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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007-2996
TELEPHONE: (602) 542-4242
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August 12, 1996

Martin Miller, Esq.
Orrick, Herrington & Sutcliffe
666 Fifth Avenue
New York, NY 10103-0001

RE: Dormitory Authority of the State of New York, University of Rochester, Strong
Memorial Hospital Revenue Bonds, Series 1996
A.R.S. § 44-1843(A)(1) and §44-1843.01(A)(5)

Dear Mr. Miller:

On the basis of the facts set forth in your letters of July 10, 1996 and July 18, 1996, 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 letters.

As this position is premised upon the facts set forth in your letters, 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.

We have attached a photocopy of your letter. 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

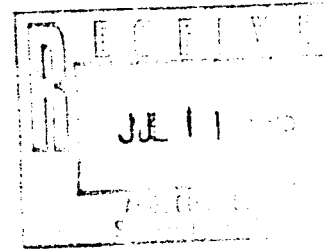
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Attachment

 ORRICK, HERRINGTON
& SUTCLIFFE

July 10, 1996

FEDERAL EXPRESS

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



Re: Dormitory Authority of the State of New York
University of Rochester, Strong Memorial Hospital
Revenue Bonds, Series 1996

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 an instrumentality of the State of New York.

The Dormitory Authority of the State of New York (the "Authority") is a public benefit corporation of the State of New York, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational and not-for-profit institutions and to purchase and make certain loans in connection with its student loan program.

The University of Rochester (the "University") is an independent, coeducational, nonsectarian, nonprofit institution of higher education and research chartered by the Board of Regents of the State of New York. The University is located in Rochester, New York.

Strong Memorial Hospital (the "Hospital") is an integrated division of the University of Rochester. The Hospital is the largest acute care general hospital in Rochester and serves both as a regional/national tertiary care community hospital and a specialized referral center for a 14-county area. The Hospital is currently licensed for a total of 750 beds.

The Bonds are being issued (i) to pay the Costs of the Project, (ii) to make a deposit in the Debt Service Reserve Fund and (iii) to pay certain Costs of Issuance of the Bonds.

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Leslie Block
July 10, 1996
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The Project consists of three major components: (i) the implementation of a clinical information system, the final phase of fully automating and modernizing the Hospital's information services, (ii) the expansion and renovation of the Hospital's basement are to enlarge and consolidate the pre and post anesthesia units and (iii) the purchase and installation of a nuclear cardiology gamma camera at the Hospital's ambulatory care facility.

The Bonds are special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the University under the Loan Agreement, which payments are pledged and assigned to the Trustee. The Loan Agreement is a general obligation of the University.

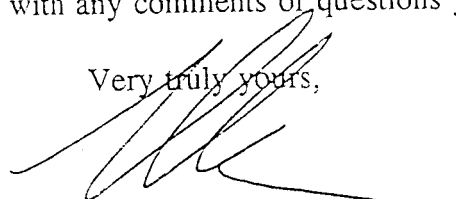
Under Section 44-1843.01 5 of the Act, the exemption is taken away for securities of political subdivisions used to provide monies for constructing, improving, equipping or furnishing . . . skilled nursing facilities or other peripheral services, for use by entities other than municipal. The Hospital may have some "school of nursing facilities" or other types of facilities which may be excluded pursuant to that section. 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 offer or sale of the Bonds would be within the language of the last phrase in paragraph 5., because the Hospital is an integrated division within the University whose revenues secure payment on the Bonds. The Hospital, as described on page 32 of the draft preliminary official statement, is the largest acute care hospital in Rochester. We would argue that this offering comes within the "spirit" and the specific language of that section in that the University does operate a public purpose hospital facility.

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, and a draft copy of the preliminary official statement.

Please feel free to contact me with any comments or questions you may have.

Very truly yours,



Martin R. Miller

Enclosures

ORRICK, HERRINGTON
& SUTCLIFFE

July 18, 1996

FEDERAL EXPRESS

Ms. Jean Barry
Corporation Commission, Securities Division
1300 West Washington Street, Suite 201
Phoenix, Arizona 85007

Re: Dormitory Authority of the State of New York
University of Rochester, Strong Memorial Hospital
Revenue Bonds, Series 1996

Dear Ms. Barry:

As we discussed today, I wrote to request that the Arizona Corporation Commission, Securities Division 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 an instrumentality of the State of New York.

The Dormitory Authority of the State of New York (the "Authority") is a public benefit corporation of the State of New York, and as per your request the "California Test" is attached. The Authority is a creature of New York State government.

