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June 21, 2017

KRISTIN G. CAID
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(303) 297-2400

Mr. Bryan Langley
Deputy City Manager and
Chief Operating Officer
City of Denton
215 East McKinney Street
Denton, Texas 76201

Re: Request for Host Jurisdiction Approval Under Section 147(f) of the Internal Revenue Code, as amended, Regarding Tax-Exempt Bonds for The Evangelical Lutheran Good Samaritan Society

Dear Mr. Langley:

On behalf of, and serving as bond counsel for the Colorado Health Facilities Authority ("COHFA"), Kutak Rock LLP, Denver, Colorado ("Bond Counsel"), requests your assistance in providing "host approval" under Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), in connection with the issuance of tax-exempt health facility revenue bonds (the "Bonds") pursuant to Article 25, Title 25 of Colorado Revised Statutes (the "Act") on behalf of The Evangelical Lutheran Good Samaritan Society, a North Dakota non-profit corporation, headquartered in Sioux Falls, South Dakota (the "Society").

Under the plan of financing, the Bonds will be issued in an aggregate principal amount of not to exceed approximately \$105,750,000. A portion of the Bond proceeds in an amount not to exceed \$2,400,000 will be used to finance or refinance the Society's senior living and senior care facility located at Good Samaritan Society-Lake Forest Village, 3901 Montecito Drive, Denton, Texas 76210 (the "Lake Forest Village Facilities"), fund an allocable portion of a reserve fund for the Bonds and pay an allocable portion of costs of issuance of the Bonds, and a portion of the Bond proceeds in an amount not to exceed \$2,700,000 will be used to finance or refinance the Society's senior living and senior care facility located at Good Samaritan Society-Denton Village, 2500 Hinkle Drive, Denton, Texas 76201 (the "Denton Village Facilities"), fund an allocable portion of a reserve fund for the Bonds and pay an allocable portion of costs of issuance of the Bonds (collectively, the "Denton Project"). The Lake Forest Village Facilities and the Denton Village Facilities are owned and operated by the Society.

COHFA is authorized by the Act to finance facilities of a multistate health institution which are located both within and outside of the State of Colorado ("Colorado") as long as the multistate

KUTAK ROCK LLP

Mr. Bryan Langley
June 21, 2017
Page 2

health institution or its affiliate operates or manages a health care facility located within Colorado. The Society has advised COHFA that it can realize substantial cost savings and efficiencies by combining its financing needs into a single bond issuance through COHFA. COHFA is legally authorized and empowered under the Act to undertake the financing and Kutak Rock LLP, as Bond Counsel, will render its opinion regarding the validity of the issuance of the Bonds. As Bond Counsel, and on behalf of COHFA, we respectfully request that the City of Denton assist in the financing by providing the host jurisdiction approval required by the Code.

The Code requires that COHFA obtain the approval of the governing body or chief elected representative of each state or local government jurisdiction in which the financed facilities are to be located, following a public hearing. The public hearing can be held following the provision of adequate notice with the publication of a notice of the public hearing in a newspaper serving the area where the project is located. A draft of the notice of public hearing for the Lake Forest Village Facilities that was published in the *Denton Record-Chronicle* on June 21, 2017, and a draft of the notice of public hearing for the Denton Village Facilities that was published in the *Denton Record-Chronicle* on June 21, 2017, are attached hereto as EXHIBIT A.

Accordingly, we are requesting that, subsequent to the public hearing to be held on July 10, 2017, at 3901 Montecito Drive, Denton, Texas 76210, for the Lake Forest Village Facilities and subsequent to the public hearing to be held on July 10, 2017, at 2500 Hinkle Drive, Denton, Texas 76201, for the Denton Village Facilities, you facilitate obtaining adoption of a resolution by the City of Denton City Council approving the Denton Project in accordance with the requirements of the Code. A draft of the proposed resolution is attached hereto as EXHIBIT B.

The approval does not impose any liability on the City of Denton or the State of Texas, or in any way involve the City of Denton or the State of Texas in the issuance of the Bonds or the proposed Denton Project, but is an accommodation by the City of Denton to satisfy the requirements of the Code.

I appreciate your assistance in this matter on behalf of COHFA and the Society. If you have any questions, please contact me at 303-292-7858. Thank you for your assistance.

