



GREATER ARIZONA DEVELOPMENT AUTHORITY



FY 2011 ANNUAL REPORT



Sandra Sutton, Interim Executive Director

Water Infrastructure Finance Authority of Arizona – Greater Arizona Development Authority

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December 28, 2011

The Honorable Janice K. Brewer, Governor of Arizona
The Honorable Steve Pierce, President-elect of the Senate
The Honorable Andy Tobin, Speaker of the House of Representatives
And the Citizens of the State of Arizona

I am pleased to provide the Greater Arizona Development Authority's 2011 Annual Report, pursuant to A.R.S. § 41-2263.

The Greater Arizona Development Authority (GADA) assists local and tribal governments and special districts with the development of public infrastructure. GADA lowers the costs of financing and helps accelerate project development for public facilities owned, operated and maintained by a political subdivision, special district or Indian tribe.

In fiscal year 2011, the Arizona Legislature passed H.B. 2001 which transferred and renumbered A.R.S. § 41-1554 41-1554.01 through 41-1554.12 for placement in title 41, chapter 18, article 1, as sections 41-2251 through 41-2263 respectively. This same legislative act assigned the Water Infrastructure Finance Authority of Arizona (WIFA) to provide general administrative support, equipment, office and meeting space to GADA.

GADA accomplishes its mission through its financial and technical assistance programs that help lower the costs of financing and accelerate project development. These programs and GADA's commitment to service will continue to benefit the citizens of Arizona by enhancing community and economic development.

Sincerely,

A handwritten signature in blue ink that reads "Sandra Sutton".

Sandra Sutton

Interim Executive Director



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Overview

The Greater Arizona Development Authority (GADA) was created by the Arizona Legislature in 1997 to assist local and tribal governments and special districts with the development of public infrastructure. GADA’s goals are to lower the costs of financing and help accelerate project development for public facilities owned, operated and maintained by a political subdivision, special district or Indian tribe. To accomplish this, GADA is authorized under statute to offer both financial and technical assistance programs.

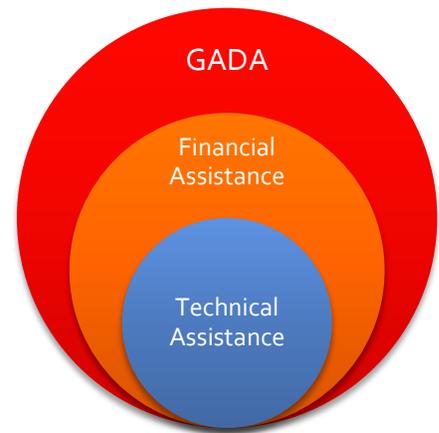
Mission: To assist Arizona communities and tribal governments with the development of public infrastructure projects that enhance community and economic development

Financial Assistance

GADA bonds have been insured and sold as AAA rated tax-exempt issues. This has allowed borrowers with lower investment grade ratings to realize, in some cases, substantial interest savings. GADA has the ability to subsidize the costs of bond issuance to provide further savings on fees for underwriters, financial advisors, bond counsel, trustees, bond rating and bond insurance premiums. Depending on the loan amount, past GADA financial assistance packages have resulted in a savings to borrowers of \$25,000 to \$200,000.

Technical Assistance Loan Fund

Arizona Revised Statute §41-2256.C authorizes up to \$250,000 of the GADA Fund to be used for technical assistance loans on infrastructure projects in the final phases of development. Additionally, based on availability of funds, technical assistance grants may also be available periodically for engineering planning, design review, feasibility studies or other infrastructure development elements. These technical assistance loans may be repaid from the proceeds of a GADA bond issuance. When the program is active, it is useful to communities in helping to develop early phases of projects.



Sahuarita City Hall
(2006 - \$16,355,000 Rev Bonds)



Organization

GADA is governed by a nine-member Board of Directors comprised of four ex-officio members and five members who are appointed by the Governor. The board is responsible for setting policy and approving all projects seeking technical or financial assistance. All board members serve without compensation.

Appointed members serve staggered five-year terms, with no appointed member allowed to serve more than two consecutive terms. In addition, all appointed members shall reside in different counties, and no more than three shall be from the same political party. One shall be a member of an Indian tribe located in Arizona.

GADA is administered by Interim Executive Director of WIFA, Sandra Sutton, WIFA Controller Don States and the GADA Project Manager Angie Valenzuela with support from Rex Nowlan, Esq. from the Office of the Arizona Attorney General. Financial advisement services are provided by Western Financial Group and bond counsel is Kutak Rock LLP.

