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ARIZONA CORPORATION COMMISSION

SECURITIES DIVISION
(602) 542-4242
(602) 255-2600

October 1, 1992

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

RE: County of Riverside, California

Dear Mr. Miller:

The Securities Division is unable to concur with your opinion that A.R.S. §44-1843.01(5) does not apply to the transaction described in your letters of September 11 and 25, 1992. It is the Division's view that this transaction is subject to the notice filing requirements of A.R.S. §44-1843.01(B) or registration under A.R.S. §44-1841.

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,

A handwritten signature in cursive script, appearing to read "Dee Rid dell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:mm

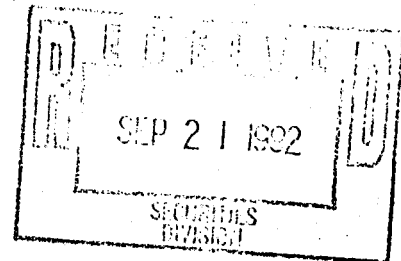
Attachment

**ORRICK, HERRINGTON
& SUTCLIFFE**

September 11, 1992

FEDERAL EXPRESS

Mr. Dee Harris
Corporation Commission,
Securities Division
1200 West Washington Street
Suite 201
Phoenix, Arizona 85007



Re: County of Riverside, California
Refunding Certificates of Participation
Series 1992A and Series 1992B
(Air Force Village West, Inc. Project)

Dear Mr. Harris:

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 Certificates would be exempt pursuant to Section 44-1843.A.1 of the Act as those of a political subdivision of California.

Riverside County, California was organized in 1893 from territory in San Bernardino and San Diego Counties and encompasses 7,243 square miles. The County is bordered on the north by San Bernardino County, and on the east by the State of Arizona, on the south by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 24 incorporated cities in Riverside County.

We are writing to you regarding County of Riverside, California Refunding Certificates of Participation, Series 1992A and Series 1992B (Air Force Village West, Inc. Project) (collectively, the "Certificates"), each evidencing an undivided proportionate interest of the owner thereof in certain installment payments (the "Installment Payments") to be made by the County of Riverside, California (the "County"), to Air Force

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Village West, Inc., a California nonprofit public benefit corporation (the "Corporation"), pursuant to a Installment Purchase Agreement dated as of September 1, 1992 (the "Installment Purchase Agreement"), by and between the County and the Corporation. The Corporation's rights to receive Installment Payments under the Installment Purchase Agreement will be assigned to First Trust of California, National Association, as trustee (the "Trustee"), for the benefit of the Certificateholders.

The Certificates will be executed and delivered by the Trustee pursuant to the Trust Agreement dated as of September 1, 1992 (the "Trust Agreement") by and among the County, the Corporation and the Trustee. The Certificates will be dated September 1, 1992.

The Corporation owns and operates a continuing care retirement community on 153 acres which currently includes 299 residential units, 20 assisted living units and 59 skilled nursing beds and to which 107 additional residential units will be added (the "Facilities"), located in Riverside, California.

The County's obligations under the Installment Purchase Agreement, including its obligations to make the Installment Payments, are limited obligations of the County and are payable solely from Purchase Payments and other moneys and assets received by the County pursuant to a Installment Sale Agreement dated as of September 1, 1992 (the "Installment Sale Agreement"), by and between the County and the Corporation (except to the extent paid out of moneys attributable to Certificate proceeds, or the income from the investment thereof, and under certain circumstances, proceeds of insurance and condemnation awards) and not from any other fund or source and do not constitute general obligations of the County and are not payable in any manner from taxes or from any other assets of the County.

The Corporation agrees in the Installment Sale Agreement to make Purchase Payments in an amount sufficient to pay the Principal and Interest Components with respect to the Installment Payments, and prepayment premiums, if any, payable

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upon prepayment of the Certificates. The Corporation agrees in the Installment Sale Agreement not to create or permit to be created or remain, and will, at its costs and expense, promptly discharge all liens, encumbrances and charges on all or any part of the Facilities (other than Permitted Encumbrances) unless the obligations of the Corporation under the Installment Sale Agreement are secured prior to or equally and ratably therewith. One such Permitted Encumbrance is the Deed of Trust granted by the Corporation in favor of the Trustee, as beneficiary.