Sincerely,

KUTAK ROCK LLP

By Kristin G. Caid
Kristin G. Caid, Partner

Enclosures

EXHIBIT A
NOTICES OF PUBLIC HEARING

**NOTICE OF PUBLIC HEARING
CONCERNING THE ISSUANCE OF BONDS
ON BEHALF OF
THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY**

NOTICE IS HEREBY GIVEN that the City of Denton, Texas (the "City") will conduct a public hearing on Monday, July 10, 2017 (the "Public Hearing") concerning the approval of the proposed plan of finance and related bond issuance by the Colorado Health Facilities Authority ("COHFA") of its Health Facilities Revenue and Revenue Refunding Bonds (The Evangelical Lutheran Good Samaritan Society Project), Series 2017 (the "Bonds") to finance or refinance projects on behalf of The Evangelical Lutheran Good Samaritan Society, a North Dakota nonprofit corporation (the "Society").

Under the plan of finance, the Bonds will be issued in an aggregate principal amount not-to-exceed \$105,750,000, of which a not-to-exceed amount of \$2,400,000 to finance or refinance the Society's senior living and senior care facility located at Good Samaritan Society-Lake Forest Village, 3901 Montecito Drive, Denton, Texas, 76210, (the "Lake Forest Village Facilities"), (ii) establish a reserve fund for the Bonds, and (iii) pay certain costs of issuing the Bonds and of financing the Lake Forest Village Facilities (collectively, the "Project").

The Lake Forest Village Facilities will be owned, operated and managed by Society.

This Notice of Public Hearing is being given pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.

The Bonds will constitute special limited obligations of COHFA payable solely from amounts received by COHFA pursuant to a loan agreement between COHFA and the Society, the principal user of the Lake Forest Village Facilities. The City will not issue the Bonds, nor will the City or the State of Texas have any liability with respect to the Bonds or the sale or offering thereof.

All interested parties are invited to present comments at the public hearing regarding the issuance of the Bonds, the proposed plan of finance and the use of the proceeds therefrom. Written comments to be presented at the Public Hearing may be submitted to Freddie Martinez, 3901 Montecito Drive, Denton, Texas, 76210, prior to the Public Hearing. Questions can be directed to (940) 891-0856. The Public Hearing will be held at 9:00 a.m. on Monday, July 10, 2017, at 3901 Montecito Drive, Denton, Texas, 76210.

**NOTICE OF PUBLIC HEARING
CONCERNING THE ISSUANCE OF BONDS
ON BEHALF OF
THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY**

NOTICE IS HEREBY GIVEN that the City of Denton, Texas (the "City") will conduct a public hearing on Monday, July 10, 2017 (the "Public Hearing") concerning the approval of the proposed plan of finance and related bond issuance by the Colorado Health Facilities Authority ("COHFA") of its Health Facilities Revenue and Revenue Refunding Bonds (The Evangelical Lutheran Good Samaritan Society Project), Series 2017 (the "Bonds") to finance or refinance projects on behalf of The Evangelical Lutheran Good Samaritan Society, a North Dakota nonprofit corporation (the "Society").

Under the plan of finance, the Bonds will be issued in an aggregate principal amount not-to-exceed \$105,750,000, of which a not-to-exceed amount of \$2,700,000 to finance or refinance the Society's senior living and senior care facility located at Good Samaritan Society-Denton Village, 2500 Hinkle Drive, Denton, Texas, 76201 (the "Denton Village Facilities"), (ii) establish a reserve fund for the Bonds, and (iii) pay certain costs of issuing the Bonds and of financing the Denton Village Facilities (collectively, the "Project").

The Denton Village Facilities will be owned, operated and managed by Society.

This Notice of Public Hearing is being given pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.

The Bonds will constitute special limited obligations of COHFA payable solely from amounts received by COHFA pursuant to a loan agreement between COHFA and the Society, the principal user of the Denton Village Facilities. The City will not issue the Bonds, nor will the City or the State of Texas have any liability with respect to the Bonds or the sale or offering thereof.

All interested parties are invited to present comments at the public hearing regarding the issuance of the Bonds, the proposed plan of finance and the use of the proceeds therefrom. Written comments to be presented at the Public Hearing may be submitted to Mike Larson, 2500 Hinkle Drive, Denton, Texas, 76201, prior to the Public Hearing. Questions can be directed to (940) 383-2651. The Public Hearing will be held at 9:00 a.m. on Monday, July 10, 2017, at 2500 Hinkle Drive, Denton, Texas, 76201 .

