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VIA E-Z MESSENGER

April 3, 2013

PIMA COUNTY BOARD OF SUPERVISORS

Ms. Robin Brigode, Clerk
County Administration Building
130 West Congress Street, 5th Floor
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima – Notice of
Intention to Issue Bonds – Education Facility Revenue Bonds (StarShine
Academy Project), Series 2013 – In an Amount Not to Exceed
\$13,000,000

Dear Ms. Brigode:

I have enclosed the letter describing the Bonds, the Fact Summary and the Resolution of the Board of Supervisors for the above-captioned Bonds. I will forward three (3) original Resolutions of the Board of Supervisors to you once they have been signed by Kutak Rock LP, Bond Counsel. Please return two copies of the executed Resolution of the Board of Supervisors once it has been approved and executed.

It is my understanding that you will place this matter on the Board of Supervisors' April 16, 2013 Meeting Agenda.

Should you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania
Attorney for the Authority

MAS/alc
Enclosures

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April 3, 2013

Mr. Ramón Valadez, Chair

Ms. Sharon Bronson

Mr. Raymond Carroll

Mr. Richard Elias

Ms. Ally Miller

PIMA COUNTY BOARD OF SUPERVISORS

County Administration Building

130 West Congress Street, 11th Floor

Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima - Notice of Intention to Issue Bonds - Education Facility Revenue Bonds (StarShine Academy Project), Series 2013 - in an aggregate amount not to exceed \$13,000,000

Mr. Chair and Members of the Board:

As part of its program for financing Arizona charter schools, at a special meeting to be held on April 12, 2013, The Industrial Development Authority of the County of Pima will consider granting its final approval to a resolution authorizing the issuance of its Education Facility Revenue Bonds (StarShine Academy Project) (the "*Bonds*"), in one or more series or subseries and in an aggregate principal amount not to exceed \$13,000,000, the proceeds of which will be loaned to StarShine Academy, Inc. (the "*Borrower*"), an Arizona nonprofit corporation which is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the "*Code*").

As always, this issuance of Bonds is subject to the approval of the Pima County Board of Supervisors. Therefore, the Authority respectfully requests that this matter be placed on the Board of Supervisors' Regular Meeting Agenda scheduled for April 16, 2013, for the purpose of having the Board of Supervisors approve the action of the Authority. Enclosed herewith are the following:

1. Fact Summary; and
2. Resolution of the Board of Supervisors.

In the opinion of Bond Counsel, no public hearing is required to be held pursuant to the Code and Federal Income Tax Regulations for the issuance of the Bonds.

The proceeds of the Bonds will be loaned to the Borrower for the purposes of (i) financing or refinancing the acquisition, construction, improvement, renovation and equipping of charter school facilities located at 3535 East McDowell Road in Phoenix, Arizona, (ii) funding any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest on the Bonds, and (iv) paying certain issuance expenses.

The Bonds are to be issued in accordance with Title 35, Chapter 5, of the Arizona Revised Statutes, as amended (the "*Act*"). The Bonds will be issued as fully registered Bonds and will be publicly offered by Lawson Financial Corporation. The Bonds will be issued without a rating in denominations of \$5,000 with a minimum purchase of \$10,000 and sold only to qualified investors who certify that they (a) can bear the economic risk of the purchase of the Bonds, (b) have such knowledge and experience in business and financial matters as to be capable of evaluating the risks and merit of an investment in the Bonds, and (c) acknowledge that the Bonds are suitable only for inclusion in a diversified portfolio and that they have undertaken the responsibility for obtaining all the information that they deemed necessary. The Bonds will not be part of any pool bond issue.

As always, the Bonds will be special limited obligations of the Authority. The Bonds will be payable solely from payments made by the Borrower pursuant to a loan agreement and secured by a deed of trust on the project site. Such payments will be pledged to the Bondholders pursuant to an indenture of trust between the Authority and BOKF, National Association, dba Bank of Arizona, as trustee. Neither the faith and credit, nor the taxing power of the Authority or Pima County or any other political subdivision thereof, will be pledged to the payment of the Bonds. The Authority has no taxing power.

