,722			
Adult Probation Grants		8,398,659		10,572
Human Services Grants		587,624		
Public Health				353,461
Air Pollution				234,941
CDBG Housing Trust		46,648		
Library	1,175			3,193
Stadium District		1,501		5,489,334
Bank One BallPark Operations	3,769			517,168
Animal Control		73,588	60,000	6,973
Adult Probation Services	460,130			
County Attorney Grants		255,608		
Document Retrieval	93,501			
Jail Operations	191,081		94,930,610	105,606,875
Justice Court Enhancement	38,287			
Justice Court Judicial Enhancement	40,284			
Parks Enhancement			25,000	
Parks Souvenir				25,000
Parks Lake Pleasant				145,769
Planning and Development				49,682
Public Defender Training		33,692		
Public Health Pharmacy			37,220	34,688
Recorders Surcharge	108,390			
Research and Reporting		124,390		1,259
Sheriff Grants		257,283		3,760,000
Sheriff Inmate Health Services		3,071		
Sheriff Special Funding		505,050		
DEBT SERVICE				
General Obligation	2,982		3,134,566	
Stadium District			5,489,334	
CAPITAL PROJECTS				
Major League Stadium		2,268		
Bank One Ballpark Project Reserve			517,168	
Jail Construction Fund			105,606,875	
Intergovernmental			48,725,000	
ENTERPRISE				
Medical Center		28,237,676	10,207,901	1,127,826
ALTCS		34,121,505		
Non-AHCCCS Health Plans		596,226	616,200	64,220
Solid Waste				297,297
INTERNAL SERVICE				
Sheriff Warehouse		543,030		
AGENCY				
Property Tax Collection		719,805		
Special Purpose		2,478,127		
TRUST				
Treasurer's Investment Pool	659,935			
Total	$ 76,985,731	$ 76,985,731	$ 269,983,536	$ 269,983,536

NOTE 22 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the County is prepared on a basis consistent with generally accepted accounting principles with certain exceptions. The activity in Sports Authority, Street Lighting, Regional Schools, Taxpayers' Information, Regional School District 509, and Regional School District 512 (Special Revenue Funds); Special Assessment Fund (Debt Service Fund) and Bond Fund (Capital Projects Fund) were not specifically budgeted, but were presented as separate funds for financial statement presentation. The capital lease expenditures and the proceeds from the capital leases within the General Fund were not specifically budgeted. In addition, General Fund indirect cost recoveries and disproportionate share settlement payments were budgeted as both operating transfers in and expenditures and therefore, these amounts were also reported on the combined budget statement. However, these activities were eliminated on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances.

The following reconciliation is necessary to present the excess of revenues and other sources over expenditures and other uses from the Combined Statement of Revenues, Expenditures and Changes in Fund Balances on a budgetary basis to provide a more meaningful comparison.

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Excess (deficiency) of revenues and other sources over expenditures and other uses, from the Combined Statement of Revenues, Expenditures and Changes in Fund Balances	$ 13,719,336	$ (16,381,968)	$ (1,232,262)	$ 131,667,014
Capital lease expenditures	4,542,153			
Proceeds from capital leases	(4,542,153)			
Indirect cost adjustment – operating transfers in	(6,855,046)			
Indirect cost adjustment – expenditures	6,855,046			
Disproportionate Share Payment – operating transfers in	(55,495,800)			
Disproportionate Share Payment – expenditures	55,495,800			
Regional Schools Fund revenues		(601,559)		
Regional Schools Fund expenditures		742,409		
Street Lighting Fund revenues		(4,652,498)		
Street Lighting Fund expenditures		4,459,384		
Sports Authority Fund revenues		(581,420)		
Sports Authority Fund expenditures		529,376		
Taxpayers' Information Fund revenues		(131,682)		
Taxpayers' Information Fund expenditures		938		
Regional School District 509 Fund revenues		(13,862,078)		
Regional School District 509 Fund expenditures		15,175,177		
Regional School District 512 Fund revenues		(575,594)		
Regional School District 512 Fund expenditures		837,534		
Special Assessment Fund revenues			(280,976)	
Special Assessment Fund expenditures			273,238	
Bond Fund revenues				(53,726)
Excess (deficiency) of revenues and other sources over expenditures and other uses, from the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	$ 13,719,336	$ (15,041,981)	$ (1,240,000)	$ 131,613,288

NOTE 23 – DISPROPORTIONATE SHARE SETTLEMENT

Section 1923 of the Social Security Act establishes Federal requirements designed to aid entities that provide medical services to a disproportionate share of medically indigent patients. These requirements were met for the year ended June 30, 2000, through disproportionate share settlements established by Laws 1999, First Special Session, Chapter 1 (Laws 1999). AHCCCS was directed to distribute such settlements based on various qualifying criteria and allocation processes. Laws 1999 appropriated the disproportionate share settlement amounts to be distributed to the hospitals for the year ended June 30, 2000. The Medical Center's share of the settlement for the year ended June 30, 2000, totaled $68,636,100. However, Laws 1999, First Regular Session, Chapter 176 also mandated the reimbursement of a portion of the disproportionate share settlement through the State Treasurer to the State General Fund. Required reimbursements totaled $55,495,800 for the year ended June 30, 2000.

NOTE 24 – SEGMENT INFORMATION ON ENTERPRISE FUNDS

The County operates the following Enterprise Funds: Maricopa Health Plan, Medical Center, Arizona Long-Term Care System (ALTCS), Maricopa County Health Plans (Non-AHCCCS), and Solid Waste. Segment information for the year ended June 30, 2000 is as follows:

	MARICOPA HEALTH PLAN	MEDICAL CENTER	ALTCS	NON-AHCCCS HEALTH PLANS	SOLID WASTE	TOTAL ENTERPRISE FUNDS
Operating revenues	$ 70,552,611	$ 187,684,596	$ 271,009,553	$ 30,719,901	$ 918,558	$ 560,865,219
Depreciation, depletion, and amortization expense	65,297	7,528,873	124,601	1,056	448,241	8,168,068
Operating income (loss)	(45,222)	(18,811,589)	19,110,424	(1,723,943)	(472,522)	(1,942,852)
Operating grants		4,147,774		926,001		5,073,775
Operating transfers:						
Transfers in		10,207,901		616,200		10,824,101
Transfers out		(1,127,826)		(64,220)	(297,297)	(1,489,343)
Net income (loss)	974,822	(8,134,280)	25,396,361	(169,867)	57,698	18,124,734
Fund Equity:						
Change in contributed capital		34,121,505				34,121,505
Residual equity transfer out			(34,121,505)			(34,121,505)
Property, plant and equipment:						
Additions		10,947,533	136,463			11,083,996
Deletions					24,737	24,737
Net working capital	17,601,851	(15,469,282)	44,323,913	(3,144,260)	8,172,235	51,584,457
Total assets	28,729,052	107,187,252	116,316,947	628,823	19,542,395	272,404,469
Total equity (deficit)	17,566,897	47,638,892	44,778,361	(3,143,815)	9,468,309	116,308,644

NOTE 25 – EXCESS OF EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following governmental fund types had excess of actual expenditures and other financing uses over budgeted expenditures and other financing uses in their respective departments or funds for the year ended June 30, 2000:

GENERAL FUND	
Animal Control	$ 7,296
SPECIAL REVENUE FUNDS	
County Attorney Grants	318,877
Park Souvenir	19,588
Sheriff Special Funding	994,826
CAPITAL PROJECTS FUND	
Bank One Ballpark Project Reserve	34,295

NOTE 26 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2000, Maricopa County had the following major contractual commitments related to various capital projects. Commitments have been grouped into four major categories: Transportation Construction Projects, Flood Control Construction Projects, Construction and Maintenance of Adult and Juvenile Jail Facilities, and General Government Projects.

Transportation Construction Projects

At June 30, 2000, the Maricopa County Transportation Department had contractual commitments of $11,564,219 of construction of various highway projects. Funding for these expenditures will be provided from Highway User Fuel Tax, the primary source of revenue for the Transportation Department.

Flood Control Construction Projects

At June 30, 2000, the Maricopa County Flood Control District had contractual commitments of $76,251,000 for the construction of various flood control projects. Funding for these expenditures will be provided from the Flood Control District's tax levy of property within Maricopa County, the primary source of revenue for the Flood Control District.

Construction and Maintenance of Adult and Juvenile Jail Facilities

On November 3, 1998, at the general election, the voters approved a 1/5 of one-cent sales tax to begin January 1, 1999, for the construction and maintenance of adult and juvenile jail facilities. The tax shall continue in effect until $900,000,000 of revenue is collected, but in no event more than nine years. At June 30, 2000, Maricopa County had contractual commitments of $37,800,000.

General Government Projects

At June 30, 2000, Maricopa County had the following contractual commitments related to major capital projects:

PROJECT NAME	CONTRACTUAL COMMITMENT	FUNDING SOURCE
Medical Examiner Facility	$ 2,864,515	General Fund
Jackson Street Parking Garage	20,789,483	General Fund
Justice Court Facilities	964,493	General Fund
Major Maintenance Projects	279,285	General Fund
Total	$ 24,897,776	

NOTE 27 – EMPLOYEE RETIREMENT PLANS

Plan Descriptions

The County contributes to the four retirement plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The Arizona State Retirement System (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 2.

The Public Safety Personnel Retirement System (PSPRS) (Sheriff and Investigators) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five member board, known as The Fund Manager, and 181 local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 4.

The Corrections Officer Retirement Plan (CORP) is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona, Departments of Corrections and Juvenile Corrections, and for County employees whose primary duties require direct inmate contact. The CORP is governed by The Fund Manager of PSPRS and 12 local boards according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 6.

The Elected Officials Retirement Plan (EORP) is a cost-sharing multiple-employer defined benefit pension plan that covers elected officials and judges of certain state and local governments. The EORP is governed by The Fund Manager of PSPRS according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 3.

Financial Reports

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS	PSPRS, CORP, EORP
3300 N. Central Ave. P.O. Box 33910 Phoenix, AZ 85067-3910	1020 E. Missouri Ave. Phoenix, AZ 85014
(602) 240-2000 or (800) 621-3778	(602) 255-5575 www.psprs.com

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

Cost Sharing Plans - For the year ended June 30, 2000, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 2.66 percent (2.17 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2000, 1999, and 1998 were $9,916,689, $10,878,700 and $10,923,244, respectively, which were equal to the required contributions for the year.

In addition, active EORP members were required by statute to contribute 7.00 percent of the members' annual covered payroll. The County was required to remit a designated portion of court docket fees plus additional contributions of .73 percent of the member's annual covered payroll, as determined by actuarial valuation. The County's contributions to EORP for the years ended June 30, 2000, 1999, and 1998 were $2,488,516, $2,522,642 and $2,402,300, respectively, which were equal to the required contributions for the year.

Agent Plans - For the year ended June 30, 2000, active PSPRS (Maricopa County Sheriff's) members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 4.68 percent; whereas, active PSPRS (Maricopa County Attorney Investigators) members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 6.69 percent. Active CORP members were required by statute to contribute 8.50 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 5.14 percent.

