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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
(602) 542-4242
(602) 255-2600
FAX: (602) 255-2617

June 10, 1992

Sheila P. Hawes, Esq.
Kutak Rock
The Omaha Building
1650 Farnam Street
Omaha, NE 68102-2186

RE: Prairie Lakes Health Care System Issue/No-Action Request
A.R.S. §§ 44-1843(A)(1) and 44-1843.01(A)(5)

Dear Ms. Hawes:

On the basis of the facts set forth in your letters of May 12, 1992 and June 8, 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 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 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 black ink, appearing to read "Dee Ridgell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:JB:ahh

Attachment

KUTAK ROCK
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102-2186
(402) 346-6000
FACSIMILE (402) 346-1148

ATLANTA
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PHOENIX
WASHINGTON

May 12, 1992

AIRBORNE

Mr. Dee R. Harris
Director of Securities
Arizona Securities Division
Suite 425
234 North Central Avenue
Phoenix, AZ 85004

Re: \$24,000,000*, South Dakota Health and
Educational Facilities Authority, Revenue
Refunding Bonds, Series 1992 (Prairie Lakes
Health Care System Issue)

Dear Mr. Harris:

The South Dakota Health and Educational Facilities Authority (the "Authority") is a body politic and corporate and a public instrumentality of the State of South Dakota (the "State") which was created by the State to assist private nonprofit health and educational institutions in the State in the construction, acquisition, financing and refinancing of projects to be undertaken in connection with programs for health care and higher education. The Authority is comprised of seven members appointed by the governor. The purposes of the Authority are to promote and encourage a wide range of public and educational activities within the State of South Dakota, including the provision of health care and educational facilities to the State and its agencies, instrumentalities and political subdivisions, and to provide funds in furtherance thereof.

The Authority, we believe, 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.

*Preliminary; subject to change.

MAY 13

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Mr. Dee R. Harris
May 12, 1992
Page 2

The Authority now proposes to issue and sell approximately \$24,000,000 of Revenue Refunding Bonds, the proceeds of which will be loaned by the Authority to Prairie Lakes Health Care System, Inc. (the "Corporation"), which loan will permit the Corporation to (i) finance the acquisition, construction, installation and equipping of certain additions to and remodeling of the health care facilities owned or leased and operated by the Corporation (the "Project"), (ii) advance refund an outstanding portion of the City of Watertown, South Dakota Hospital Facilities Revenue Bonds (Prairie Lakes Health Care System Project), Series 1988 (the "Refunded Bonds"), (iii) pay a portion of the interest accruing on the Series 1992 Bonds, (iv) fund a Debt Service Reserve Fund for the Series 1992 Bonds and (v) pay certain fees and expenses related to the issuance of the Series 1992 Bonds. The Corporation is a South Dakota non-profit corporation that owns and operates an acute care hospital which is licensed for 81 beds and a skilled care nursing facility, licensed for 51 beds, located in Watertown, South Dakota. The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The proposed offering of Bonds by the Authority should be considered an offering of exempt securities under Section 44-1843(A)(1) of the Arizona Revised Statutes. 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 and proceeds of the Refunded Bonds were used to finance acquiring, constructing and equipping an acute care hospital and attendant facilities. Although portions of the proceeds of the Bonds and the Refunded Bonds were also used for one of the purposes listed in Section 44-1843.01(A)(5), that is, to finance a skilled nursing facility, we note that the Bonds are "fully secured by payments to be made by an entity owning....a hospital" within the meaning of Section 44-1843.01(A)(5). In this case, a governmental entity in furtherance of public purposes has helped to provide funding to medical facilities in its area of concern and the medical facilities are owned and operated by a non-profit entity engaged in regular acute care hospital operations in addition to a skilled nursing facility.

KUTAK ROCK

Mr. Dee R. Harris
May 12, 1992
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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). I enclose for your information a copy of the prospectus 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). If you have any questions with regard to this request, please call me.

Very truly yours,



Sheila P. Hawes

Enclosures

KUTAK ROCK

A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS

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1650 FARNAM STREET

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ATLANTA
BATON ROUGE
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LOS ANGELES
NEW YORK
OKLAHOMA CITY
PHOENIX
WASHINGTON

June 8, 1992

VIA TELECOPY
AND REGULAR MAIL

Ms. Jean Barry
Arizona Securities Division
Arizona Corporation Commission
Suite 425
234 North Central Avenue
Phoenix, AZ 84004

Re: \$24,000,000*, South Dakota Health and
Educational Facilities Authority, Revenue
Refunding Bonds, Series 1992 (Prairie Lakes
Health Care System Issue)

Dear Ms. Barry:

Thank you for your telephone call. Pursuant to our telephone conversation, we hereby amend and restate page 2 of our letter to you dated May 16 so that it reads as follows in its entirety:

The Authority now proposes to issue and sell approximately \$24,000,000 of Revenue Refunding Bonds, the proceeds of which will be loaned by the Authority to Prairie Lakes Health Care System, Inc. (the "Corporation"), which loan will permit the Corporation to (i) finance the acquisition, construction, installation and equipping of certain additions to and remodeling of the health care facilities owned or leased and operated by the Corporation (the "Project"), (ii) advance refund an outstanding portion of the City of Watertown, South Dakota Hospital Facilities Revenue Bonds (Prairie Lakes Health Care System Project), Series 1988 (the "Refunded Bonds"), (iii) pay a portion of the interest accruing on the Series 1992 Bonds, (iv) fund a Debt Service Reserve Fund for the Series 1992 Bonds and (v) pay certain fees and expenses related to the issuance of the Series 1992 Bonds. The Corporation is a South Dakota non-profit

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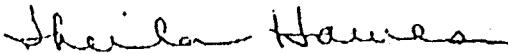
June 8, 1992

Page Two

corporation that operates an acute care hospital which is licensed for 81 beds and a skilled care nursing facility, licensed for 51 beds, located in Watertown, South Dakota. The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The proposed offering of Bonds by the Authority should be considered an offering of exempt securities under Section 44-1843(A)(1) of the Arizona Revised Statutes. 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 and proceeds of the Refunded Bonds were used to finance acquiring, constructing and equipping an acute care hospital and attendant facilities. Although portions of the proceeds of the Bonds and the Refunded Bonds were also used for one of the purposes listed in Section 44-1843.01(A)(5), that is, to finance a skilled nursing facility, we note that the Bonds are "fully secured by payments to be made by an entity operating....a hospital" within the meaning of Section 44-1843.01(A)(5). In this case, a governmental entity in furtherance of public purposes has helped to provide funding to medical facilities in its area of concern and the medical facilities are owned or leased and are operated by a non-profit entity engaged in regular acute care hospital operations in addition to a skilled nursing facility.

Very truly yours,


Sheila Phillips Hawes