



State of Utah
DEPARTMENT OF COMMERCE
Division of Securities

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May 20, 1992

Steven D. Miller
Sherman & Howard
3000 First Interstate Tower North
633 Seventeenth Street
Denver, CO 80202

Re: Stonegate Village Metro District File 002-4220-31/A13319-31

Dear Mr. Miller:

This letter is in response to your letter dated April 14, 1992, regarding your request for a no-action letter for the proposed offering of up to \$33,000,000 of the Stonegate Village Metropolitan District's General Obligation Refunding and Improvement Bonds, Series 1992A (the "Bonds") to individuals residing in Utah. Such transaction is more fully described in your letter.

You asked the Division of Securities ("Division") to address the following questions:

1. Whether the existence of a guaranty of the bonds' principal and interest by a public corporation adversely affect the applicable exemption found in Section 61-1-14(1)(a) of the Utah Uniform Securities Act ("Act") with respect to the Bond and the Trust Agreement?
2. Whether the guaranty itself constitutes a separate security that must be separately registered under the Act?

This letter gives reference to and regards only Section 61-1-14(1)(a) of the Act. That section, provides an exemption from registration to "any security, including a revenue obligation, issued or guaranteed by the United States, any state, any political subdivision of a state..."

It is the opinion of the Division that such guaranty, as described in your letters, does not adversely affect the exemption as provided in Section 61-1-14(1)(a) of the Act. Furthermore it is the opinion of the Division that, notwithstanding that the guaranty may constitute a separate security, it need not be separately registered under the Act.

In reviewing this position the Division notes, in particular, the following representations:

- (a) Under Title 32 of the Colorado Revised Statutes, Stonegate Village Metropolitan District is considered to be a "political subdivision" of the State of Colorado.
- (b) The bonds are obligations of a political subdivision of the State of Colorado. The interest on the bonds will be exempt from the gross income of the recipients thereof pursuant to Section 103(a) of the Internal Revenue Code of 1986.
- (c) The bonds are not private activity bonds within the meaning of Sections 103(b)(1) and 141 of the Internal Revenue Code of 1986.
- (d) It is expected that the debt service on the bonds will be paid from general ad valorem taxes levied on all taxable property located within the District without limitation as to rate or amount.
- (e) The primary function of the guaranty is to enhance the credit worthiness of the bonds.
- (f) The guaranty cannot be separated from the bonds.
- (g) Payment of the principal and interest on the bonds is unconditionally guaranteed by the Guaranty, dated as of April 15, 1992, in favor of the Trustee entered into by the District and Mobil, as Guarantor.
- (h) The Guarantor waives any rights which it may have to require the Trustee to proceed first against the District for any of the Guaranty Obligations.
- (i) Absent the Guaranty, the bonds would be entitled to exemption from registration under the Utah Act pursuant to Section 61-1-14(1)(a).

Based upon the facts presented the Division will not recommend any enforcement action if the bonds' prospectus and indenture is effected as described in your letter.


Because this position is based upon the representations made to the Division of Securities it should be noted that any different facts or conditions of a material nature might require a different conclusion. Further, this response does not purport to express any legal conclusion on the questions presented.

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Please note that this order relates only to the referenced transaction and shall have no value for future similar offerings.

Very truly yours,

EARL S. MAESER, DIRECTOR
UTAH DIVISION OF SECURITIES



Steven J. Nielsen
Director of Registration

jmj