Annual Pension Cost - The County's pension cost for the two agent plans for the year ended June 30, 1999, the date of the most recent actuarial valuation, and related information follow.

	PSPRS		CORP
	(Sheriff)	(Investigators)	
Contribution rates:			
County	4.75%	9.17%	6.21%
Plan members	7.65%	7.65%	8.50%
Annual pension cost	$1,133,097	$64,104	$2,110,871
Contributions made	$1,133,097	$64,104	$2,110,871
Actuarial valuation date	6/30/99	6/30/99	6/30/99
Actuarial cost method	Entry Age	Entry Age	Entry Age
Actuarial assumptions:			
Investment rate of return	9%	9%	9%
Projected salary increases includes inflation at	6.5% - 9.5%/5.5%	6.5% - 9.5%/5.5%	5.5% - 9.5%/5.5%
Cost of living adjustments	None	None	None
Amortization method	Level % Open	Level % Open	Level % Open
Remaining amortization period from 7/1/99	20 Years	20 Years	20 Years
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Trend Information - Information for each of the agent plans as of the most recent actuarial valuations for the past three fiscal years available follows.

	Contributions Required and Contributions Made		
Plan	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Year Ended June 30, 1999			
PSPRS (Sheriff)	$ 1,133,097	100.0%	$ 0
PSPRS (Investigators)	$ 64,104	100.0%	$ 0
CORP	$ 2,110,871	100.0%	$ 0

	Contributions Required and Contributions Made		
Plan	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Year Ended June 30, 1998			
PSPRS (Sheriff)	$ 1,518,411	100.0%	$ 0
PSPRS (Investigators)	$ 95,998	100.0%	$ 0
CORP	$ 2,173,976	100.0%	$ 0

Notes to the Financial Statements
(Continued)

Plan	Contributions Required and Contributions Made Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Year Ended June 30, 1997			
PSPRS (Sheriff)	$ 1,601,746	100.0%	$ 0
PSPRS (Investigators)	$ 82,446	100.0%	$ 0
CORP	$ 2,216,451	100.0%	$ 0

Funding Progress - Analysis of funding progress for each of the agent plans as of the most recent actuarial valuations for the past three fiscal years available follows.

PSPRS

Valuation Date June 30	(1) Actuarial Value of Plan Assets	(2) Entry Age Actuarial Accrued Liability (AAL)	(3) Funding (Liability) Excess (1) - (2)	(4) Percent Funded (1)/(2)	(5) Annual Covered Payroll	(6) Unfunded Liability as a Percentage of Covered Payroll (3)/(5)
Sheriff						
1999	$145,193,704	$119,873,021	$ 25,320,683	121.1%	$ 24,017,617	N/A
1998	$126,691,889	$106,256,065	$ 20,435,824	119.2%	$ 21,060,363	N/A
1997	$116,857,295	$ 97,638,165	$ 19,219,130	119.7%	$ 19,493,822	N/A

Valuation Date June 30	(1) Actuarial Value of Plan Assets	(2) Entry Age Actuarial Accrued Liability (AAL)	(3) Funding (Liability) Excess (1)-(2)	(4) Percent Funded (1)/(2)	(5) Annual Covered Payroll	(6) Unfunded Liability as a Percentage of Covered Payroll (3)/(5)
Investigators						
1999	$ 3,946,187	$ 3,703,175	$ 243,012	106.6%	$ 694,447	N/A
1998	$ 3,267,429	$ 3,240,679	$ 26,750	100.8%	$ 648,700	N/A
1997	$ 2,943,085	$ 3,223,318	$ (280,233)	91.3%	$ 813,878	34.4%

CORP

Valuation Date June 30	(1) Actuarial Value of Plan Assets	(2) Entry Age Actuarial Accrued Liability (AAL)	(3) Funding (Liability) Excess (1)-(2)	(4) Percent Funded (1)/(2)	(5) Annual Covered Payroll	(6) Unfunded Liability as a Percentage of Covered Payroll (3)/(5)
1999	$ 84,036,931	$ 62,186,176	$ 21,850,755	135.1%	$ 34,908,470	N/A
1998	$ 68,701,567	$ 59,894,176	$ 8,807,391	114.7%	$ 31,894,069	N/A
1997	$ 56,105,909	$ 52,703,436	$ 3,402,473	106.5%	$ 32,374,878	N/A

NOTE 28 – OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 27 - Employee Retirement Plans, Maricopa County offers the following post-employment benefits to terminated and retired employees:

In accordance with Public Law 99-272, (COBRA), Maricopa County provides continued group medical and dental benefits to terminated employees for a period not to exceed 18, 29, or 36 months, depending upon the type of qualifying event that occurred. To be eligible, an employee must be enrolled in the insurance plan on the day prior to the qualifying event. The beneficiary pays 100 percent of the premium and an administration charge equal to two percent of the premium. Maricopa County's dental and medical insurance carriers, Health Select, Cigna, United Dental Care and Delta Dental accept the risk for COBRA claims. However, Maricopa County is financially liable for claims in excess of premiums (up to stop loss) filed by those beneficiaries enrolled with Blue Cross/Blue Shield. Maricopa County terminated its contract with Blue Cross/Blue Shield on December 31, 1997. During the fiscal year ended June 30, 2000, Maricopa County had a net claims expense for Blue Cross/Blue Shield run off claims of $6,952.

Also under the authority of Public Law 99-272, Maricopa County provides an Employee Assistance Program to terminated employees who choose it when selecting from available COBRA options. This program provides counseling for qualifying terminated employees and their dependents at $1.80 per participant. It is an internal program totally funded by the County. For the fiscal year ended June 30, 2000, there were no enrolled participants qualifying under COBRA in the program.

Maricopa County provides medical insurance to retirees. In accordance with Arizona Revised Statute §11-263, the County provides post-retirement medical insurance to participants meeting the requirements of the statute. Participants must have enough money in their pension plans to cover the insurance premiums in full. The participants are responsible for paying the full cost of premiums. The County's insurance carriers accept financial liability for claim costs.

In addition to the above benefits, Maricopa County provides a waiver of premium on life insurance benefits provided to currently disabled former employees under the age of 60 who became disabled prior to the age of 60 and while they were benefit eligible employees. The waiver of premium is a part of the contractual agreement the County has with Life Insurance Company of North America. To qualify, the insurance company must approve the disability. This benefit is funded entirely through insurance premiums applied to benefit eligible employees. Maricopa County is experience-rated, and non-participating. In no event is more premium owed than is primarily paid; consequently, no County liability arises for claims in excess of premiums paid.

APPENDIX D

SUMMARY OF LEGAL DOCUMENTS

The information set forth below summarizes or paraphrases certain provisions of the Series 2000 Lease and the Indenture, as well as certain defined terms used therein. The information set forth below does not purport to be complete, and reference is made to the full text of the Series 2001 Lease and the Indenture, respectively, for a complete recital of their terms, as well as a complete recital of the defined terms uses herein.

DEFINITIONS

"Acquisition Agreement" means the Series 2001 Acquisition and Assignment Agreement dated as June 1, 2001 between the Corporation and the County.

"Additional Bonds" means bonds in addition to the Series 2001 Bonds which may be issued under the Indenture.

"Ambac Assurance" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Annual Debt Service Requirement" means for any fiscal year the amount to be paid in such year with respect to the Bonds for payment of principal and interest on the Bonds during such year.

"Additional Rent" means any payments required to be made by the County in addition to the Base Rent.

"Appropriation" or *"Appropriations"* means an inclusion in the County's final approved budget adopted by the governing body of the County of funds needed to pay the Lease Payments under the Series 2001 Lease for the respective Fiscal Year of the County.

"Base Rent" means the Lease Payments, corresponding to principal of and interest on the Series 2001 Bonds.

"Bond Payment Date" means any Principal Payment Date or Interest Payment Date.

"Bond Resolution" means (a) when used with reference to the Series 2001 Bonds, the resolution providing for their issuance and the approving of the Series 2001 Lease, the Series 2001 Acquisition Agreement, this Indenture and related matters; (b) when used with reference to an issue of Additional Bonds, the resolution providing for the issuance of the Additional Bonds, to the extent applicable, and the approving of any amendment or supplement to the Series 2001 Lease or the Series 2001 Acquisition Agreement, any Supplemental Indenture and related matters; and (c) when used with reference to Bonds when Additional Bonds are outstanding, the resolution providing for the issuance of the refunding bonds

and the resolution providing for the issuance of the then outstanding and the then to be issued Additional Bonds, in each case as amended or supplemented from time to time.

"Bond Retirement Fund" means the Bond Retirement Fund created pursuant to the Indenture.

"Bonds" means the Series 2001 Bonds and any Additional Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Corporation" means The Maricopa County Public Finance Corporation, an Arizona nonprofit Corporation, or any successor thereto or assignee thereof.

"Default Rate" means a rate of interest which is greater of 10% per annum or the rate of interest paid on the Bonds with respect to the applicable maturity.

"Debt Service Charges" means, for any period or time, the principal of and interest and any premium due on the Bonds for that period or payable at that time, as the case may be.

"Defeasance Obligations" means only cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged.

"Eligible Investments" means, to the extent permitted by law:

1. Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

   — Export-Import Bank
   — Farm Credit System Financial Assistance Corporation
   — Rural Economic Community Development Administration (formerly the Farmers Home Administration)
   — General Services Administration
   — U.S. Maritime Administration
   — Small Business Administration
   — Government National Mortgage Association (GNMA)
   — U.S. Department of Housing & Urban Development (PHA's)
   — Federal Housing Administration
   — Federal Financing Bank;

2. Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

   — Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
   — Obligations of the Resolution Funding Corporation (REFCORP)

— Senior debt obligations of the Federal Home Loan Bank System
— Senior debt obligations of other Government Sponsored Agencies approved by Ambac

3. U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing no more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

4. Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

5. Pre-refunded Municipal Obligations defined as follows: Any obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

   (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's and S&P or any successors thereto; or

   (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions ,as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

6. Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

7. Investment agreements approved in writing by Ambac Assurance (supported by appropriate opinions of counsel); and

8. Other forms of investments (including repurchase agreements) approved in writing by Ambac Assurance.

"Engineer" means an individual or firm acceptable to the County and the Corporation and qualified to practice the profession of engineering or architecture under the laws of the State and who is not a salaried employee of the County or the Corporation.

"Event of Bankruptcy" means the filing of a petition in bankruptcy by or against the specified Person under the United States Bankruptcy Code.

"Event of Non-Appropriation" means that no Appropriation has been made for the payment of Lease Payments coming due in any Fiscal Year as of the date of final adoption of the County's budget for such Fiscal Year.

"Event of Non-Appropriation" means that no Appropriation has been made for the payment of Lease Payments coming due in any Fiscal Year as of the date of final adoption of the County's budget for such Fiscal Year.

"Existing Improvements" means the improvements on the Leased Land described on Exhibit A to the Series 2001 Lease.

"Financial Guaranty Insurance Policy" means the financial guaranty insurance policy issued by Ambac Assurance insuring the payment when due of the principal of and interest on the Series 2001 Bonds.

"Fitch" means Fitch Inc. or any successor thereto.