BOARD OF DIRECTORS

- **DON CARDON, CHAIR**
Arizona Commerce Authority
- **HENRY DARWIN**
Arizona Department of Environmental Quality
- **JOHN S. HALIKOWSKI**
Arizona Department of Transportation
- **DOUG DOUCEY**
Arizona State Treasurer
- **MICHAEL J. ORTEGA**
Cochise County – Democrat-Independent
- **ALAN F. WILLENBROCK**
Pima County - Republican
- **GEORGE CORDOVA**
Apache County - Democrat
- **VACANT – COUNTY REP**
- **VACANT – AZ TRIBAL REP**



Apache Junction City Hall
(2004 - \$6,665,000 Rev Bonds)



GADA's General Fund & Appropriation History

GADA's initial capitalization was \$20 million, funded from general fund monies in installments over a three year period, \$200,000 of which was authorized and used for start-up funding. These monies are not "endowed," meaning they may be swept or appropriated at any time by the Arizona legislature, with the exception of funds deposited to the pledged collateral reserve fund as security for GADA's various bond issues.

Deposits & Withdrawals

Seven deductions to the \$20 million GADA Fund have occurred since the inception of the program:

- 1) \$200,000 was authorized and expended to "start up" the program in FY 98;
- 2) \$2.5 million of the GADA Fund was withdrawn by the Arizona Legislature in FY 03 to help balance the budget during the recessionary period following 9/11;
- 3) During the year ended June 30, 2003, GADA sustained investment losses due to the bankruptcy of National Century Financial Enterprises Inc., a financing corporation in which the State's Local Government Investment Pool funds (including GADA) were invested. GADA's portion of this investment loss was \$668,578. GADA has received several payments representing recovery on this loss through partial settlements reached in the lawsuit as well as recoveries from the bankruptcy proceedings in previous fiscal years and as of June 30, 2008; GADA had recovered \$355,834 of this loss. GADA's unrecovered remaining loss was \$312,744 as of June 30, 2008; and
- 4) \$1.071 million of the GADA Fund was withdrawn by the Arizona Legislature in FY 08 to help balance the state budget.
- 5) Three more sweeps totaling \$5,196,100 were withdrawn by the Arizona Legislature in FY 09 to help balance the state budget.
- 6) Two more sweeps totaling \$1,969 million were withdrawn by the Arizona Legislature in FY 10 to help balance the state budget.

DEPOSITS & WITHDRAWALS SINCE INCEPTION (FY 98)

Fiscal Year	Description	Amount
FY 98	General Fund Appropriation	\$3,000,000
FY 98	Start Up Funding	(200,000)
FY 99	General Fund Appropriation	8,000,000
FY 00	General Fund Appropriation	9,000,000
FY 03	Withdrawal to General Fund	(2,500,000)
FY 03	LGIP Investment Loss (net of recoveries through the end of FY 08)	(312,744)
FY 08	General Fund Appropriation	2,000,000
FY 08	Withdrawal to General Fund	(1,071,000)
FY 09	Withdrawal to General Fund	(2,000,000)
FY 09	Withdrawal to General Fund	(2,000)
FY 09	Withdrawal to General Fund	(3,194,100)
FY 10	Withdrawal to General Fund	(1,969,000)