I will be available prior to the meeting to answer any questions you may have, or to meet with you at your convenience. Thank you for your consideration of this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania
Attorney for the Authority

MAS/alc
Enclosures

cc: Ms. Robin Brigode w/enclosures
Regina Nassen, Esq., Counsel to the Board
Mr. Charles Huckelberry, Pima County Administrator
Mr. Hank Atha, Deputy Pima County Administrator

FACT SUMMARY

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA EDUCATION FACILITY REVENUE BONDS (STARSHINE ACADEMY PROJECT), SERIES 2013

The following is a brief Fact Summary of the proposed bond issue.

The Bonds	As part of its program for financing charter schools, the Authority will issue its Education Facility Revenue Bonds (StarShine Academy Project), Series 2013 (the " <i>Bonds</i> "), in one or more series and in an original aggregate principal amount not to exceed \$13,000,000 and a maturity date not to exceed 40 years. The Bonds will bear interest at a fixed rate. The average interest rate on the Bonds shall not be greater than twelve percent (12%) per annum. The Bonds may be redeemed at the option of the Borrower with the consent of the Authority and, under certain circumstances, must be redeemed prior to their stated maturity date. The Bonds will be issuable in minimum denominations of \$5,000 or integral multiples thereof, provided there is a minimum investment of \$10,000.
Sale	The Bonds will be sold by Lawson Financial Corporation pursuant to an Official Statement. The Bonds will be issued without a rating and sold only to qualified investors who (a) can bear the economic risk of the purchase of the Bonds, (b) have such knowledge and experience in business and financial matters as to be capable of evaluating the risks and merit of an investment in the Bonds, and (c) acknowledge that the Bonds are suitable only for inclusion in a diversified portfolio and that they have undertaken the responsibility for obtaining all the information that they deemed necessary. Lawson Financial Corporation or each Investor will execute an investor letter acknowledging their qualifications.
The Borrower	StarShine Academy, Inc. is an Arizona nonprofit corporation and has received from the Internal Revenue Service a designation as an organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the " <i>Code</i> "). The Borrower will own the real property, equipment and improvements to be financed and/or refinanced with proceeds of the Bonds. The Borrower has a charter school contract by which it operates a charter school at the Project Site (the " <i>Schools</i> ").

The Project Site	The Borrower is acquiring the site it currently leases for the School, consisting of approximately 47,000 square feet, in one or more buildings, used as a charter school, located at 3535 East McDowell Road in Phoenix, Arizona (the “Facilities”).
Bond Proceeds	The proceeds of the Bonds will be used to (a) finance or refinance the acquisition, renovation, construction, improvement and equipping of the Facilities, (b) funding of any required reserve funds as set forth in the Indenture, (c) paying capitalized interest on the Bonds, if any, and (d) paying certain issuance expenses.
Documentation	Pursuant to the Loan Agreement between the Authority and the Borrower, it has agreed to make payments to the Authority sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Borrower’s obligations under the Loan Agreement will be secured by one or more promissory notes and one or more deed of trusts, which will be recorded on the Facilities. As set forth in the Trust Indenture, the Bonds will be secured by the Loan Agreement.
Security for the Bonds	<p>The Trustee will receive, as security for the loan to the Borrower, (i) a deed of trust, security agreement, assignment of rents and leases and fixture filing on the Facilities; and (ii) a pledge of the Borrower’s right, title and interest in and to all amounts deposited into the Funds created in the Indenture (except the Cost of Issuance Fund and the Rebate Fund, the security for which obligations includes certain state revenues due to the Borrower.</p> <p>The Authority has no taxing power. The Bonds and the interest thereon are not a general obligation of the Authority and are not an indebtedness of the Authority, Pima County, the State of Arizona, or any political subdivision thereof within the meaning of any Arizona constitutional or statutory provision whatsoever. Principal of, premium, if any, and interest on the Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the Bonds or income from the temporary investment thereof). Neither the faith and credit nor the taxing power, if any, of the Authority, Pima County, the State of Arizona, or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.</p>