"Fiscal Year" means the twelve calendar month period beginning on July 1 and ending on June 30 of the following calendar year or such other Fiscal Year as adopted by the County.

"Improvements" means collectively the Existing Improvements and the New Improvements.

"Interest Fund" means the Interest Fund created pursuant to the Indenture.

"Interest Payment Date" means as to the Series 2001 Bonds January 1 and July 1 and as to Additional Bonds the dates designated in proceedings relating to the Additional Bonds.

"Lease Payment Date" means, with respect to payments relating to the Series 2001 Bonds, June 26 and December 26 of each year (or following business day if not a business day) during the term of the Series 2001 Lease commencing December 26, 2001.

"Lease Payments" mean the sum of the Base Rent and Additional Rent due at a stated time.

"Lease Year" means the period from the date of execution of the Series 2001 Lease to June 30, 2001, and thereafter a period of 12 consecutive months commencing on the first day of July and ending on the last day of June."Leased Land" means the real property described in Exhibit B to the Series 2001 Bonds.

"Leased Land" means the real property described in Exhibit B to the Series 2001 Lease.

"Leased Property" means the Leased Land and the Improvements.

"Maximum Annual Debt Service" means, at the time of computation, the greatest Annual Debt Service Requirement for the then-current or any succeeding fiscal year.

"Moody's" means Moody's Investors Service or any successor thereto.

"Net Proceeds" when used with respect to any insurance proceeds or eminent domain awards, means the gross proceeds thereof less the payment of all expenses, including expert witness fees, attorneys' fees and costs, incurred in connection with the collection of those gross proceeds.

"Net Proceeds Fund" means the fund of that name created pursuant to the Indenture.

"New Improvements" means the improvements or equipment described on Exhibit A to the Series 2001 Lease, as amended from time to time, to be constructed on the Leased Land or otherwise required for use by the County.

"Option Price" means the amount due from the County to exercise its option to prepay the Series 2001 Lease.

"Outstanding Bonds," "Bonds outstanding" or *"outstanding"* as applied to the Bonds, mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided, that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Owners of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and

(d) Bonds in lieu of which others have been authenticated under the Indenture.

"Owner" or *"Bond Owner"* or *"Owner of a Bond,"* or any similar term, when used with respect to a Bond means, as of any particular time, the person in whose name such Bond is then registered.

"Paying Agent" means any bank or trust company designated as a Paying Agent by or in accordance with the Indenture.

"Permitted Encumbrances" mean as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) the Indenture; (iii) the Series 2001 Lease; (iv) utility, access and other easements and rights-of way, mineral rights, restrictions, exceptions and encumbrances that will not (a) materially interfere with or impair the operations being conducted on the Leased Property or (b) materially adversely affect the security granted under the Indenture or easements granted to the Trustee; and (v) such minor defects, irregularities, encumbrances, easements, mechanics liens, rights of-way and clouds on title as, in the opinion of counsel, normally exist with respect to properties similar in

character to the Leased Property for the purpose for which it was acquired or is held by the Corporation and do not (a) materially interfere with or impair the operations being conducted on the Leased Property or (b) materially adversely affect the security granted to the Trustee by the Indenture.

"Prepayment" means any payment applied towards the prepayment of the Lease Payments.

"Principal Payment Date" means as to the Series 2001 Bonds July 1 or the years shown on the inside cover of this Official Statement and as to Additional Bonds the dates designated in the proceedings relating to the Additional Bonds.

"Rating Agency" means Moody's, if any of the Bonds are then rated by Moody's, S&P, if any of the Bonds are then rated by S&P and Fitch, if any of the Bonds are then rated by Fitch.

"Rating Confirmation" means a written confirmation from each Rating Agency that an action will not result in a reduction or withdrawal of any rating then applicable to the Bonds.

"Registrar" means, as to the Series 2001 Bonds, the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of this Indenture and as to any series of Additional Bonds, the bank, trust company or other Person designated as such by or pursuant to the applicable Bond Resolution or Supplemental Indenture.

"Regular Record Date" means, with respect to any Bond, the fifteenth day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

"Rental Period" means the six-month period commencing on the first day of the month in which a Lease Payment is due and payable.

"Required Property Insurance Coverage" means insurance insuring the Leased Property against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard "extended coverage", or "all risks" policies, including amounts as to which the County is a self-insurer where permitted under the Series 2001 Lease.

"Required Public Liability Insurance Coverage" means comprehensive general accident and public liability insurance, including amounts as to which the County is a self-insurer where permitted under the Series 2001 Lease.

"Reserve Fund" means the Reserve Fund created pursuant to the Indenture.

"Reserve Requirement" means the least of (a) an amount equal to ten percent (10%) of the net proceeds of the Outstanding Bonds, (b) the Maximum Annual Debt Service for any fiscal year on the Outstanding Bonds, or (c) one hundred twenty five percent (125%) of the average annual debt service on the Outstanding Bonds. The Reserve Requirement may be satisfied by cash or Eligible Investments described in paragraphs (1), (2) or (3) of the definition thereof. For purposes of calculating the Reserve Requirement, variable rate indebtedness shall be assumed to bear interest at (a) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published *Bond Buyer* "Revenue Bond Index" (or comparable index if no longer published) plus

50 basis points, or (b) if interest is not excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points.

"Revenue Fund" means the Revenue Fund created pursuant to the Indenture.

"Revenues" means (a) the Lease Payments (other than Unassigned Corporation's Rights) due under the Series 2001 Lease, as amended from time to time, (b) all other moneys received or to be received by the Corporation or the Trustee in respect of the Series 2001 Lease-Purchase Agreement, including without limitation, moneys and investments in the Series 2001 Acquisition and Construction Fund, Bond Retirement Fund, the Interest Fund and the Reserve Fund (to the extent of the Reserve Requirement), (c) all Net Proceeds received by the Trustee under any liability or casualty insurance policies or upon condemnation and (d) all income and profit from the investment of the foregoing moneys other than that which is required to be rebated to the United States in order to maintain the tax-exempt status of Tax-Exempt Bonds.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies or any successor thereto.

"Series 2001 Acquisition and Construction Fund" means the Series 2001 Acquisition and Construction Fund created pursuant to the Indenture.

"Series 2001 Bond Retirement Account" means the Series 2001 Bond Retirement Account of the Bond Retirement Fund created pursuant to the Indenture.

"Series 2001 Costs of Acquisition and Construction" means all items of expense directly or indirectly relating to the cost of designing, acquiring, constructing and equipping the Improvements, including, but not limited to, the following:

(a) Costs incurred by the County in connection with the designing, acquiring, constructing and equipping of the Leased Land, the Existing Improvements and the New Improvements;

(b) Expenses incurred by the County for labor, services, materials and supplies used or furnished in the designing, acquisition, constructing and equipping of the Leased Land, the Existing Improvements and the New Improvements;

(c) Fees paid by the County for legal, design, architectural, engineering, construction management, consulting and supervisory services with respect to the Leased Land, the Existing Improvements and the New Improvements, including, without limitation, the cost of preparing or obtaining plans and specifications, working drawings, bids, appraisals, approvals, permits and inspections;

(d) Expenses incurred by the County in seeking to enforce any remedy against any contractor, subcontractor, materialman, vendor, supplier or surety in respect of any default under a contract relating to constructing and equipping the Leased Land, the Existing Improvements and the New Improvements; and

(e) Any sums required to reimburse the County for advances made by it for any of the above items, plus an amount not to exceed $25,000,000 for amounts for other governmental projects of the County which need not be part of the Leased Property.

"Series 2001 Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the Corporation or the County relating to the execution, sale and delivery of this Indenture, the Series 2001 Lease, the Series 2001 Acquisition Agreement or the Series 2001 Bonds, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, the Registrar, the Paying Agents, financing discounts, legal fees and charges, insurance fees and charges, including insurance fees and charges for bond insurance, and financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Series 2001 Bonds and charges and fees in connection with the foregoing.

"Series 2001 Interest Account" means the Series 2001 Interest Account of the Interest Fund created pursuant to the Indenture.

"Series 2001 Revenue Account" means the Series 2001 Revenue Account of the Revenue Fund created pursuant to the Indenture.

"State" means the State of Arizona.

"Supplemental Indenture" means any indenture supplemental to this Indenture entered into between the Corporation and the Trustee in accordance with the Indenture.

"Taxable Bonds" means Bonds, the interest on which is includible in gross income of the owners thereof for federal income tax purposes.

Tax-Exempt Bonds" means Bonds, the interest on which is excludible from gross income of the owners thereof for federal income tax purposes.

"Tax Agreement" means the Tax Exemption Certificate and Agreement dated as of June 27, 2001 of the County and the Corporation and acknowledged by the Trustee.

"Unassigned Corporation's Rights" means all of the rights of the Corporation to receive additional payments under certain sections of the Series 2001 Lease, including, but not limited the right to be held harmless and indemnified thereunder, to be reimbursed for attorneys' fees and expenses thereunder, to receive notice thereunder and to give or withhold consent to amendments, changes, modifications and alterations of the Series 2001 Lease and its right to enforce such rights.

THE SERIES 2001 LEASE

* * *

Section 2. Term and Rental Payments.

(a) *Term; Appropriation.* The Corporation leases to the County and the County leases from the Corporation from the inception of this Series 2001 Lease to June 30, 2001 all of the Corporation's rights in and to the Leased Property, together with all improvements and fixtures thereon; *provided* that the term hereof shall be deemed extended automatically by the County for up to fourteen (14) successive periods of one (1) year commencing each July 1 for which an Appropriation has been or shall be made by the last date the County may adopt a budget for its then current fiscal year's operation. Such Appropriation shall be deemed to include all moneys in the Interest Fund and the Bond Retirement Fund and any amounts in the Reserve Fund to the extent of the Reserve Requirement created by the Indenture not then needed to pay maturing principal or interest on the Bonds. References to the Term of the Series 2001 Lease shall include the initial and any extended terms hereunder.

If, prior to the last date occurring in any year on which the County is required or permitted to adopt its budget for the then current Fiscal Year, the Board of Supervisors of the County fails to make an Appropriation for the Lease Payments for the then current Lease Year, an Event of Non-Appropriation will be deemed to have occurred and the Series 2001 Lease shall terminate as of the immediately preceding June 30th. Upon such termination, the County shall return the Leased Property to the Corporation and shall thereafter incur no further obligation operationally or financially to the Corporation, the Owners of the Bonds or any other party. IF AN EVENT OF NON-APPROPRIATION OCCURS, THE COUNTY IS NEITHER REQUIRED NOR EXPECTED TO CONTINUE TO PAY LEASE PAYMENTS. Appropriation of funds is a legislative act that is beyond the control of the Corporation or the Trustee.

If an Appropriation is made with respect to any Fiscal Year, the obligation of the County to make the aggregate Lease Payments during each Lease Year of the term of this Series 2001 Lease will accrue and be deemed incurred as of the first day of such Lease Year and the Series 2001 Lease is specifically enforceable by the Corporation and its successors and assigns to the extent of such Appropriation.