Cumulative List of GADA's Financings

YEAR/BORROWER	AMOUNT/TYPE	PROJECT	ESTIMATED SAVINGS
1998 / AVONDALE	\$4,300,000/GO Bond	Public Safety Building and Park Improvements	\$48,679
1998 / AVONDALE	\$2,000,000/Revenue Bonds	Water and Sewer	27,353
1998 / GOODYEAR	\$6,570,000/Loan Agreement	Road and Fire Station	111,274
1998 / WINSLOW	\$400,000/Revenue Bonds	Water	28,967
2000 / COTTONWOOD	\$895,000/Loan Agreement	Wash Flood Control	37,775
2000 / GILBERT	\$18,035,000 /GO Bonds	Public Safety Complex, Storm Basin, Rec Center, Public Works Field Expansion	512,172
2001 / COTTONWOOD	\$2,500,000/Loan Agreement	Public Safety Building	223,645
2001 / FLAGSTAFF	\$3,100,000/GO Bonds	Parks and Open Space	195,000
2001 / HOLBROOK	\$250,000/Loan Agreement	Wastewater Treatment Facility	31,520
2002 / CLARKDALE	\$400,000/Revenue Bonds	Office Space Renovations	37,655
2002 / COOLIDGE	\$3,795,000/Revenue Bonds	Police Building	197,396
2002 / GUADALUPE	\$3,445,000/Revenue Bonds	Debt Refinancing/Misc Capital Projects	193,680
2003 / DREXEL HEIGHTS FIRE DIST.	\$2,110,000/GO Bonds	Fire Facilities and Equipment	87,000
2003 / QUEEN CREEK	\$5,530,000/Revenue Bonds	Wastewater System	196,000
2003 / WILLIAMS	\$3,590,000/Revenue Bonds	Debt Refinancing/Misc. Capital Projects	635,000
2004 / APACHE JUNCTION	\$6,665,000/Revenue Bonds	City Hall Complex	146,000
2004 / EL MIRAGE	\$4,855,000/GO Bonds	Street Improvements	232,000
2004 / PINETOP-LAKESIDE	\$1,435,000/Revenue Bonds	Multi-Use Parks & Rec Facility	79,000
2004 / DREXEL HEIGHTS	\$1,460,000/GO Bonds	Fire Facilities and Equipment	85,000
2004 / QUEEN CREEK	\$7,700,000/Revenue Bonds	Public Administrative Facilities	314,000
2004 / WILCOX	\$1,200,000/GO Bonds	Public Safety & Admin Facilities	91,000
2005 / BUCKEYE	\$9,400,000/Revenue Bonds	Multiple Public Works	171,000
2005 / CAMP VERDE	\$2,040,000/Revenue Bonds	Public Safety	88,000
2005 / CENTRAL YAVAPAI FIRE DIST	\$11,215,000/GO Bonds	Public Safety	181,000
2005 / GOLDER RANCH FIRE DIST	\$8,760,000/GO Bonds	Public Safety	155,000
2005 / MARICOPA FIRE DIST	\$1,420,000/GO Bonds	Public Safety	62,000
2005 / NORTHWEST FIRE DIST	\$13,105,000/GO Bonds	Public Safety	203,000
2005 / TAYLOR	\$500,000/Revenue Bonds	Public Safety	81,000
2005 / THREE POINTS FIRE DIST	\$1,255,000/GO Bonds	Public Safety	49,000
2005 / DREXEL HEIGHTS	\$1,560,000/GO Bonds	Fire Facilities and Equipment	73,000
2005 / QUEEN CREEK	\$2,470,000/Revenue Bonds	Land Acquisition for Public Admin Facilities	122,000
2005 / SUPERIOR	\$500,000/Revenue Bonds	Fire Facilities and Equipment	40,000
2005 / WILLIAMS	\$1,500,000/Revenue Bonds	Transportation Improvements	105,000
2005 / LAKE HAVASU CITY	\$58,070,000/Revenue Bonds	Wastewater System Improvements	507,000
2006 / BUCKEYE	\$14,730,000/Revenue Bonds	Administrative Facilities	523,000