The Trustee will establish and maintain so long as any of the Certificates are Outstanding a separate trust account which shall be designated by the Trustee as the County of Riverside Refunding Certificates of Participation, Series 1992A and Series 1992B Reserve Fund (the "Reserve Fund") which will be funded by the Corporation from proceeds of the Certificates in an amount equal to Maximum Annual Certificate Debt Service.

Funds on deposit in the Reserve Fund shall be used by the Trustee solely for the purpose of making up any deficiencies in the Interest Fund and Certificate Sinking Fund (in the order listed) of any withdrawal.

The Corporation will execute and deliver the Deed of Trust in favor of the Trustee, as beneficiary, pursuant to which the Corporation will grant a lien on and security interest in the Facilities (including the 107 additional residential units and all 153 acres), subject to Permitted Encumbrances, as security for the performance of its obligations under the Installment Sale Agreement and the Installment Purchase Agreement. An ALTA title insurance policy on the Facilities in an amount equal to the principal amount of the Certificates will be delivered at the time of execution and delivery of the Certificates. See "APPENDIX C - Summary of Principal Documents - Deed of Trust" in the draft preliminary official statement.

The proceeds from the sale of the Certificates, together with other available moneys, will be used by the Corporation (1) to refund the County of Riverside 1988 Variable Rate Demand Certificates of Participation (Air Force Village West, Inc. Project) (the "1988 Certificates"), (2) fund a reserve

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fund in an amount equal to Maximum Annual Certificate Debt Service, and (3) to pay certain costs related to the execution and delivery of the Certificates.

The Certificates evidence an undivided proportionate interest in installment payments to be made by the County, pursuant to the Installment Purchase Agreement, an obligation of the County, I would argue the Certificates should be except pursuant to Section 44-1843.A.1 of the Act.

The Certificates are payable from Revenues from the Corporation, nonprofit entity. The purpose of the offerings is to refund previously issued certificates issued for the Corporation.

Under Section 44-1843.015 of the Act, the exemption is taken away for securities of political subdivisions used to provide monies for constructing, improving, equipping or furnishing . . . rest homes, like the Corporation, for use by entities other than municipal. 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. The sale and leaseback transaction involving the County and Corporation we would argue would be within the language of the last phrase in paragraph 5., but for the fact that the Corporation operates a rest home, not a "hospital." We would argue that this offering comes within the "spirit" of that language in that the Corporation does operate this public purpose facility.

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

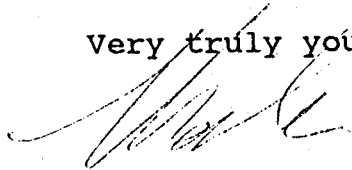
Enclosed is a copy of the preliminary official statement for this offering as well as a check in the amount of \$200 for the fee for our request.

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

Very truly yours,



Martin R. Miller

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& SUTCLIFFE**

September 25, 1992

BY FAX 1-(602)-255-2607

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

Re: County of Riverside, California
Refunding Certificates of Participation
Series 1992A and Series 1992B
(Air Force Village West, Inc. Project)

Dear Ms. Block:

After a review of the Arizona Securities Act (the "Act"), and the published no action letters and policy statements in my previous letter I requested that the Securities Division of the Corporation Commission issue a no action letter that the offering would be exempt from registration in Arizona because the above referenced Certificates would be exempt pursuant to Section 44-1843.A.1 of the Act as those of a political subdivision of California.

I wrote to you regarding County of Riverside, California Refunding Certificates of Participation, Series 1992A and Series 1992B (Air Force Village West, Inc. Project) (collectively, the "Certificates"), each evidencing an undivided proportionate interest of the owner thereof in certain installment payments (the "Installment Payments") to be made by the County of Riverside, California (the "County"), to Air Force Village West, Inc., a California nonprofit public benefit corporation (the "Corporation"), pursuant to a Installment Purchase Agreement dated as of September 1, 1992 (the "Installment Purchase Agreement"), by and between the County and the Corporation. The Corporation's rights to receive Installment Payments under the Installment Purchase Agreement will be assigned to First Trust of California, National Association, as

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trustee (the "Trustee"), for the benefit of the Certificateholders.

The Certificates evidence an undivided proportionate interest in installment payments to be made by the County, pursuant to the Installment Purchase Agreement, an obligation of the County, I would argue the Certificates should be exempt pursuant to Section 44-1843.A.1 of the Act.

The Certificates are payable from Revenues from the Corporation, nonprofit entity. The purpose of the offerings is to refund previously issued certificates issued for the Corporation.