(b) *Other Applicable Provisions.* The Lease Payments for the Leased Property for each Rental Period during the term of the Series 2001 Lease shall constitute the total Base Rent for such Rental Period, and shall be paid by the County in such Rental Period for and in consideration of the right to the use and occupancy of the Leased Property and the continued right to use and enjoy the Leased Property during each such period for which such rental is to be paid. The total Lease Payments for the Leased Property represent the fair rental value thereof.

The County shall receive credit against, first, Additional Rent and, second, Base Rent payments for all investment income received from any investments made by the Trustee under the terms of the Indenture except investment income used to pay arbitrage rebates to the United States of America.

All Lease Payments shall be made to the Trustee.

Section 3. Additional Rent. The County agrees to pay to the Corporation the following amounts, if and whenever applicable, as Additional Rent:

(a) On the first (1^{st}) day of each month, commencing on the first day of the month following a payment made on the Series 2001 Bonds from the Reserve Fund or a determination of the Trustee that the amount on deposit in the Reserve Fund is less than the Reserve Requirement, an amount equal to one-twelfth ($1/12^{th}$) of the amount which, when added to the balance in the Reserve Fund, will be equal to the Reserve Requirement.

(b) All taxes, assessments or other governmental charges imposed on the Leased Property or imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Leased Property.

(c) All amounts coming due for indemnification.

(d) All costs incident to the Series 2001 Lease incurred or payable by the Corporation.

(e) All expenses incurred in connection with the enforcement by the Corporation of any rights under the Series 2001 Lease.

(f) All other payments of whatever nature which the County has agreed to pay or assume under the provisions of the Series 2001 Lease, including losses on investments made by the Trustee at the direction of the County.

(g) All of Trustee's fees and expenses incurred in connection with the performance of its duties and with the enforcement of any rights under the Series 2001 Lease.

(h) All rent for any holdover period during which the County stays in possession of the Leased Property after termination of the Series 2001 Lease.

(i) All fees and expenses of any arbitrage consultant and any arbitrage rebate owed to the United States not paid from Lease Payments.

(j) All fees and expenses of the Corporation for the costs of maintaining its corporate existence during the term hereof, including all filing costs and legal expenses.

(k) All expenses relating to compliance with the continuing disclosure undertaking of the County pursuant to SEC Rule 15c2-12.

Section 4. Utility Charges. The County shall pay all necessary utility charges.

Section 5. Use, Licenses, Taxes. The County shall use the Leased Property solely for lawful activities in which the County may engage. The County shall provide, at its expense, all permits and licenses, if any, necessary for the operation, maintenance and use of the Leased Property by the County.

The County shall be responsible for all governmental charges and taxes, but may contest the validity of any such charges or taxes.

Section 6. Maintenance. (a) the County, at its expense and during the term of the Series 2001 Lease, will:

(1) Keep the Leased Property in good order and condition (ordinary wear and tear excepted).

(2) Comply with all insurance policies relating to, and maintain any governmental licenses and permits required for, the use, maintenance, repair and operation of the Leased Property.

(3) Pay all costs, claims, damages, fees and charges arising out of its possession, use, operation or maintenance of the Leased Property.

(4) Promptly comply with all contractual obligations created with respect to the Leased Property.

(5) Not do, or permit to be done, any act or thing which might materially impair the value of the Leased Property.

Neither the Corporation nor the Trustee have any responsibility for maintenance of or repairs to the Leased Property.

Section 7. Additions, Modifications, Improvements and Substitutions. The County may make from time to time any additions, modifications or improvements to the Leased Property which the County deems desirable for the purposes of the Leased Property, *provided* that if such additions, modifications or improvements with respect to the Leased Property shall cost $200,000 or more in a single Lease Year, an Engineer shall render an opinion to the Trustee that (a) no such additions, modifications or improvements shall adversely affect the structural integrity or strength of any improvements constituting a part of the Leased Property or materially interfere with the use and operation of the Leased Property, and (b) the undertaking and completion of such addition, modification and improvement will not cause the value of the Leased Property to be reduced below the value of the Leased Property immediately prior to the undertaking and completion of any such addition, modification and improvement. All such additions, modifications and improvements shall become and be deemed to constitute a part of the Leased Property.

Section 8. Liens. Except for Permitted Encumbrances, the County shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, the title thereto, or any interest therein except the respective rights of the Corporation and the County thereunder.

Section 9. Damage to or Destruction or Condemnation of Leased Property; Prepayment. (a) The County assumes all risk of loss of or damage to the Leased Property from any cause whatsoever, except loss or damage actually caused by the Corporation. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Leased Property will relieve the County of the obligation to make Lease Payments.

(b) Any Net Proceeds or condemnation awards in excess of $500,000 are to be deposited to the Net Proceeds Fund under the Indenture. In case of any damage to or destruction of the Leased Property which might exceed $500,000, the County will promptly give or cause to be given written notice thereof to the Corporation generally describing the nature and extent of such damage or destruction. There shall be no abatement or diminution of Lease Payments and the County shall, whether or not the Net Proceeds, if any, received on account of such damage or destruction shall be sufficient for such purpose, promptly commence and complete, or cause to be commenced and completed, the repair or restoration of the Leased Property as nearly as practicable to the value, condition and character thereof existing immediately prior to such damage or destruction, with such changes or alterations, however, as the County may deem necessary for proper operation of the Leased Property. Any expenditures required hereunder in excess of the Net Proceeds shall be subject to Appropriation.

(c) In the event of total destruction or condemnation of the Leased Property, unless the County shall exercise its option to prepay (in which event the Option Price shall be adjusted so as to exclude any prepayment penalty), the County shall apply or cause to be applied amounts in the Net Proceeds Fund in accordance with the Trust Indenture and any other moneys available and appropriated for the purpose, to the acquisition and installation of replacement facilities to constitute the Leased Property.

Should the County determine not to replace the damaged, destroyed or condemned portions of the Leased Property, the County shall, pursuant to the Trust Indenture, direct the Trustee to transfer all amounts in the Net Proceeds Fund, up to, but not exceeding the Option Price, to the Interest Fund and the Bond Retirement Fund.

(d) In the event the amount of Net Proceeds exceeds the amount required to acquire and install replacement facilities constituting Leased Property, the County shall direct the Trustee to transfer such excess to the Interest Fund and the Bond Retirement Fund under the Trust Indenture.

(e) The County has the power and authority to acquire the Leased Property through the exercise of the power of eminent domain. Neither the Corporation nor any person claiming through the Corporation shall be injured or damaged by the County's initiation of an action to acquire the Leased Property through the exercise of the power of eminent domain. The County represents that it has no present intention to exercise the power of eminent domain to acquire the Leased Property. Should the County ever determine to acquire the Leased Property through the exercise of its power of eminent domain is in the County's best interest, that the Corporation's value for all purposes of determining the fair market value of the Leased Property be stipulated to be the Option Price as of the initiation of such action.

Section 10. Insurance. During the term of the Series 2001 Lease, the County shall either maintain a program of self-insurance with respect to general accident and public liability or shall purchase and maintain Required Public Liability Insurance Coverage with respect to the Leased Property in an amount customarily maintained by the County, naming the Corporation and/or the Trustee, as appropriate, a named insured or loss payee and insuring against personal injury or property damage to others. In addition, the County shall either maintain self-insurance covering the Leased Property as provided by law or maintain during the term of the Series 2001 Lease, Required Property Insurance Coverage with respect to the Leased Property naming the Corporation and/or the Trustee, as appropriate, a named insured or loss payee and insuring against risks of loss or damage to the Leased Property in an amount at all times at least equal to the par amount of the Outstanding Bonds.

Insurance proceeds from casualty losses in excess of $500,000 are to be deposited to the Net Proceeds Fund under the Indenture and insurance proceeds less than $500,000 shall be paid to the Corporation and disposed of by the Corporation, each as provided in the Series 2001 Lease. The County shall deliver to the Corporation or the Trustee, as applicable, evidence satisfactory to the Corporation of the insurance coverages required herein, by policies with nationally recognized responsible insurance companies or in conjunction with other companies through an insurance trust or other arrangement together with receipts for the initial and any renewal premiums and shall provide by endorsement upon the policy or by an independent instrument furnished to the Corporation that each insurer will give the Corporation written notice of nonpayment of any premium due and forty-five (45) days' notice prior to cancellation or alteration of the policy for any reason.

Annually commencing no later than October 31, 2001 and each year thereafter, the County shall commission, at its own expense, a review (the *"Review"*) of the County's self-insurance program The Review shall be conducted by an actuary with recognized experience with respect to actuarial reviews of self-insurance programs and shall be completed with a reasonable period thereafter.

It shall be a condition of the County's use or continued use of self-insurance program to provide either Required Property Insurance Coverage or Required Public Liability Coverage, or both, that the County's self-insurance program be funded at the beginning of each fiscal, at a level equal to the cost to purchase insurance plus the cost to pay all losses estimated by the actuary for the following two years. The Trustee may rely on the certificate of the administrator of the self-insurance program or the chairman of the governing board of the self-insurance trust, to the effect that the self-insurance funding has reached the level or levels required by the respective Review net of known claims expected to be paid from the self-insurance program or programs, as applicable, in the County's then current Fiscal Year.

If the County cannot meet or maintain the funding level required in the applicable Review by the next January 1st after the Review's date, then the Leased Property may not be covered by self-insurance for any portion of either the Required Public Liability Coverage or the Required Property Insurance Coverage for which the self-insurance is not in compliance with the respective Review, and in such event the County shall be required to obtain insurance policies covering either Required Property Insurance Coverage or Required Public Liability Insurance Coverage, or both, as the case may be. Failure to provide the required Review, or to maintain the level of funding of the self-insurance program or programs applicable to the Leased Property, in violation of the requirements of the Series 2001 Lease, shall be deemed an Event of Default which can be cured by either the County's presentation of the required Review, or the required certificate of compliance with the respective Review, or both, as the case may be or by presentation to the Trustee of evidence of insurance policies meeting the coverage requirements of the Series 2001 Lease.

Section 11. Indemnification. To the extent permitted by law and the Constitution of the State, the County shall indemnify the Corporation and the Trustee for, from and against any and all liability and damages in connection with the Leased Property.

Section 12. Assignment of Series 2001 Lease; Payment of Trustee's Fees and Expenses. The Corporation shall assign all its right, title and interest in and to the Lease Payments (other than Unassigned Corporation Rights) and the rights to enforce the Series 2001 Lease, to the Trustee. The County agrees to pay all fees and expenses due Trustee under the Indenture.

Section 13. Representations, Warranties and Covenants. (a) The Corporation has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the leased property for any particular purpose or the conformity of the leased property to any plans, specifications, construction contract, purchase order, model or sample, or as to its design, construction, delivery, installation and operation or its suitability for use by the County.

(b) The County represents that it has power to enter into the Series 2001 Lease, that the Series 2001 Lease is a lawful, valid and binding obligation of the County, enforceable against the County in accordance with its terms (except as to those provisions which would require the expenditure of funds in any fiscal year for which such funds have not been included within the County's' budget).

