

44-1843(A)(1)

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(602) 542-4242
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November 19, 1992

Donna M. St. James, Esq.
Polsinelli, White, Vardeman & Shalton
Country Club Plaza
700 West 47th Street, Suite 1000
Kansas City, Missouri 64112-1802

RE: Health and Educational Facilities Authority of the State
of Missouri Health Facilities Revenue Bonds

Dear Ms. St. James:

On the basis of the facts set forth in your letter of November 9, 1992, 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 note that Arizona Administrative Rules and Regulations R14-4-104(5) requires that securities exempted pursuant to A.R.S. § 44-1843(A)(1) may be offered for sale or sold in Arizona only by registered dealers and salesmen.

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

DRH:lb

Attachment

LAW OFFICES

POLSINELLI, WHITE, VARDEMAN & SHALTON
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OVERLAND PARK, KANSAS 66210
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FAX (913) 451-6205

November 9, 1992

Ms. Dee R. Harris, Director
Corporation Commission, Securities Division
234 North Central Avenue, Suite 425
Phoenix, Arizona 85004

NOV 10 1992

Re: \$35,000,000* Health and Educational Facilities Authority
of the State of Missouri Health Facilities Revenue Bonds
(Heartland Health Systems Project) Series 1992

Dear Ms. Harris:

The Health and Educational Facilities Authority of the State of Missouri (the "Authority") is a body politic and corporate and a public instrumentality of the State of Missouri (the "State") which was created and is existing under the Missouri Health and Educational Facilities Authority Act, Chapter 360 of the Revised Statutes of Missouri, 1986, as amended (the "Act"). The Authority is empowered by the Act to make loans to any participating health or educational institution to finance the costs of health or educational facilities, to refinance outstanding obligations, mortgages or advances issued, made or given for the cost of such facilities, and to refund outstanding bonds of the Authority issued for such purposes.

The Authority is comprised of seven members appointed by the Governor. The purposes of the Authority are (a) to issue revenue bonds to provide funds to pay the costs of acquiring, constructing, reconstructing, repairing, altering, improving and extending health and educational facilities as defined in the Act, (b) to make loans to refinance certain outstanding obligations, mortgages or advances of certain health and educational institutions as provided in the Act and (c) to issue refunding bonds for the purpose of providing funds to refund its outstanding bonds.

*Preliminary, subject to change

POLSINELLI, WHITE, VARDEMAN & SHALTON

November 9, 1992

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We believe the Authority is a public body that fits within the exemption of Section 44-1843(A)(1) of the Arizona Revised Statutes as an instrumentality of a state.

The Authority now proposes to issue and sell approximately \$35,000,000* of Health Facilities Revenue Bonds (the "Bonds"), the proceeds of which will be loaned by the Authority to Heartland Hospital (the "Hospital"). The loan proceeds will, together with funds provided by the Hospital, (1) provide funds to pay the costs of constructing and remodeling certain hospital facilities at the Hospital and purchasing and installing certain hospital equipment in space to be provided by the Hospital; and (2) pay costs, fees and expenses incurred in the authorization, issuance and sale of the Bonds.

The Hospital is a Missouri not-for-profit corporation located in St. Joseph, Missouri. The Hospital is the largest acute care provider in its service area and accounted for approximately 85% of the total hospital discharges in its primary service area during the year ended June 30, 1992. For further information regarding the Hospital, please see the enclosed Preliminary Official Statement at page 14 under the heading "HEARTLAND HOSPITAL: SUMMARY DESCRIPTION" and Appendix A attached thereto. The Hospital is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The proposed offering of the Bonds by the Authority should be considered an offering of exempt securities under Section 44-1843(A)(1) of the Arizona Revised Statutes. We believe that the provisions of Section 44-1843.01(A)(5) of the Arizona Revised Statutes do not apply to this proposed offering because the proceeds of the Bonds will be used to make a loan to an acute care hospital. The proceeds of the Bonds will not be issued for those prohibited activities listed in Section 44-1843.01(A)(5).

On behalf of the underwriters of the Bonds, we respectfully request a determination that this offer may proceed in Arizona as an exempt offering under Section 44-1843(A)(1) and that no filing need be made under Section 44-1843.01(B).

Enclosed for your information is a copy of the Preliminary Official Statement with respect to the offering together with our check in the amount of \$200 in payment of the filing fee specified in Section 44-1861(L).

POLSINELLI, WHITE, VARDEMAN & SHALTON

November 9, 1992

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If you have any questions in connection with this matter,
please do not hesitate to call.

Very truly yours,

Donna M. St. James

Donna M. St. James

DMS:dks
Enclosures

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PWVS: M:\DMSTJ\LTR.NOV\83851.1

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November 19, 1992

VIA TELECOPY

Ms. Leslie Block
Corporation Commission,
Securities Division
234 N. Central Avenue, Suite 425
Phoenix, AZ 85004

Re: \$35,000,000* Health and Educational Facilities Authority
of the State of Missouri Health Facilities Revenue Bonds
(Heartland Health Systems Project) Series 1992

Dear Ms. Block:

This letter supplements our letter dated November 9, 1992
addressed to Dee R. Harris with respect to a no action letter
request for the above-referenced bond offering.

The Health and Educational Facilities Authority of the State of
Missouri (the "Authority") is a body politic and corporate and a
public instrumentality of the State of Missouri (the "State") which
was created and is existing under the Missouri Health and Education-
al Facilities Authority Act, Chapter 360 of the Revised Statutes of
Missouri, 1986, as amended (the "Act"). Any net earnings of the
Authority (beyond that necessary for retirement of any indebtedness
of the Authority or to implement the purpose of the programs of the
Authority) may not inure to the benefit of any person other than the
State. The Act provides that the Authority is deemed to perform a
public function in behalf of the State and to be a public instrumen-
tality of the State. The Act further provides that the income of
the Authority and all properties at any time owned by the Authority
shall be exempt from all taxation in the State. Upon the dissolu-
tion of the Authority, title to all property owned by the Authority
shall vest in the State, subject to all claims, liens, mortgages,
etc. thereon.

All financings of the Authority are subject to final approval
by the Governor of the State. No additional approval is required by
any other state official or state agency.

The Authority provides the public with notice of each annual,
regular or special meeting at least twenty-four (24) hours prior to

POLSINELLI WHITE VARDEMAN & SHALTON

Ms. Leslie Block
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the commencement of the meeting by posting a notice on a bulletin board, or other prominent place easily accessible to the public and clearly designated for the purpose of posting notices, at its principal office. The Authority also makes copies of such notice available at least twenty-four (24) hours prior to the commencement of any meeting, to any representative of the news media who has requested notice of the meeting, whether by way of a blanket request for notice of any Authority meeting or a specific request for notice of a particular Authority meeting.

Based upon the foregoing, and the information contained in our letter dated November 9, 1992, we respectfully request the determination that this bond offering may proceed in Arizona as an exempt offering under Section 44-1843(A)(1) and that no filing need be made under Section 44-1843.01(B).

Please do not hesitate to contact me should you have any additional questions in connection with this matter.

Very truly yours,

Donna M. St. James

Donna M. St. James

B1574/24560

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