Please see my letter of September 11, 1992, for a more in depth discussion of the offering.

Under Section 44-1843.01 A. 5. of the Act, the exemption is taken away for securities of political subdivisions used to provide monies for constructing, improving, equipping or furnishing . . . rest homes, like the Corporation, for use by entities other than municipal. 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, repurchasing or leasing a hospital from a political subdivision. The sale and leaseback transaction involving the County and Corporation would appear to be within the language of the last phrase in paragraph 5., but for the fact that the Corporation operates a rest home, not a "hospital."

In support of my request for exemption pursuant to Section 44-1843 of the Act, I would advance three arguments as to why Section 44-1843.01 A. 5. is not applicable and the exemption available.

First, I cannot find the term "hospital" defined in the Act. The Corporation owns and operates a continuing care facility. As described in my letter of September 11, this facility includes 59 skilled nursing beds as well as the 299 residential units and 20 assisted units. Therefore, I would argue that it would be difficult to draw a sharp distinction

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between a nursing home which also provides medical care for its residents, like the Corporation, and a hospital which may have residential units or a nursing home attached to it. Perhaps hospitals were singled out in the 1954 Tax Act, which I believe this section tracks. However, I would find it difficult to definitively say there is a basic and fundamentally important difference to the operation of the exemption between a hospital and a nursing home which also provides medical care.

Second, Section 44-1843.01 A. 5. provides that the exemption is not available for securities of public subdivisions used to provide money to finance the "acquiring, constructing, improving, equipping or furnishing . . . rest homes or nursing homes." As described in the preliminary official statement we forwarded to you with my letter of September 11, 1992, the Certificates are being offered to refund a previously offered series of certificates of participation sold in 1988. The use of proceeds is described on page 2 of the preliminary official statement. Further, as described on page 20 of the preliminary official statement, the Corporation plans to undertake an expansion project which will include the construction of an additional 107 units at the Facilities. The Corporation will undertake the expansion project with its own funds. No portion of the proceeds of the Certificates will be used to construct the additional residential units. Therefore, I would argue that strict reading of Section 44-1843.01 A. 5. would not include the offer and sale of the Certificates since they are not being used to provide money to finance "acquiring, constructing, improving, equipping or furnishing" of such facilities, they are being used to refund a previously issued debt obligation. I would argue should Section 5 have been meant to include such refundings like this one, it would have been written: "monies to finance and refinance" certain functions.

Third, I would argue that the grammatical construction of Section 5. makes it inapplicable to the offering of the Certificates. Specifically, at the very end of the Section 5 paragraph it states ". . . for use by corporations or entities other than municipal which bonds or notes are not fully secured by payments to be made by an entity owning or operating, repurchasing or leasing a hospital from a political subdivision."

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I would argue that the placing of the comma between the phrase "owning or operating" and the phrase "repurchasing or leasing a hospital from a political subdivision," indicates that owning and operating refers to and should be considered by itself and repurchasing or leasing a hospital from a political subdivision should be considered separate and apart from it. Since there is no comma between "repurchasing or leasing" and the word "hospital," but there is a comma between "repurchasing or leasing" and "owning or operating," hospital should only modify "repurchasing or leasing." In other words, owning or operating should refer to the entity which owns or operates any of the listed facilities including rest homes or nursing homes. The Corporation does own and operate a nursing home and it is a corporation or entity other than municipal and it does fully secure through its payments the Certificates. Therefore, I would argue that the word hospital only refers to and modifies an entity that is repurchasing or leasing from a political subdivision. I would argue therefore that the Corporation is an entity which owns and operates a nursing home for which securities of the County of Riverside have been offered and are fully secured by the Corporation's payments.

The statute may have been meant merely to require the entity receiving funds to be the same entity operating the financed facility. Thereby, the entity getting funds would be the same one running a facility which would pay those funds back, and the Act could comfortably provide an exemption.

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

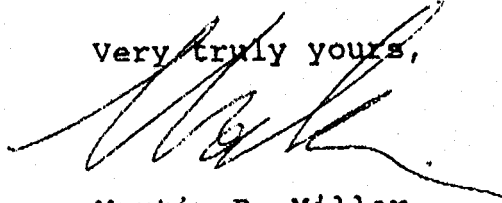
In my previous letter I enclosed a copy of the preliminary official statement for this offering as well as a check in the amount of \$200 for the fee for our request.

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& SUTCLIFFE**

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

Very truly yours,



Martin R. Miller

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