Section 14. Option to Purchase; Providing for Payment or Prepayment; Additional Bonds. (a) Provided the County shall have complied with all of the terms and conditions of the Series 2001 Lease Agreement and subject to clause (c) below, the County shall have the option to purchase not less than all of the Leased Property which is then subject to the Series 2001 Lease "as is" at the dates and for the *"Option Price"* set forth in the Series 2001 Lease or such adjusted Option Price as may have been determined in accordance with the Series 2001 Lease. Such option shall be exercised by written notice to Trustee not less than forty-five (45) days prior to the date specified in the Series 2001 Lease for the exercise of such option, *provided* that upon the County's timely payment of the last payment due June 26, 2015 (the *"Last Payment"*) specified in the Series 2001 Lease, the County shall without further action be deemed to have properly exercised its option to purchase the Leased Property for $0.

(b) At such time as full payment of the Option Price or payment of the Last Payment is made or the Series 2001 Lease is deemed fully prepaid and discharged, the Corporation shall transfer title to the Leased Property to the County.

(c) The County may not prepay future Lease Payments in full or in part prior to June 26, 2011 (except with respect to prepayments from Net Proceeds from destruction or condemnation of all or any part of the Lease Property or prepayments described in (d) below). On or after June 26, 2011, the County may fully or partially prepay Lease Payments at any time.

When a partial prepayment is made, interest shall cease to accrue from the prepayment date with respect to the principal amount so prepaid.

(d) The Series 2001 Lease may be deemed fully prepaid and discharged if the County provides to the Trustee, in accordance with the defeasance provision of the Indenture moneys and Defeasance Obligations, and such other certificates and documents required by the Indenture sufficient to cause all Bonds Outstanding to be deemed to be, "paid and discharged."

(e) The Indenture provides for the issuance of Additional Bonds on a parity with the Series 2001 Bonds and that the Series 2001 Lease may be amended in connection therewith as provided in the Indenture to provide for, among other things, an adjustment in the Lease Payments with respect to such Additional Bonds and the Leased Property financed thereby.

Section 15. Default and the Corporation's Remedies. (a) The following are Events of Default:

(1) The County's failure to make any payment of rent or any other amount payable the Series 2001 Lease when due; or

(2) The County's failure to perform or observe any other covenant, condition or agreement required to be performed or observed by the County hereunder and such failure shall continue for a period of twenty (20) days after notice thereof from or the Trustee to the County; *provided, however,* that if the failure cannot be corrected within the applicable time period, the Corporation or Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected.

(b) If, by reason of force majeure, the County is unable to perform or observe any agreement, term or condition herein, other than any obligation to make Lease Payments, the County shall not be deemed in default during the continuance of such inability. However, the County shall promptly give notice to and the Trustee of the existence of any event of force majeure and shall use its best efforts to remove the effects thereof; *provided* that the settlement of strikes or other labor disturbances shall be entirely within the County's discretion.

For the purpose of this subsection, the term *Force Majeure* means, without limitation: Acts of God, strikes, lockouts or other labor disturbances, acts of public enemies, orders or restraints of any kind of the government of the United States or any of its departments, agencies, political subdivisions, courts or officials, or any civil or military authority, insurrections, civil disturbances, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, droughts, floods, arrests, explosions, breakage, malfunction or accident to facilities, machinery, transmission pipes or canals, partial or entire failure of utilities, shortages of labor, materials, supplies or transportation.

(c) Upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, the Corporation may, at its option, exercise any one or more of the following remedies:

(1) Bring any action allowed by law or equity to enforce the provisions of the Series 2001 Lease, remove the County from possession of the Leased Property, or for damages or any Lease Payment due or to come due under the Series 2001 Lease;

(2) By written notice to the County, terminate the Series 2001 Lease and direct the County to (and the County agrees that it will), at the County's expense, return possession of the Leased Property to the Corporation within forty-five (45) days of receipt of such notice;

(3) Sell or lease the Leased Property for the account of the County pursuant to the terms of the Series 2001 Lease, holding the County liable for all applicable Lease Payments and other payments due to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the amounts payable during the remaining term of the Series 2001 Lease by the County under the Series 2001 Lease;

(4) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the State or to rescind the Series 2001 Lease as to the Leased Property; and

(5) Foreclose the Series 2001 Lease if it is ever construed to be a mortgage.

(d) The County will remain liable for all Lease Payments for the remainder of the term of the Series 2001 Lease, for covenants and obligations thereunder.

(e) No remedy conferred on or reserved to the Corporation is intended to be exclusive of any other available remedy.

(f) If an Event of Default occurs and the Corporation or the Trustee incurs expenses, including attorneys' fees, in connection with the enforcement of or the collection of amounts due under the Series 2001 Lease, the County shall reimburse the Corporation and the Trustee for the expenses so incurred upon demand.

(g) No failure by the Corporation to insist upon strict performance by the County of any provision of the Series 2001 Lease shall constitute a waiver of the Corporation's right to strict performance.

(h) The County shall notify the Corporation and Trustee immediately if it becomes aware of the occurrence of any Event of Default or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

(i) All of the County's payment obligations under the Series 2001 Lease are subject to Appropriation.

(j) To the extent that the Leased Property is sold pursuant to the exercise by the Corporation of its remedies any proceeds of sale remaining after payment of all claims prior in right thereto, including all amounts due with respect to the Bonds, such remaining proceeds shall be paid to the County.

(k) Notwithstanding the foregoing, so long as Ambac Assurance is not in default in its obligations under the Financial Guaranty Insurance Policy and the Series 2001 Bonds remain Outstanding, the Corporation shall provide immediate notice to Ambac Assurance of any Event of Default under the Series 2001 Lease and shall not waive any Event of Default without the prior written consent of Ambac Assurance, and Ambac Assurance, acting alone, shall have all rights extended to the Owners of the Series 2001 Bonds to pursue any remedy provided for in the Series 2001 Lease and the Corporation shall not pursue any remedy except with the prior written consent of Ambac Assurance.

Section 16. Termination. (a) Except in the event of full and timely payment of all Lease Payments, the County shall, upon the expiration of the term of the Series 2001 Lease or any earlier termination hereof surrender possession of the Leased Property to the Corporation in at least as good condition and repair as when delivered to the County, ordinary wear and tear excepted. The Leased Property shall be surrendered to the Corporation, as herein required, free and clear of all liens, encumbrances and rights of others except Permitted Encumbrances. If the County fails to surrender the Leased Property to the Corporation on or before the date of termination, the County shall pay to the Corporation upon demand, as Additional Rent, for any holdover period beyond the end of the Lease Year in which termination occurs, a portion of the total unpaid rental payment for the applicable period.

(b) The obligations of the County to pay to the Corporation amounts accrued and unpaid as of the termination of the Series 2001 Lease as provided herein shall survive such termination and continue to be an obligation of the County until such amounts of Base and Additional Rent to be paid to and including the Last Day of the term of the Series 2001 Lease are paid in full.

(c) If the County elects not to extend or further extend the term of the Series 2001 Lease, the County shall, as of the end of the then current Lease Year, terminate the Series 2001 Lease and surrender and return the possession of the Leased Property to the Corporation.

Section 17. Assignment and Sublease by the County. The County shall not, without the Corporation's prior written consent, (1) assign or dispose of the Series 2001 Lease, the Leased Property, or any part thereof or any interest therein, (2) sublet the Leased Property or any part thereof or (3) permit the Leased Property to be used or possessed by any persons for any purpose which is not an essential public purpose of the County which the County is authorized by law to perform; provided, it is expressly understood, as set forth in the Tax Agreement, that certain portions of the Security Building are subject to existing leases by non-governmental users which will not be renewed by the County.

* * *

Section 19. Interest on Default. If fails to pay any part of the Lease Payments on or before the due date, the County shall pay to the Corporation interest on such delinquent payment from the due date until paid at a rate per annum equal to the Default Rate.

* * *

THE INDENTURE

* * *

AUTHORIZATION AND TERMS OF SERIES 2001 BONDS; ADDITIONAL BONDS

*Section 2.01. Authorized Amount of Series 2001 Bonds.*No Bonds may be issued under the provisions of the Indenture except in accordance with this Article. The total authorized principal amount of Series 2001 Bonds which shall be issued under the provisions of the Indenture is $124,855,000. The

Corporation may issue, sell and deliver one or more series of Additional Bonds for the purposes, upon satisfaction of the conditions and in the manner provided in the Indenture.

Section 2.02. Issuance of Series 2001 Bonds.

The Corporation shall, issue, sell and deliver $124,855,000 aggregate principal amount of Lease Revenue Bonds, Series 2001. The Series 2001 Bonds shall be Tax-Exempt Bonds.

* * *

Section 2.04. Issuance and Delivery of Additional Bonds.

(a) The Corporation may issue Additional Bonds from time to time for any purpose permitted in (c)(i) below.

(b) Additional Bonds shall be on a parity with the Series 2001 Bonds and any Additional Bonds hereafter issued and outstanding as to the assignment to the Trustee of the Corporation's right, title and interest in the Series 2001 Lease and amounts in the accounts and the funds created under the Indenture; provided, however, that nothing herein shall prevent payment of Debt Service Charges on any series of Additional Bonds from (i) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2001 Bonds and any one or more series of Additional Bonds or (ii) not being secured or protected from sources or by property or instruments applicable to the Series 2001 Bonds or one or more series of Additional Bonds.

(c) The issuance of such Additional Bonds is subject to the following specific conditions which are hereby made conditions precedent to the issuance of such Additional Bonds:

(i) such Additional Bonds shall have been authorized to finance or refinance the cost of acquiring, constructing, reconstructing or improving buildings, equipment and other real and personal properties suitable for use by and for leasing to the County or its agencies or instrumentalities, or for refinancing or advance refunding of Bonds and the issuance thereof as shall have been determined and declared by the Corporation, by appropriate resolution, to be necessary for that purpose;

(ii) no Event of Default shall exist under the Series 2001 Lease or the Indenture, as any or all of them may have been supplemented;

(iii) the Bond Resolution shall require that the proceeds of the sale thereof shall be applied solely for one or more of the purposes set forth in (i) above and expenses and costs incidental thereto, including, but not limited to, the costs and expenses incident to the issuance and sale of such Additional Bonds, the costs of any insurance premium relating to insurance on such Additional Bonds and interest on such Additional Bonds during the actual period of any acquisition and construction of such facilities and for a reasonable period of time thereafter;

(iv) if the issuance of such Additional Bonds causes the Reserve Requirement to increase, then in that event, at the time of issuance of such Additional Bonds either cash or

Permitted Investments described in clauses (1), (2) or (3) of the definition thereof shall be provided to the Trustee so that the Reserve Requirement shall be satisfied;

(v) with respect to any Bonds not supported by bond insurance, Rating Confirmations; and

(vi) before the Trustee shall authenticate and deliver any Additional Bonds, the following items shall have been received by the Trustee:

A. Original executed counterparts of any amendments or supplements to the Series 2001 Lease and the Indenture entered into in connection with the issuance of the Additional Bonds, which are necessary or advisable, in the opinion of nationally recognized bond counsel, to provide that the Additional Bonds will be issued in compliance with the provisions of this Indenture.