EXHIBIT B
RESOLUTION

RESOLUTION NO. _____

RESOLUTION APPROVING THE ISSUANCE OF REVENUE BONDS BY THE COLORADO HEALTH FACILITIES AUTHORITY ON BEHALF OF THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,100,000; RECOGNIZING THAT THE CITY OF DENTON IS NOT RESPONSIBLE FOR ISSUING THE REVENUE BONDS AND HAS NO FINANCIAL OBLIGATION TO PAY ANY PRINCIPAL OF OR INTEREST ON THE REVENUE BONDS; MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Denton, Texas (the "City") is a duly organized and validly existing municipal corporation under the laws and Constitution of the State of Texas; and

WHEREAS, The Evangelical Lutheran Good Samaritan Society (the "Society"), a North Dakota nonprofit corporation, owns and operates two long-term healthcare facilities, including related senior housing facilities, within the boundaries of the City; and

WHEREAS, the Society wishes to issue revenue bonds (the "Bonds") in an aggregate principal amount not to exceed approximately \$105,750,000, of which a not-to-exceed amount of \$5,100,000 is to be used as follows: (i) \$2,400,000 to finance or refinance Society's senior living and senior care facility located at Good Samaritan Society-Lake Forest Village, 3901 Montecito Drive, Denton, Texas, 76201 (the "Lake Forest Village Facility"), and (ii) \$2,700,000 to finance or refinance Society's senior living and senior care facility located at Good Samaritan Society-Denton Village, 2500 Hinkle Drive, Denton, Texas, 76201 (the "Denton Village Facility" and, together with the Lake Forest Village Facility, the "Denton, Texas Facilities"), (iii) establish a reserve fund for the Bonds, and (iv) pay certain costs of issuing the Bonds and of financing the Denton, Texas Facilities (collectively, the "Project"); and

WHEREAS, the Society has proposed that the moneys to fund the Project come from the proceeds of the Bonds to be issued by the Colorado Health Facilities Authority (the "COHFA") in a multi-state offering authorized by Colorado state law; and

WHEREAS, such multi-state offering is economically efficient and cost-saving for the Society, thereby reducing operating costs for the Society and therefore tending to reduce the necessity for increases of charges at its Denton, Texas Facilities, thereby benefiting the residents of the City; and

WHEREAS, the Bonds will be payable solely from revenues of the Society, and the City will have no obligation whatsoever for payment of the Bonds; and

WHEREAS, as a prerequisite for the issuance of the Bonds by COHFA, a public hearing was held within the City at the Lake Forest Village Facility, on July 10, 2017 after publication in the *Denton Record-Chronicle* of a Notice of Public Hearing (the "Lake Forest Village Notice"), and a report on the hearing has been presented to the City Council; and

WHEREAS, as a prerequisite for the issuance of the Bonds by COHFA, a public hearing was held within the City at the Denton Village Facility, on July 10, 2017 after publication in the *Denton Record-Chronicle* of a Notice of Public Hearing (the "Denton Village Notice" and, together with the Lake Forest Village Notice, the "Notices"), and a report on the hearing has been presented to the City Council.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

Section 1. The findings set forth in the preamble of this Resolution are incorporated by reference into the body of this Resolution as if fully set forth herein.

Section 2. The City hereby approves the issuance of the aforesaid Bonds by COHFA in the maximum aggregate principal amount of \$5,100,000 for The Evangelical Lutheran Good Samaritan Society, and further approves the Project as described in the Notices relating to the public hearings for the Bonds, and such approval shall be solely for the purposes of Section 147(f) of the Internal Revenue Code of 1986 and the City shall have no liabilities for the payment of the Bonds nor shall any of its assets be pledged to payment of the Bonds.

Section 3. Further, it is recognized by the City that the instruments which authorize the issuance of bonds, notes or obligations by COHFA will specifically state that the City is not obligated to pay the principal of or interest on the bonds, notes or obligations proposed to be issued by COHFA. Nothing in this resolution shall be construed as an indication by the City that it will pay or provide for the payment of any obligations of COHFA whether theretofore or hereafter incurred; and in this connection, attention is called to the Constitution of the State of Texas, wherein it is provided that a City may incur no indebtedness without having made provisions for its payment, and the City Council of the City hereby specifically refuses to set aside any present or future funds, assets or money for the payment of any indebtedness or obligation of COHFA.

Section 4. This Resolution shall become effective immediately, upon its passage.

PASSED AND APPROVED this 18th day of July, 2017.

CHRIS WATTS, MAYOR

ATTEST:

JENNIFER WALTERS, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:

AARON LEAL, INTERIM CITY ATTORNEY

BY: _____