2006/QUEEN CREEK	\$11,555,000/Revenue Bonds	Library Facilities	410,000
2006/SAFFORD	\$9,420,000/Revenue Bonds	Road Improvements	259,000
2006/SAHUARITA	\$16,355,000/Revenue Bonds	Administrative Facilities	376,000
2006/APACHE JUNCTION	\$9,500,000/GO Bonds	Fire Facilities and Equipment	141,000
2006/DREXEL HEIGHTS	\$1,350,000/GO Bonds	Public Safety	44,000
2006/MARICOPA FIRE DIST	\$3,200,000/Revenue Bonds	Fire Facilities and Equipment	76,000
2006/QUARTZSITE	\$7,215,000/Revenue Bonds	Loan Consolidation & Capital Improvements	224,000
2006/SHOW LOW	\$8,370,000/Revenue Bonds	Transportation/Capital and Improvements	167,000
2006/SOMERTON	\$6,885,000/Revenue Bonds	Transportation Improvements and Ladder Truck	152,000
2007/APACHE JUNCTION	\$3,800,000/Revenue Bonds	Library Expansion	116,000
2007/BUCKEYE	\$2,200,000/Revenue Bonds	Administrative Facilities	101,000
2007/CHINO VALLEY	\$5,015,000/Revenue Bonds	Administrative Facilities	142,000
2007/CHINO VALLEY FIRE DIST	\$5,325,000/Revenue Bonds	Fire Facilities and Equipment	148,000
2007/EAGAR	\$3,300,000/Revenue Bonds	Refunding of Prior Obligations, Land and Equipment	116,000
2007/GOLDER RANCH FIRE DIST	\$4,550,000/GO Bonds	Public Safety	135,000
2007/MAYER FIRE DIST	\$745,000/GO Bonds	Fire Facilities, Equipment and Debt Refinancing	79,000
2007/NORTHWEST FIRE DIST	\$13,470,000/GO Bonds	Fire Facilities and Equipment	291,000
2007/PARKER	\$665,000/Revenue Bonds	Misc. Capital Projects	75,000
2007/SNOWFLAKE	\$1,075,000/Revenue Bonds	Fire Facilities	78,000
2007/COTTONWOOD	\$19,935,000/Revenue Bonds	Misc. Capital Projects	327,000
2007/EL MIRAGE	\$1,145,000/Revenue Bonds	Transportation Improvements	94,000
2007/WILCOX	\$315,000/GO Bonds	Misc. Capital Projects	268,000
2007/APACHE COUNTY	\$3,980,000/Revenue Bonds	Administrative Facilities	121,000
2007/THREE POINTS FIRE DIST	\$1,130,000/GO Bonds	Fire Facilities	66,000
2008/DOUGLAS	\$3,00,000/Revenue Bonds	Administrative Facilities	303,000
2008/LAKE HAVASU CITY	\$2,615,000/Revenue Bonds	Transportation Improvements	101,000
2008/PICTURE ROCKS FIRE DIST	\$2,045,000/Revenue Bonds	Fire Facilities and Equipment	91,000
2008/PINAL COUNTY	\$4,495,000/Revenue Bonds	Misc. Capital Project	115,000
2008/RIO RICO	\$3,835,000/GO Bonds	Fire Facilities and Equipment	198,000
2008/SAFFORD	\$3,095,000/Revenue Bonds	Electric System Improvements	309,000
2008/SHOW LOW	\$3,185,000/Revenue Bonds	Administrative Facilities	182,000
2008/THATCHER	\$2,495,000/Revenue Bonds	Misc. Capital Project	268,000
2008/WILLIAMS	\$2,995,000/Revenue Bonds	Transportation Improvements	300,000
2009/MAYER FIRE DIST	\$180,000/GO Bonds	Capital Improvements & Equipment	142,000
2009/PINAL COUNTY	\$12,795,000/Revenue Bonds	Misc. Capital Projects	399,000
2009/SAN LUIS	\$13,750,000/Revenue Bonds	Loan Repayment/Capital Improvements	4,012,000
2009/EL MIRAGE	\$9,600,000/Revenue Bonds	Transportation & City Park Improvements	741,000
2009/SAHUARITA	\$6,700,000/Revenue Bonds	Transportation Improvements	532,000
2010//FLAGSTAFF	\$3,370,000/Revenue Bonds	Economic Development	85,000



2010/MARICOPA

\$20,000,000/GO Bonds

Misc. Capital Project

1,443,000

Financial Highlights

Although issued in the name of GADA, loans funded through GADA bonds are solely the obligation of the underlying borrowers and are documented by loan repayment agreements. Pursuant to ARS §41-2259, GADA's bonds do not constitute nor create a general, special or other obligation or other indebtedness of the State or any governmental unit within the meaning of any constitutional or statutory debt limitation. The bonds do not constitute a legal debt of the State and are not enforceable against the State.

GADA generally conducts at least two bonding rounds per year that are set and authorized by the Board. The last GADA board meeting was held on June 23, 2010 where two funding rounds were authorized for FY 11; however, the year saw no funding activity. Subsequently, the Arizona Legislature passed H.B. 2001 which transferred the administration of GADA to the Water Infrastructure Finance Authority of Arizona (WIFA).

WIFA engaged Henry & Horne, LLP to perform the FY 11 financial audit on GADA. WIFA expects to receive the final FY 2011 Comprehensive Annual Financial Report (CAFR) sometime in February. As soon as WIFA receives the CAFR, copies will be distributed to all required recipients and a GADA board meeting will be scheduled to review the financial position of GADA and establish new goals for the authority.

Summary



The upcoming 2012 fiscal year promises to be challenging in that GADA has undergone a transition from the Commerce Authority to WIFA. This challenge provides a great opportunity for GADA to review its financial position and, through the resources provided by a well established water and wastewater funding authority (WIFA), re-establish itself as a viable funding source for Arizona communities.



CONTACTING THE GREATER ARIZONA DEVELOPMENT AUTHORITY

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of GADA's accomplishments for the preceding fiscal year. If you have any questions about this report or need additional financial information, contact the Greater Arizona Development Authority at (602) 364-1310.



Northwest Fire District
(2005 - \$13,105,000 GO Bonds)