B. A copy of the Bond Resolution, certified by the President or the Secretary-Treasurer.

C. A request and authorization to the Trustee on behalf of the Corporation, signed by the President, Vice President or Secretary-Treasurer, to authenticate and deliver the Additional Bonds upon payment to the Trustee of the amount specified therein, including without limitation, any accrued interest and any Reserve Requirement, which amount shall be deposited as provided in the applicable Bond Resolution or Supplemental Indenture.

D. The written opinion of counsel, who may be counsel for the Corporation, reasonably satisfactory to the Trustee, to the effect that: (1) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of this Indenture; (2) the issuance of such Additional Bonds has been duly authorized; and (3) all conditions precedent to the delivery of such Additional Bonds have been fulfilled.

E. A written opinion of nationally recognized bond counsel (who also may be the counsel to which reference is made in D above), to the effect that: (1) such Additional Bonds will be valid and legal special obligations of the Corporation in accordance with their terms and will be secured on a parity with all other Bonds of any series at the time outstanding under the Indenture as to the assignment to the Trustee of the Corporation's right, title and interest in the Series 2001 Lease and the Series 2001 Acquisition Agreement and amounts in the accounts and the funds specified in the Indenture and the amounts therein to provide for payment of Debt Service Charges on the Bonds and (2) the issuance of such Additional Bonds will not result in the interest on the Tax-Exempt Bonds outstanding immediately prior to that issuance becoming subject to federal income taxation.

F. ALTA title insurance policy or policies or commitments therefor with respect to the Leased Property to be acquired with proceeds of the Additional Bonds insuring the Corporation's interest therein, in a form satisfactory to the Trustee.

TERMS OF BONDS GENERALLY

Section 3.04. Source of Payment of Bonds. To the extent provided in and except as otherwise permitted by the Indenture, the Bonds shall be special obligations of the Corporation and the Debt Service Charges thereon shall be payable solely from the Revenues; provided, that payment of Debt Service Charges on any series of Additional Bonds may be otherwise secured and protected from sources or by property or instruments not applicable to the Series 2001 Bonds and any one or more series of Additional Bonds. Notwithstanding anything to the contrary in the Bond Resolution, the Bonds or the Indenture, the Bonds do not and shall not represent or constitute a debt or pledge of the faith and credit of the Corporation or the taxing power of the County or of the State or of any political subdivision, municipality or other local agency thereof.

* * *

PROVISIONS AS TO FUNDS AND PAYMENTS

Section 5.01. Provisions as to Funds and Payments. The Indenture creates the following trust funds: (i) Revenue Fund, including a Series 2001 Revenue Account; (ii) Interest Fund, including a Series 2001 Interest Account; (iii) Bond Retirement Fund, including a Series 2001 Bond Retirement Account; (iv) Reserve Fund; (v) Series 2001 Acquisition and Construction Fund; and (vi) a Net Proceeds Fund.

Section 5.02. Application of Series 2001 Bond Proceeds. The Corporation shall deposit with the Trustee all of the net proceeds of the sale of the Series 2001 Bonds and upon receipt of such proceeds the Trustee shall:

(a) deposit to the credit of the Series 2001 Interest Account of the Interest Fund, the sum of $456,047.9460, representing the interest accrued on the Series 2001 Bonds from June 1, 2001, to the date of initial issuance and delivery of the Series 2001 Bonds plus an additional deposit of $3,552.66; and

(b) transfer $27,905,351 to the County to pay the acquisition costs of the Existing Property; and

(c) deposit to the credit of the Series 2001 Acquisition and Construction Fund, the balance of the proceeds of the sale of the Series 2001 Bonds.

Section 5.03 Disbursements From Series 2001 Acquisition and Construction Fund.

The Trustee shall hold the amounts in the Series 2001 Acquisition and Construction Fund for the benefit of the Corporation to be used to pay the Series 2001 Delivery Costs and to pay the Series 2001 Costs of Acquisition and Construction, upon written order executed and delivered to the Trustee. Upon an Event of Default, the Trustee may transfer amounts in the Series 2001 Acquisition and Construction Fund to the Revenue Fund to the extent amounts in the Reserve Fund are not sufficient for such purpose.

Section 5.04. Receipt of Revenues. The Lease Payments (other than Unassigned Corporation Rights) to be paid by the County pursuant to the terms of the Series 2001 Lease have been assigned by the Corporation to the Trustee so that such moneys shall be paid by the County directly to the Trustee, and the Trustee shall credit such moneys to the respective accounts of the Revenue Fund. The semi-annual Lease Payments to be paid by the County pursuant to the terms of the Series 2001 Lease shall be deposited in the Series 2001 Revenue Account of the Revenue Fund. If at any time the money in the Revenue Fund exceeds, in the sole opinion of the Trustee, the amount necessary for the current debt service on all of the Bonds then outstanding, including administration costs and expenses, and the County is not then in default under the Series 2001 Lease as amended from time to time, such excess shall constitute a credit to the County on the next succeeding installments of rent due or to become due under the Series 2001 Lease, as amended from time to time, in such manner as the County may direct. Notwithstanding the foregoing, if the County is required to pay Additional Rent pursuant to the provisions of the Series 2001 Lease, then in that event, until such time as the amount in the Reserve Fund shall equal the Reserve Requirement any excess moneys in the Revenue Fund shall, at least annually, so long as the County is not in default under the Series 2001 Lease, be deposited in the Reserve Fund and any earnings in the Reserve Fund shall be retained in the Reserve Fund. The aforesaid credit or transfer shall be made by the Trustee no less frequently than annually.

Section 5.05. Flow of Funds – Interest Fund/Bond Retirement Fund. The Trustee shall transfer on a pro rata basis from the Series 2001 Revenue Account or any additional accounts therein with respect to Additional Bonds of the Revenue Fund the following amounts at the time and in the manner hereinafter provided for, to-wit:

(a) Series 2001 Interest Account of the Interest Fund: One (1) business day prior to each Interest Payment Date for the Series 2001 Bonds, the Trustee shall deposit in the Series 2001 Interest Account of the Interest Fund an amount equal to the amount of the interest becoming due and payable on the outstanding Series 2001 Bonds on the next Interest Payment Date for the Series 2001 Bonds, and each such deposit shall be made so that adequate moneys for the payment of interest will be available in such fund on each date that interest payments are to be made hereunder. Amounts in the Series 2001 Interest Account of the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2001 Bonds as it shall become due and payable.

(b) Series 2001 Bond Retirement Account of the Bond Retirement Fund: One (1) business day prior to each Principal Payment Date for the Series 2001 Bonds, the Trustee shall deposit in the Series 2001 Bond Retirement Account of the Bond Retirement Fund solely for the purpose of paying the principal of the Series 2001 Bonds as set forth in Section 2.2 hereof.

The respective transfers relating to accounts established for Additional Bonds shall be set forth in the Supplemental Indenture authorizing the issuance thereof.

Section 5.06. Flow of Funds — Reserve Fund. There shall be deposited to the Reserve Fund an initial deposit of $12,485,500.00 representing funds of the County other than proceeds of the Series 2001 Bonds. In the event the amount of cash and Eligible Investments described in Sections (1) and (2) of the definition thereof is less than the Reserve Requirement, the County is required to deposit funds as Additional Rent pursuant to Section 3(a) of the Series 2001 Lease-Purchase Agreement. The Trustee shall transfer *pro rata* from the accounts of the Reserve Fund the following amounts in the manner hereinafter provided for, to-wit:

(a) (i) Amounts in the Reserve Fund shall be used and withdrawn solely for the purpose of paying the interest on or principal of the Bonds in the event that no other money of the Corporation is available therefor or for the retirement of all of the Bonds then outstanding.

(ii) If on any Lease Payment Date the amount in the Reserve Fund exceeds the Reserve Requirement and if the Corporation is not then in default under this Indenture, the Trustee shall withdraw the amount of any such excess from such fund and shall apply such amount, on a pro rata basis, *first* to the Interest Accounts of the Interest Fund and *second* to the Bond Retirement Accounts of the Bond Retirement Fund.

(b) The County shall receive a credit towards Base Rent owed on any Lease Payment Date to the extent funds which exceed the Reserve Requirement are transferred to the Interest Fund or the Bond Retirement Fund.

Section 5.07. Investment of Funds. Substantially all amounts in any of the funds and accounts to be established by the Trustee pursuant to this Article of this Indenture shall, at the written direction of the County, so long as the County is not in default under the Series 2001 Lease-Purchase Agreement, be invested and reinvested by the Trustee in Eligible Investments, or if the County fails to so direct or instruct the Trustee, the Trustee shall invest and reinvest such amounts in Eligible Investments described in clause (7) of the definition thereof, provided that mounts in the Reserve Fund may only be invested in Eligible Investments described in subsection (1) and (2) of the definition thereof.

* * *

NET PROCEEDS

Section 6.01. Establishment of Net Proceeds Fund; Application of Net Proceeds of Insurance Proceeds or Condemnation Awards. Net Proceeds or condemnation awards of less than $500,000 are to be retained by the County and applied to replace the Leased Property damaged or destroyed. Any Net Proceeds of condemnation awards of $500,000 or more collected by the Corporation, Trustee or the County shall be transferred to the Trustee and deposited by the Trustee in a special fund designated as the "Net Proceeds Fund" to be applied and disbursed by the Trustee. The Trustee shall pay from the Net Proceeds Fund the costs of repairing or replacing the portion of the Leased Property lost, stolen, condemned or destroyed, upon receipt of a written request for payment signed by the County Representative, naming the payee (which may be the County) and the amount to be paid and certifying that the County is repairing or replacing the portion of the Leased Property lost, stolen, condemned or destroyed, that the amount to be paid is a cost thereof and that it has not previously been paid by the Trustee. The Trustee shall make such payment within three (3) Business Days of receipt of the request. In the event of total damage, destruction and condemnation of all or a portion of the Leased Property and the County does not elect to repair or replace such portion of the Leased Property, the County shall notify the Trustee of such election, the Net Proceeds or other insurance or condemnation proceeds shall be transferred, pro rata, to the Interest Accounts of the Interest Fund and the Bond Retirement Accounts of the Bond Fund and applied to the next Lease Payments to come due or used to redeem Bonds in advance of their due date in accordance with the special mandatory redemption provisions of the Indenture.

THE TRUSTEE, REGISTRAR AND PAYING AGENTS

Section 7.01. Trustee's Acceptance and Responsibilities.

(a) The Trustee accepts the trusts imposed upon it by the Indenture and shall observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(b) Prior to the occurrence of a default or an Event of Default of which the Trustee has been notified or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in the Indenture and no duties or obligations shall be implied to the Trustee and

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein.

(c) In case a default or an Event of Default has occurred and is continuing (of which the Trustee has been notified, or is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by the Indenture and shall use the same degree of care and skill in its exercise as a corporate trustee would exercise or use under the circumstances in the conduct of its trust business.

(d) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that,

(i) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of a series of the Bonds then outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iii) no provision of the Indenture shall require the Trustee to expend or risk 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, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

* * *

Section 7.04. Intervention by Trustee. The Trustee may intervene on behalf of the Owners, and shall intervene if requested to do so in writing by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of a series of Bonds then outstanding, in any judicial proceeding to which the Corporation or the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction.

