

INFORMAL CITY COUNCIL MEETING

OCTOBER 23, 1969

I. MEETING. An informal meeting of the City Council was held in the Conference Room at the City Hall at 7:30 P.M. on Thursday, October 23rd, 1969.

II. PRESENT. President of the Council, Richard Youngerman; Councilmen, Robert Evans, Stanley Anderson, Ray Meacham, Theodore Naff, Harry Colescott. City Manager, Richard Gray, City Clerk, Helen Tomlinson, Finance Director, Wm. Manchester, City Attorney, Gerald Ashby, City Engineer, Davis Hickman, Utilities Director, Bud Plowman; Karl Henrichsen, from Henningson, Durham and Richardson; Ray Newman, Jill Hill and Dan Harrington, Boettcher and Co. Art Blair, Reporter from K.R.E.X. Al Wing was present for the first part of the meeting.

III. PURCHASE OF TRAILER AND SNOWMOBILE EQUIPMENT TO BE PLACED AT CARSON LAKE. City Manager Gray stated that Judge Ela had ordered that Carson Lake be used as a surge basin to control the run-off of water from Grand Mesa in the Spring and that this be tried for a couple of years to see if it works out as Mr. Jex Engineer, thinks that it will. In order to accomplish this, living quarters will have to be provided for two men for a period of three to six weeks every Spring. If a trailer or mobilehome is to be used, it will have to be taken up on the Mesa within a very short time and left over the winter. Snowmobile equipment will be necessary to provide transportation with a trailer to haul the equipment in. The cost of a 19-foot travel trailer and one large snowmobile and one smaller one will be about \$5,300. A lean-to will have to be built over the trailer so that the winter snow will not cause damage. If this all works out satisfactorily, a permanent building can be constructed in a few years. The Council agreed that this would be the only solution for the present time and it would be all right to go ahead.

IV. HENRICHSEN REPORT ON BIDS ON SOUTHSIDE INTERCEPTOR SEWER AND WATER POLLUTION CONTROL PLAN ENLARGEMENT. Mr. Henrichsen of H.D.R. stated that when bids were opened on October 2, 1969, Penner Construction Co. was the low bidder on the plant enlargement, with a bid of \$1,198,000. The South side interceptor sewer was bid in two sections; the low bidder on Section 1, from the South side plant to 5th Street was Northwestern Engineer. Co., Commerce City, Colorado with a bid of \$74,548.40; the low bidder on Section 2, from 5th St. to the treatment plant was Tiago Construction Co., Arvada, Colorado with a bid of \$176,896.00. Mr. Henrichsen stated that because of the peak loads already using the sewers, his firm would recommend that the City go ahead and build both sections of the interceptor sewer at this time. The total cost of these improvements would be \$1,449,444.40 (\$500,000 below the engineers estimate). Application has been made and approved by the Colorado Department of Health and the Colorado Water Pollution Control Commission for a 30% grant towards the payment of this construction. The applications are in Kansas City being reviewed by the Federal Water Pollution Control Administration at the present time, and prompt action has been promised. Mr. Henrichsen reviewed the contracts already completed, and

those that are still not completely paid for, and overall, recommended that the City issue \$1,000,000 in Series B bonds to complete the entire program. This is considerably less than was originally planned for and would still give the City a cushion of about \$400,000 for future improvements. Mr. Manchester stated that there is money in the budget for bond retirement and interest payments, above the money provided by the sale of the revenue bonds.

V. DAN HARRINGTON, BOETTCHER AND CO. WITH PROPOSALS ON SALE OF BONDS.

Mr. Harrington, Boettcher and Company stated that members of Boettcher and Company and Henningson, Durham and Richardson have been working together to try to work out financing that would be feasible and that the City can afford in order to complete the water-sewer improvement program. The bid proposals are very favorable and contracts must be let by the end of November. The Municipal bond market is a shambles at the present time. 75% of cities, states and school districts offering bonds on the market in recent weeks have not received bids. H.D.R. and Boettcher have been trying to work out some program whereby Grand Junction bonds might be sold. The 20-bond buyer index today is 6.07.

Grand Junction can issue revenue bonds under two different plans. 1. State law would give double tax exemption, but maximum interest rate would be 6%. Double tax exempt bonds are much more attractive to investors. 2. Under City Charter they could be issued at any rate bid, but would only be exempt for Federal taxes.

Mr. Harrington said that at the time the City of Grand Junction sold the Series A bonds the bond buyer index was 4.38 and the bonds were bid at 4.97, so it is reasonable to believe that a .60 point differential might still be probable. Interest rates on bonds with single tax exemption usually increase over those with double tax exemption by about 40%. In this Series B issue, this would amount to about \$55,000, if the bonds were amortized in 20 years. It does not seem probable that bonds can be sold on the open market, in the near future, at 6%. Also, revenue bonds bring a higher rate of interest than general obligation bonds. Boettcher & Co. is suggesting that the Series B bonds have a shorter life than the Series A, probably paying off in twenty years. After one year, if conditions were favorable, they could be refunded at a lower rate of interest.

It will be necessary for Boettcher or someone to arrange for a public sale to sell the bonds. Mr. Harrington presented two proposed contracts. The first was for fiscal services for the next four years at a fee of \$28,000, payable in advance, with the provision that should the City bring any issue of municipal bonds to public sale, Boettcher and Co. would agree to assist in the preparation of an Official Statement or Prospectus and to mail prospectus to prospective bidders, obtain rating for bonds, and would then receive an additional amount for this service according to a fee schedule of the Colorado Municipal Bond Dealers Association's minimum fee schedule. The other contract would provide for services in connection to bringing the bonds to public sale, and would guarantee the City a bid of 6% interest. The services would be paid for by a fee of \$20,000 and Boettcher

and Co. would pay all of the expenses of the issuing of the bonds, estimated to cost \$11,300. \$20,000 is figured on a 2% basis on the \$1,000,000 issue. He mentioned that bonds that have been sold recently were sold at over 6%. He also mentioned that Boettcher and Company would ask for a rating from Standard and Poors. Mr. Harrington would like to have the bids on the bonds ready for the next Council meeting.

Mr. Henrichsen stated that it might be possible, because the City has an approved regional plan, to get 3.3% additional grant on the improvements.

Councilman Anderson suggested that the City might use all of the money in the capital improvement budget and over the next two years budget sufficient money to pay for the improvements. City Attorney Ashby stated that the Council could not create such a debt without a vote of the people, and that contracts could not be let if the Council does not have sufficient money to pay for the work.

It was decided to call a special meeting of the Council at 10 A.M. on Saturday October 25th to take action on the contracts with Boettcher and Co. and authorize advertising for bids for the \$1,000,000 Series B bonds.

Helen C. Tomlinson\Helen C. Tomlinson
City Clerk