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF
PIMA COUNTY, ARIZONA APPROVING THE PROCEEDINGS
OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE COUNTY OF PIMA REGARDING THE ISSUANCE OF
ITS EDUCATION FACILITY REVENUE BONDS (STARSHINE
ACADEMY PROJECT), SERIES 2013 IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$13,000,000 AND
DECLARING AN EMERGENCY**

WHEREAS, The Industrial Development Authority of the County of Pima (the "*Authority*") pursuant to the Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "*Act*"), is authorized to issue and sell one or more series of its Education Facility Revenue Bonds (StarShine Academy Project), Series 2013 (the "*Bonds*"), the proceeds of which are to be loaned to StarShine Academy, Inc., an Arizona nonprofit corporation (the "*Borrower*"), for the purpose of (i) financing or refinancing the acquisition, construction, improvement, renovation and equipping of charter school facilities located at 3535 East McDowell Road in Phoenix, Arizona, (ii) funding any required reserve funds, as set forth in the Indenture, (iii) paying capitalized interest on the Bonds, if any, and (iv) paying certain issuance expenses; and

WHEREAS, on April 12, 2013, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$13,000,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Bonds by the Pima County Board of Supervisors; and

WHEREAS, the Authority's Resolution has been made available to the Pima County Board of Supervisors, and the Authority's Resolution has been duly considered this date; and

WHEREAS, the Authority's Resolution authorizes, among other things, the issuance of the Bonds, the execution and delivery of (i) an Indenture of Trust between the Authority and BOKF, National Association, dba Bank of Arizona (the "*Trust Indenture*"), (ii) a Loan Agreement relating to the Bonds (the "*Loan Agreement*"), between the Authority and the Borrower, and (iii) such other documents as required for the issuance of the Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Bonds are set forth in the Trust Indenture, the Loan Agreement and the forms of the Bonds; and

WHEREAS, copies of said documents have been made available to the Pima County Board of Supervisors, together with the Authority's Resolution; and

WHEREAS, the Pima County Board of Supervisors has been informed that said documents have been reviewed by competent Bond Counsel, Kutak Rock LLP, and said Bond Counsel has determined that said documents adequately meet the requirements of the Act and the Internal Revenue Code of 1986, as amended; and

WHEREAS, in accordance with Section 35-721.B of the Act, the proceedings of the Authority under which the Bonds are to be issued require the approval of the Board of Supervisors of the issuance of the Bonds; and

WHEREAS, this Board has presented to it information regarding the Bonds and is further informed and advised with regard to the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, as follows:

1. Pursuant to the Act, the Board of Supervisors, as the governing body of the Authority, hereby approves the Bonds and the proceedings under which the Bonds are to be issued by the Authority, including specifically the resolution described above, the Trust Indenture, the Loan Agreement, and all other related or appropriate documents.
2. This Resolution shall be in full force and effect from and after its passage as provided by law, and any provisions of any previous resolutions in conflict with the provisions herein are hereby superseded.
3. The appropriate officers of the Pima County Board of Supervisors are hereby authorized and directed to do all such things and to execute and deliver all such documents on behalf of Pima County as may be necessary or desirable to effectuate the intent of this Resolution and the Authority's Resolution in connection with the issuance of the Bonds.
4. It is necessary for the preservation of the peace, health and safety of the County that this resolution becomes immediately effective, and, accordingly, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County,
Arizona this ____ day of _____, 2013.

Ramón Valadez, Chair
PIMA COUNTY BOARD OF SUPERVISORS

ATTEST:

Robin Brigode, Clerk
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

KUTAK ROCK LLP
Bond Counsel

By: _____