* * *

Section 7.07. Resignation by the Trustee. The Trustee may resign at any time from the trusts created under the Indenture by giving written notice of the resignation to the Corporation, the County, the Registrar, any Paying Agents, Ambac Assurance, and the Original Purchaser of each series of Bonds then outstanding, by mailing written notice of the resignation to such parties and to the Owners as their names and addresses appear on the Register at the close of business fifteen days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee which appointment shall require the consent of Ambac Assurance.

Section 7.08. Removal of the Trustee. (a) The Trustee may, with the consent of Ambac Assurance, be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Corporation (except when the Corporation is removing the Trustee), the County, the Registrar, any Paying Agents, and signed by or on behalf of the Corporation or by the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding.

(b) The Trustee also may be removed, with the consent of Ambac Assurance, at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by a court of competent jurisdiction upon the application of the Corporation or the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then outstanding under this Indenture.

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS

Section 8.01. Defaults; Events of Default. (a) The following constitutes an Event of Default under the Indenture:

(i) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(ii) Payment of the principal of or any premium on any Bond shall not be made when and as that principal or premium shall become due and payable, whether at stated maturity, by redemption, or otherwise;

(iii) Failure by the Corporation to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of thirty (30) days after written notice of such failure, by registered or certified mail, shall have been given to the Corporation and the County, requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of Owners of not less than twenty five percent (25%) in aggregate principal amount of any series of Bonds then outstanding;

(iv) The occurrence and continuance of any default as defined in the Series 2001 Lease;

(v) The occurrence of an Event of Bankruptcy as to the County or the Corporation or the County or the Corporation shall: (A) commence a proceeding under any federal or state insolvency, reorganization or similar law, or have such a proceeding commenced against them and either have an order of insolvency or reorganization entered against them or have the proceeding remain undismissed and unstayed for ninety (90) days; or (B) have a receiver, conservator, liquidator or trustee appointed for them or for the whole or any substantial part of their property. The declaration of an Event of Default under this subsection and the exercise of remedies upon any such declaration shall be subject to any applicable limitations of federal or State law affecting or precluding such declaration or exercise during the pendency of or immediately following any liquidation or reorganization proceedings.

Section 8.02. Notice of Default. If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the Corporation, the County, the Registrar or any Paying Agent, for each series of the Bonds then outstanding, if any, affected thereby, and the Original Purchaser of each series of Bonds, within five (5) days after the Trustee has notice of the Event of Default. If an Event of Default occurs of which the Trustee has notice pursuant to this Indenture the Trustee shall give written notice thereof, promptly after the Trustee's receipt of notice of its occurrence, to the Owners of all Bonds then outstanding as shown by the Register at the close of business fifteen (15) days prior to the mailing of that notice; provided that, except in the case of a default in the payment of the principal of or any premium or interest on any Bond or the occurrence of an Event of Bankruptcy as to the Corporation, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determine that the withholding of notice to the Owners is in the interests of the Owners.

Section 8.03. Remedies; Rights of Owners.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of Debt Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Series 2001 Lease or any other instrument providing security, directly or indirectly, for the Bonds (including the right to direct the Corporation to transfer title to the Leased Property to the Trustee). Pursuant to the Indenture, the Series 2001 Bonds are subject to special mandatory redemption upon the occurrence of an Event of Default.

(b) If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of each series of Bonds outstanding affected thereby, the Trustee shall exercise any rights and powers conferred by this Section.

(c) No remedy conferred upon or reserved to the Trustee (or the Owners) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee, or to the Owners or now or hereafter existing.

(d) No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

(e) No waiver of any default or Event of Default hereunder, whether by the Trustee, any or by the Owners, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

(f) As the assignee of all right, title and interest of the Corporation in and to the Series 2001 Lease (except for the Unassigned Corporation's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Corporation under the and the Series 2001 Lease.

Section 8.04. Right of Owners to Direct Proceedings. The Owners of a majority in aggregate principal amount of each series of Bonds then outstanding shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture.

Section 8.05. Application of Moneys. (a) After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of moneys pursuant to any right given or action taken under the Indenture or the Series 2001 Lease, all moneys received by the Trustee for deposit into the Revenue Fund and the Reserve Fund shall be applied as follows:

FIRST — To the payment to the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

SECOND — To the payment to the Owners entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), whether at stated maturity, by redemption or pursuant to any mandatory redemption requirements, in the order of their due dates (or redemption dates), beginning with the earliest due date (or redemption date), with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

* * *

Section 8.07. Rights and Remedies of Owners. An Owner shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(i) there has occurred and is continuing an Event of Default of which the Trustee has been notified, or of which it is deemed to have notice;

(ii) the Owners of at least twenty-five percent (25%) in aggregate principal amount of a series of Bonds then outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted to it or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee; and

(iii) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

Section 8.10. Consent of Ambac Assurance. Notwithstanding any provision in the Indenture or Series 2001 Lease to the contrary, as long as the Series 2001 Bonds are outstanding pursuant to Section 10.03 of the Indenture, the Financial Guaranty Insurance Policy is in effect and Ambac Assurance is not in default in its obligations thereunder:

(a) Ambac Assurance shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Series 2001 Bonds or the Trustee for the benefit of the Owners of the Series 2001 Bonds under the Indenture or the Series 2001 Lease;

(b) Any reorganization or liquidation plan with respect to the Corporation must be acceptable to Ambac Assurance and in the event of any reorganization or liquidation, Ambac Assurance shall have the right to vote on behalf of all Owners of Series 2001 Bonds which are insured by Ambac Assurance;

(c) Any provision of the Indenture or the Series 2001 Lease expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance thereunder without the prior written consent of Ambac Assurance;

(d) The prior consent of Ambac Assurance shall be required for the execution and delivery of any supplement, amendment or change to the Indenture or Series 2001 Lease or for any other action which requires the consent of the Owners of the Series 2001 Bonds;

(e) Ambac Assurance shall have the right to consent to any amendment to the Indenture (other than pursuant to Section 9.03 (a)(i) or (ii) thereof) or the Series 2001 Lease on behalf of the Owners of the Series 2001 Bonds; and

(f) No consent of Ambac Assurance shall be required for any action upon payment in full of the Series 2001 Bonds under Section 10.03 of the Indenture or in the event Ambac Assurance shall be in default in its obligations under the Financial Guaranty Insurance Policy.

SUPPLEMENTAL INDENTURES

* * *

Section 9.02. Supplemental Indentures Not Requiring Consent of Owners. Without the consent of, or notice to, any of the Owners, the Corporation and the Trustee may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Corporation and the Trustee, be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Owners or the Trustee;

(c) to assign additional revenues under the Indenture;

(d) to accept additional security and instruments and documents of further assurance with respect to the Bonds and to release all or any portion of the Leased Property from the provisions of the Series 2001 Lease and the lien of the Indenture in accordance with the provisions of the Series 2001 Lease;

(e) to add to the covenants, agreements and obligations of the Corporation under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Owners, or to surrender or limit any right, power or authority reserved to or conferred upon the Corporation in this Indenture, including without limitation, the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relationship to one another for the protection of the Owners of a particular series of Bonds;

(f) to evidence any succession to the Corporation and the assumption by its successor of the covenants, agreements and obligations of the Corporation under the Indenture, the Series 2001 Lease and the Bonds:

(g) to make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds as do not adversely affect the interests of Owners of outstanding Bonds;

(h) to permit the Trustee to comply with any obligations imposed upon it by law;

(i) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Paying Agents;

(j) to achieve compliance of the Indenture with any applicable federal securities or tax law;

(k) with the consent of Ambac Assurance, to facilitate the substitution of an insurance policy, surety bond or letter of credit, the provider of which has unsecured obligations in one of the two highest rating categories of each Rating Agency, in satisfaction of the Reserve Requirement; and

(l) to permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners.

Section 9.03. Supplemental Indentures Requiring Consent of Owners. (a) Exclusive of Supplemental Indentures described above and subject to the terms, provisions and limitations described below, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of each affected series of Bonds at the time outstanding, the Corporation and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Owners. Nothing in the Indenture shall permit:

(i) without the consent of the Owner of each Bond so affected, (A) an extension of the maturity of the principal of or the interest on any Bond, (B) a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or (C) a reduction in the amount or extension of the time of payment of any mandatory redemption requirements, or

(ii) without the consent of the Owners of all Bonds then outstanding, (A) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (B) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

DEFEASANCE

Section 10.01. Release of Indenture. If (i) the Corporation shall pay all of the outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Owners of the outstanding Bonds, all Debt Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all other sums payable under the Indenture or under the Series 2001 Lease, then the Indenture shall cease, determine and become null and void and the covenants, agreements and obligations of the Corporation under the Indenture shall be released, discharged and satisfied. Amounts on deposit in the Reserve Fund may only be considered available for the defeasance of all Bonds at the specific direction of the County.

Section 10.02. Payment and Discharge of Bonds. (a) All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture if:

(i) the Trustee as paying agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient moneys, or

(ii) the Trustee shall have received, in trust for and irrevocably committed thereto, Defeasance Obligations which are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made in subparagraph (i) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed,

for the payment of all Debt Service Charges on those Bonds, at their maturity or redemption rates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Debt Service Charges thereon to the date of the tender of payment; provided, that if any of those Bonds are to be redeemed prior to the maturity thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice.

Section 10.03. Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of the Bond Resolution and the Indenture which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust and the duties of the Trustee, the Registrar and the Paying Agents, the payment or reimbursement for fees, charges and advances owed to, Trustee, the Registrar and the Paying Agents in connection with all the foregoing, and indemnities to the Trustee, the Registrar and the Paying Agents shall remain in effect and be binding upon the Trustee, the Registrar, the Paying Agents and the Owners notwithstanding the release and discharge of the Indenture.

Notwithstanding anything in the Indenture to the contrary, in the event the principal of and/or interest on the Series 2001 Bonds shall be paid by Ambac Assurance pursuant to the Financial Guaranty Insurance Policy, the Series 2001 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Corporation, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Corporation to the Owners of the Series 2001 Bonds shall continue to exist and shall run to the benefit of Ambac Assurance, and Ambac Assurance shall be subrogated to the rights of such Owners.

* * *

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds 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 Series 2001 Bond will be issued for each maturity of the Series 2001 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities Bonds. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2001 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2001 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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, but Beneficial Owners are 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 Series 2001 Bonds are due 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 Series 2001 Bonds representing their ownership interests in the Series 2001 Bonds, except in the event that use of the book-entry system for the Series 2001 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2001 Bonds 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 Series 2001 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2001 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2001 Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2001 Bonds within a maturity 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 such other DTC nominee) will consent or vote with respect to the Series 2001 Bonds. Under its usual procedures, DTC mails an omnibus Proxy to the Trustee 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 the Series 2001 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of, and interest on the Series 2001 Bonds and redemption proceeds, 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 Series 2001 Bonds on the 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, the Corporation 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 Series 2001 Bonds and to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, the Corporation or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants. NO ASSURANCE IS GIVEN BY THE COUNTY OR THE CORPORATION THAT DTC AND DTC PARTICIPANTS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO BENEFICIAL OWNERS. NEITHER THE COUNTY NOR THE CORPORATION IS RESPONSIBLE OR LIABLE FOR PAYMENTS OR FAILURES TO PAY BY DTC OR DTC PARTICIPANTS OR FOR SENDING TRANSACTION STATEMENTS OR FOR MAINTAINING, SUPERVISING OR REVIEWING RECORDS MAINTAINED BY DTC OR DTC PARTICIPANTS.

