

statute



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ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION
1300 West Washington
Third Floor
TELEPHONE: (602) 542-4242
FAX: (602) 542-3583

July 21, 1993

Martin R. Miller, Esq.
Orrick, Herrington & Sutcliffe
599 Lexington Avenue
New York, NY 10022

RE: The Industrial Development Authority of the County of
Maricopa - Insured Health Facility Revenue Bonds
(Catholic Healthcare West) 1993 Series A
A.R.S. §§ 44-1843(A)(1), 44-1843.01(A)(5)

Dear Mr. Miller:

On the basis of the facts set forth in your letter of July 16,
1993, and in reliance upon your opinion as counsel, the Securities
Division will not recommend enforcement action for violation of the
Securities Act of Arizona should the transaction take place as set
forth in your letter.

As this position is premised upon the facts set forth in your
letter, it should not be relied on for any other set of facts or by
any other person. Please also note that this position applies only
to the registration requirements of the Act; the anti-fraud
provisions of the Act continue to be applicable.

Please be aware that dealer registration is required for
securities exempt under A.R.S. § 44-1843(A)(1), as set forth in the
provisions of A.A.C. R14-4-104(A)(5).

We have attached photocopies of your letters. By doing this
we are able to avoid having to recite or summarize the facts set
forth therein.

Very truly yours,

DEE RIDDELL HARRIS
Director of Securities

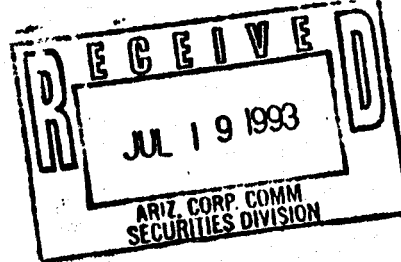
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Attachment

ORRICK, HERRINGTON
& SUTCLIFFE

July 16, 1993

FEDERAL EXPRESS

Ms. Leslie Block
Corporation Commission,
Securities Division
1200 West Washington Street
Suite 201
Phoenix, Arizona 85007



Re: The Industrial Development Authority
of the County of Maricopa
Insured Health Facility Revenue Bonds
(Catholic Healthcare West) 1993 Series A

Dear Ms. Block:

After a review of the Arizona Securities Act (the "Act"), and the published no action letters and policy statements we request that you issue a no action letter that the offering would be exempt from registration in Arizona because the above referenced Bonds would be exempt pursuant to Section 44-1843.A.1 of the Act as those of a political subdivision of Arizona.

We are writing to you regarding the Insured Health Facility Revenue Bonds (Catholic Healthcare West) 1993 Series A (the "Bonds") of The Industrial Development Authority of the County of Maricopa (the "Authority").

The Bonds will be issued pursuant to an indenture, dated as of July 1, 1993 (the "Indenture"), between the Authority and Bank One, Arizona, NA, as trustee (the "Trustee"). The proceeds of the Bonds will be lent to Catholic Healthcare West (the "Corporation") pursuant to a loan agreement, dated as of July 1, 1993 (the "Loan Agreement"), between the Authority and the Corporation. The proceeds of such loan will be used along with other available funds to (i) fund a comprehensive renovation, construction, improvement, and equipment program of St. Joseph's Hospital and Medical Center, an acute care hospital.

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located in Phoenix, Arizona (the "Arizona Obligated Group Member") and (ii) pay costs of issuance.

The Authority was created pursuant to the statute currently entitled "Industrial Development Financing," Title 35, Chapter 5, Articles 1 through 5, Arizona Revised Statutes, as amended, (Sections 35-701 through 35-761, inclusive) (the "Act"). The Authority is a nonprofit corporation designated as a political subdivision of the State of Arizona. The Authority is authorized to issue the Bonds by virtue of the power granted to it under the Act.

The Bonds are secured under the provisions of the Indenture and the Loan Agreement and will be payable from payments made by the Corporation under the Loan Agreement, from payments made by the Obligated Group Members (described below) on Obligation No. 26 ("Obligation No. 26") issued by the Corporation to the Trustee pursuant to the Master Indenture described below and from certain funds held under the Indenture. Obligation No. 26 will be issued by the Corporation on behalf of the Obligated Group Members under and pursuant to the terms of the Master Indenture, whereunder the Obligated Group Members jointly and severally are obligated to make payments when due on Obligation No. 26 according to the terms thereof. Payments on Obligation No. 26 are required to be in an amount sufficient to pay when due the principal of and premium, if any, and interest on the Bonds. The Bonds are secured solely by the Indenture and payable solely from payments under the Loan Agreement and Obligation No. 26.

The Corporation is presently the parent (directly or indirectly) of eight California nonprofit public benefit corporations, which presently operate fourteen acute care hospitals in California. The Corporation is also the sole corporate member of the Arizona Obligated Group Member, and is the sole corporate member of a Nevada nonprofit corporation which operates an acute care hospital (the "Nevada Obligated Group Member"). The Corporation and such corporations have entered into a Master Indenture (the "Master Indenture"), as more fully described in Appendix A of the draft preliminary official statement. The Corporation and such other corporations are

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referred to herein collectively as the "Obligated Group Members", "Members of the Obligated Group" or "Obligated Group" and individually as an "Obligated Group Member."

Payment of the principal of and interest on the Bonds when due (other than by reason of any redemption, except for mandatory sinking fund redemptions or any acceleration of the due date of principal) are insured by a financial guaranty insurance policy (the "Bond Insurance Policy") issued by Municipal Bond Investors Assurance Corporation.

The Certificates are payable from Revenues from the Obligated Group Members, nonprofit entities. The purpose of the offerings is to fund a comprehensive renovation program at a Phoenix hospital. The Authority is a political subdivision of the State of Arizona and its bonds would be exempt under Section 44-1843.A.1 of the Act.

Under Section 44-1843.01 5 of the Act, the exemption is taken away for securities of political subdivisions used to provide monies for constructing, improving, equipping or furnishing . . . skilled nursing facilities, for use by entities other than municipal. As described in the draft preliminary official statement the Obligated Group Members may have skilled nursing facilities or other clinics as part of their acute care hospitals. However, the exclusion continues on to provide that such securities are excluded only if they are not fully secured by payments to be made by an entity owning or operating or repurchasing or leasing a hospital from a political subdivision. We would argue that the Bonds would be within the language of the last phrase in paragraph 5., in that the Obligated Group Members own or operate "hospitals." We would argue that this offering comes within the "spirit" of that section as well as the exact language in that the Obligated Group Members operate public purpose hospital facilities. The Bonds are also secured by a municipal bond insurance policy, so they are not secured only by entities operating hospitals. However, we would argue that this subsection 5. was not intended to deny the exemption to Bonds which were insured, since the insurance makes the Bonds a more secure investment for the Bondholder.

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This office requests that you take a no-action position in writing with regard to the offering of the Bonds.

Enclosed is a check in the amount of \$200 for the fee for our request. As I mentioned to Ms. Naefach of your office, a draft of the preliminary official statement will be forwarded to your office under separate cover.

Please feel free to contact me with any comments or questions you may have at (212) 326-8834.

Very truly yours,

Martin R. Miller (DJH)
Martin R. Miller

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