The University of Rochester (the "University") is an independent, coeducational, nonsectarian, nonprofit institution of higher education and research chartered by the Board of Regents of the State of New York.

Strong Memorial Hospital (the "Hospital") is an integrated division of the University of Rochester. It is part of the University. As described on pages 13 and 32 of the preliminary official statement, the Hospital is part of the University's Medical Center and serves as the principal teaching hospital for the School of Medicine and Dentistry and School of Nursing.

The Bonds are special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the University under the Loan Agreement, which payments are pledged and assigned to the Trustee. The Loan Agreement is a general obligation of the University.

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

**HERRICK, HERRINGTON
& SUTCLIFFE**

Ms. Jean Barry
July 18, 1996
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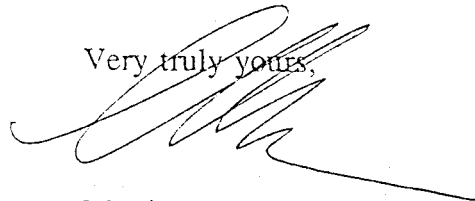
or furnishing . . . skilled nursing facilities or other peripheral services, for use by entities other than municipal. The Hospital may have some "school of nursing facilities" or other types of facilities which may be excluded pursuant to that section. However, the exclusion continues on to provide 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 offer or sale of the Bonds would be within the language of the last phrase in paragraph 5., because the Hospital is an integrated division within and part of the University whose revenues secure payment on the Bonds. The University "operates" the Hospital as described on page 33 of the preliminary official statement, the University's Board of Trustees delegated authority for governing the Hospital to a Board of Governors, at least five members must be or have been Trustees. The Trustees also must approve certain actions of the Governors. The Hospital, as described on page 32 of the draft preliminary official statement, is the largest acute care hospital in Rochester. We would argue that this offering comes within the "spirit" and the specific language of section 5. in that the University is the source of revenue for the Bonds and does operate a public purpose hospital facility.

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

A check in the amount of \$200 for the fee for our request, and a copy of the preliminary official statement were enclosed with my letters of July 10 and 15, respectively.

Please feel free to contact me with any comments or questions you may have at (212) 506-5155.

Very truly yours,



Martin R. Miller

Enclosure

Dormitory Authority of the State of New York

California Test

1. The statute or other law under which the corporation is formed;

The Dormitory Authority Act, being and constituting Title 4 of Article 8 of the Public Authorities Law, as amended. Specifically, Section 1677 of such law.

2. the non-profit nature of the corporation:

The Dormitory Authority of the State of New York (the "Authority") is as described in Section 1677 of the Public Authorities Law, a body politic and corporate constituting a public benefit corporation.

3. the net earnings will not inure to any private individual but will be irrevocably dedicated to the political entity;

Section 1687 of the Public Authorities Law, as amended, provides that no officer, member or employee of the corporation shall receive or may be lawfully entitled to receive any pecuniary profit from the operation thereof except reasonable compensation for services in effecting one or more of its purposes herein set forth.

4. upon dissolution, liquidation or winding up, the assets will be distributed to the political entity;

Section 1694 of the Public Authorities Law, as amended, provides that upon termination of the existence of the Authority, all of its rights and properties shall pass and be vested in the state.

5. the political entity approved the formation, articles of incorporation, bylaws, and the officers and directors of the corporation, as well as the proposed method of financing;

The Authority was created by a specific act of the New York State Legislature. The Authority, as described on page 47 of the Preliminary Official Statement carries out its programs through an eleven-member Board which consists of state officials and their appointees.

This Financing was approved by Resolution of the Board. See page 1 of the Preliminary Official Statement.

6. the political entity will be notified of meetings of the directors or members of the corporation and that representatives of the political unit can attend and make comments at those meetings.

The Authority, as described on page 47 of the preliminary official statement carries out its programs through an eleven-member Board which consists of state officials and their appointees. The State is represented through its officials and appointees who are on the Board.

Additional Factors

7. the business of the corporation;

As described on page 44 of the Preliminary Official Statement, the Authority was created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational and not-for-profit institutions and to purchase and make certain loans in connection with its student loan program.

8. the political unit must approve any amendments to the articles of incorporation or bylaws as well as any new officers or directors (sufficient if the political entity has right of disapproval;

The Board of the Authority is made up of State of New York officials and their appointees.

9. whether the corporation has received a ruling from the IRS that the interest received on the bonds will be tax-exempt;

No, but please see the discussion in the Part 11 Tax Exemption on page 51 of the Preliminary Official Statement.

10. whether the SEC has taken a no-action position as to the sale of the bonds without registration under the federal securities laws.

No such request was made of the SEC regarding these Bonds.