DTC may discontinue providing its services as securities depository with respect to the Series 2001 Bonds at any time by giving reasonable notice to the Trustee, the Corporation or the County. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2001 Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2001 Bonds will be printed and delivered.

The foregoing description of the procedures and recordkeeping with respect to beneficial ownership interest in the Series 2001 Bonds, payment of principal and interest with respect to the Series 2001 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of the beneficial ownership interests in the Series 2001 Bonds and other related transactions by and between DTC, the DTC Participants and Beneficial Owners are based solely on the Corporation's understanding of such procedures and recordkeeping, which is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

APPENDIX F

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

June 27, 2001

We hereby certify that we have examined certified copy of the proceedings of the Maricopa County Public Finance Corporation (the *"Corporation"*) passed preliminary to the issue of its Lease Revenue Bonds, Series 2001 (the *"Series 2001 Bonds"*) in the amount of $124,855,000 in fully registered form, dated as of June 1, 2001. The Series 2001 Bonds are being issued to finance the acquisition of certain real property and existing improvements and additional improvements to be constructed thereon for Maricopa County, Arizona (the *"County"*).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion, including, without limitation, the original or a copy identified to our satisfaction as being a true copy of the Indenture (as defined herein).

As to questions of fact material to the opinions expressed herein, we have relied upon, and have assumed due compliance with the provisions of, the proceedings and other documents, and have relied upon certifications and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, the use to be made of the proceeds of the Series 2001 Bonds. Reference is made to certifications of and opinions of counsel to parties other than the Corporation with respect to the existence and powers of such parties to enter into and perform the instruments referred to, the authorization, execution and delivery of such instruments by such parties and such instruments being binding upon and enforceable against such parties; we express no opinion as to such matters.

The Series 2001 Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2001 between the Corporation and BNY Western Trust Company, as trustee (the *"Indenture"*). The Series 2001 Bonds are payable solely, as to both principal and interest, from payments made by the County under the Series 2001 Lease-Purchase Agreement, dated as of June 1, 2001 (the *"Series 2001 Lease"*).

Based upon the foregoing, we are of the opinion as of this date, which is the date of initial delivery of the Series 2001 Bonds against payment therefor, that:

1. The Indenture, the Series 2001 Lease and the Series 2001 Bonds have been duly authorized, executed and delivered by the Corporation and are valid and binding upon and enforceable against the Corporation.

2. The Series 2001 Bonds constitute special, limited obligations of the Corporation, and the principal of and interest and any premium on the Bonds (collectively, "debt service"), unless paid from other sources, are payable solely from the revenues and other moneys pledged and assigned by the Indenture to secure that payment. Those revenues and other moneys include

lease payments required to be made by the County under the Series 2001 Lease, which lease payment are subject to annual appropriation by the County. The term of the Series 2001 Lease is originally to June 30, 2001, and thereafter for such additional lease years (July 1 through June 30) as are necessary to complete the anticipated term thereof through and including June 30, 2015. The Series 2001 Lease provides for an automatic extension of its term for additional one year terms when an appropriation is made for an amount equal to the lease payments for such year in the County's final approved budget for such fiscal year. The Indenture creates the pledge which it purports to create in the pledged revenues and of other moneys in the funds and accounts created by the Indenture (other than the Rebate Fund), which pledge will be perfected only as to the revenue and other moneys on deposit in the funds and accounts created by the Indenture. The Series 2001 Bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation; the Series 2001 Bonds do not represent or constitute a debt or pledge of the general credit of the Corporation, the County or the State of Arizona; and the Series 2001 Lease, including the County's obligation to make the lease payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the County.

3. Subject to the Corporation's and the County's compliance with certain covenants, under present law, interest on the Series 2001 Bonds (i) is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations and (ii) is exempt from present Arizona income taxation as long as that interest is excluded from gross income for federal income tax purposes. Failure to comply with certain of such Corporation and County covenants could cause interest on the Series 2001 Bonds to be included in gross income for federal income or Arizona tax purposes retroactively to the date of issuance of the Series 2001 Bonds. Ownership of the Series 2001 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2001 Bonds.

This opinion is written upon reliance upon certifications of the Corporation and the County with respect to certain material facts solely within the Corporation's knowledge relating to application of the proceeds of the Series 2001 Bonds. 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.

We express no opinion for federal Arizona or income tax purposes as to any moneys received under the Series 2001 Lease from other than funds made available from the County as a result of termination of the County's obligations thereunder for any reason, including nonappropriation by the County or the exercise of remedies upon an event of default thereunder. In addition, we express no opinion as to the status of the title to the Leased Property.

The rights of the owners of the Series 2001 Bonds and the enforceability of those rights under the Series 2001 Bonds and the documents referred to above may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$124,855,000
MARICOPA COUNTY, ARIZONA
PUBLIC FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2001

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by Maricopa County, Arizona (the "County") in connection with the issuance and sale of the $124,855,000 aggregate principal amount of Maricopa County Public Finance Corporation Lease Revenue Bonds, Series 2001 (the "Series 2001 Bonds"). The Series 2001 Bonds are being issued by Maricopa County, Arizona Public Finance Corporation (the "Corporation") pursuant to a Trust Indenture, dated as of June 1, 2001 (the "Indenture") between BNY Western Trust Company, as trustee (the "Trustee"), and the Corporation.

In connection with the Series 2001 Bonds, the County covenants and agrees as follows:

1. **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 Series 2001 Bonds and in order to assist the Underwriter in complying with the requirements of the Rule (as defined below).

2. **Definitions.** The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

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

"Annual Information Disclosure" means the dissemination of disclosure concerning Annual 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.

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

"Material Event" means the occurrence of any of the Events with respect to the Series 2001 Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIRs" means, as of any date, any Nationally Recognized Municipal Securities Information Repository then recognized by the Commission for purposes of the Rule. As of the date of this Undertaking, the NRMSIRs are:

Bloomberg Municipal Repositories
P. O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3200
Fax: (609) 279-5962
E-Mail: munis@bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-Mail: nrmsir@dpcdata.com

Standard & Poor's J.J. Kenny Depository
55 Water Street - 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-Mail: nrmsir_repository@sandp.com

Interactive Data
Attn: Repository
100 Williams Street
New York, NY 10038
Phone: (212) 771-6899
Fax: (212) 771-7390
E-Mail: nrmsir@interactivedata.com
Website: http://www. nrmsir@interactivedata.com

The names and addresses of all current NRMSIRs should be verified each time information is delivered pursuant to this Undertaking.

"Underwriter" means the broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Series 2001 Bonds.

"Rule" means Rule 15c-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Series 2001 Lease" means the Series 2001 Lease Purchase Agreement, dated as of June 1, 2001 between the Corporation, as lessor, and the County, as lessee.

"SID" means any public or private repository designated by the State as the state repository and recognized as such by the Commission for purposes of the Rule. As of the date of this Agreement, no SID exists within the State. The name and address of the SID, if any, should be verified each time information is delivered pursuant to this Agreement.

"State" means the State of Arizona.

"Undertaking" means the obligations of the County pursuant to Sections 4, 5, 6 and 7 hereof.

3. **CUSIP Number/Final Official Statement.** The CUSIP Number of the Series 2001 Bonds is 566877. The Final Official Statement relating to the Series 2001 Bonds is dated June 12, 2001 (the "Final Official Statement").

4. **Annual Information Disclosure.** Subject to Section 9 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, if any (in the form and by the dates set forth in Exhibit I), to all NRMSIRs and to the SID, if any. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual 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 Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual 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. **Material Events Disclosure.** Subject to Section 9 of this Undertaking, the County hereby covenants that it will disseminate in a timely manner notice of occurrence of a Material Event to each NRMSIR, or to the MSRB and to the SID, if any.

6. **Duty to Update NRMSIRs/SID.** The County shall determine, in the manner it deems appropriate, the names and addresses of the then existing NRMSIRs and SID each time it is required to file information with such entities.

7. **Consequences of Failure of the County to Provide Information.** The County shall give notice in a timely manner to each NRMSIR, or to the MSRB and to the SID, if any, of any failure to provide Annual 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 Certificate 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 an Event of Default on the Series 2001 Bonds or under the Trust Indenture or the Series 2001 Lease. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

8. **Amendments; Waiver.** Notwithstanding any provision of this Agreement, the County by certified resolutions authorizing each amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) The amendment 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, 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 does not materially impair the interests of the beneficial owners of the Series 2001 Bonds, as determined by an independent counsel or other entity unaffiliated with the County or the County Prosecutor's Office.

9. **Non-Appropriation.** The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to each NRMSIR and the SID.

10. **Termination of Undertaking.** The Undertaking of the County shall be terminated hereunder if the County shall no longer have liability for any obligation or relating to repayment of the Series 2001 Bonds under the Trust Indenture. The County shall give notice in a timely manner if this Section is applicable to each NRMSIR, or to the MSRB, and to the SID, if any.

11. **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.

12. **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 Information Disclosure or notice of occurrence of a Material 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 Material 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 disclosure or notice of occurrence of a Material Event.

13. **Beneficiaries.** This Undertaking has been executed in order to assist the 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 Series 2001 Bonds, and shall create no rights in any other person or entity.

14. **Recordkeeping.** The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Material Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

15. **Assignment.** The County shall not transfer its obligations under the Series 2001 Lease which obligates the County to make the Lease payments securing the Series 2001 Bonds unless the transferee agrees to assume all obligations of the County under this Undertaking or to execute an Undertaking under the Rule.

Simultaneously with any dissemination under Sections 4, 5, 9 or 11 hereunder, the County shall send written notice to the Trustee describing (or containing a copy of) the information so filed under such sections.

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

MARICOPA COUNTY

By: ______________________________

Janice K. Brewer
Chairperson, Board of Supervisors

Date: June 27, 2001

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means the information and operating data of the type contained under the headings "THE COUNTY'S GENERAL FUND" and "APPENDIX B – Maricopa County, Arizona Financial Data."

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 to each NRMSIR and to the SID, if any, 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 Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, no later than February 1 in each year commencing February 1, 2002. 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 when available.

Audited Financial Statements will be prepared according to GAAP, as applied to governmental units as modified by State law. Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, 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 NOTICE OF OCCURRENCE OF MATERIAL EVENTS IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
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 or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

APPENDIX H

SPECIMEN BOND INSURANCE POLICY

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Fl.
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

P. Lassiter
President

AMBAC ASSURANCE CORPORATION
CORPORATE
SEAL
WISCONSIN

Anne G. Gill
Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Noraida Lauro
Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)