

*1.30 Part 2nd*  
*Some Bank & Payment*

To Steve McConahey

Date June 6, 1980

From Steve Clark

Subject: Mesa County, Colorado  
Sewer Refunding and Improvement Revenue Bonds  
Dated July 1, 1980

I. The Facts:

The City of Grand Junction and Mesa County endeavor to run a joint sewer system for their residents under the auspices of the County;

Certain capital improvements are planned for the sewer system, the total cost of which is estimated at \$30,000,000; 75% or \$22,500,000 of this cost is to be paid by EPA grants and the remaining 25% or \$7,500,000 is to be financed by Mesa County Sewer Revenue Bonds;

The City has outstanding its Sewer Refunding Revenue Bonds, Series 1978A which have a first lien on the City's Sewer Revenues;

The City's Sewer Revenues need to be pledged, free of prior lien, to the County Sewer Revenue Bonds;

The City's Series 1978A Bonds are covered by a "Sinking Fund" Agreement which requires the City to purchase certain U.S. Treasury Bonds from Zions National Bank, Salt Lake City, Utah on certain dates in set amounts at set prices, semi-annually through 1990;

II. The Problem:

Structure a Mesa County Sewer Refunding and Improvement Revenue Bond issue that: refunds the City's Series 1978A Bonds; that provides \$7,500,000 construction proceeds; that satisfies the "Sinking Fund" Agreement required purchase of U.S. Treasury Bonds; and that minimizes annual debt service requirements for the joint sewer system.

III. The Structure:

Mesa County Sewer Refunding and Improvement Revenue Bonds

A. General:

*875,000*  
*Some Plan of Refund for Both*

Dated:	July 1, 1980
Term:	25 Years (July 1, 2005)
Estimated Interest Rate:	8.5% <i>re Payment 1981</i>
Principal Payment:	July 1
Interest Payments:	January 1 and July 1
Par Amount:	\$9,635,000
Debt Service:	See Schedule Attached

*Call 91-05 call 7-1-80 Pan*

B. Flow of Funds:

Construction Proceeds	\$7,500,000
Refunding Proceeds	875,000
Capitalized Interest	820,950
Issuance Costs (Includes Underwriter's Discount)	339,050
Reserve Fund Portion	<u>100,000</u>
Total Issue	\$9,635,000

C. Refunding:

The refunding escrow will utilize \$80,000 par value 8½% 5-15-05/00 USTBs now held in and allocated to the City's Series 1978A "Sinking Fund". The remaining portion escrow will be comprised of U.S. Treasury Obligations - State and Local Government Series with a yield restricted to the yield on the new bonds.

Cost of Escrow:

8½% 5-15-2005/00 USTBs	\$ <u>80,000</u>
SLGS	871,250
Beginning Cash	3,750

*These callable by U.S.  
 on 2000 or thereabout  
 80 bonds must be  
 called from esc.*

D. Capitalized Interest:

Approximately one year's interest on the Bonds will be capitalized from the proceeds.

E. Issuance Costs and Underwriter's Discount:

Estimated as follows:

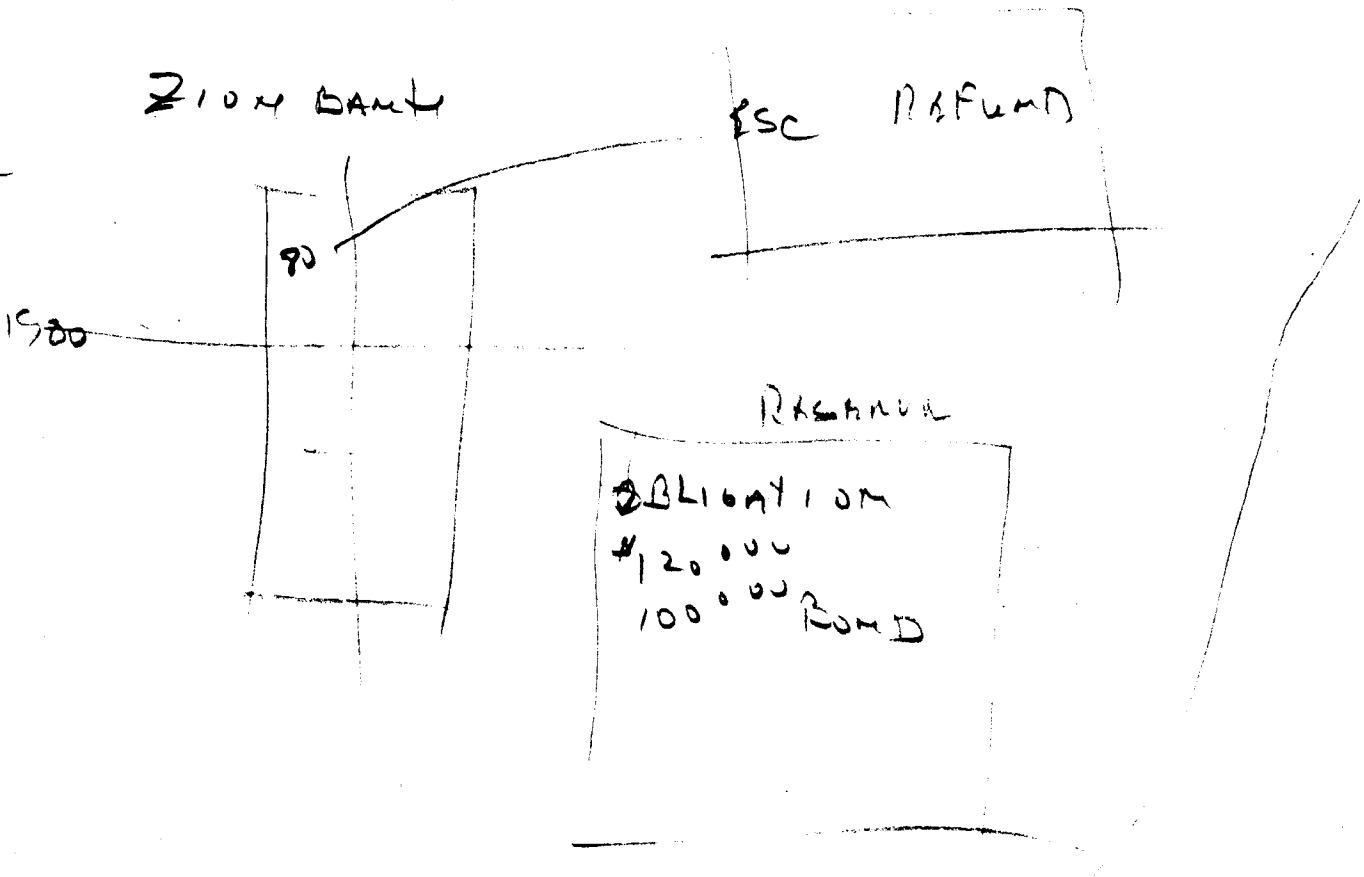
Legal Fees	
Bond Counsel	\$ 16,500
Disclosure Counsel	12,500
Printing Fees	
Official Statement	6,000
Bonds	5,000
CPA	1,000
Escrow Bank	2,000
Ratings	
Agency Fees	3,000
Travel	4,000
Underwriter's Discount	<u>289,050</u>
TOTAL	\$339,050

F. Reserve Fund:

The existing \$120,000 Reserve Fund proceeds of the City's Series 1978A Bonds and \$100,000 proceeds of the new bonds will be used to purchase \$255,000 par value 8½% U.S. Treasury Bonds 5-15-2005/00.

Semi-annual contributions from the Sewer System Revenues will be combined with the earnings of the initial Reserve Fund deposit to purchase the remaining U.S. Treasury Bonds required by the City's "Sinking Fund" Agreement.

After 1990, the Reserve Fund will contain \$955,000 par value 8½% USTBs 5-15-2005/00 and will generate \$78,787.50 earnings per year to be used for debt service on the Bonds. At no time will the Reserve Fund or its earnings surpass more than 15% of the original par amount of the Bonds.



MESA COUNTY, COLORADO  
SEWER REFUNDING AND IMPROVEMENT REVENUE BONDS  
\$9,635,000  
Dated Date 7/ 1/1980  
Delivery Date 7/15/1980

Year Ending 12/31	-----Proposed Bonds----- Principal ( 7/ 1)	Interest* ( 1& 7/ 1)	Debt Service	Reserve Fund Contributions/ (-Earnings)***	Net Debt Service
1981		\$787,125.97**	\$787,125.97	\$9,581.25	\$796,707.22
1982		\$818,975.00	\$818,975.00	\$21,506.25	\$840,481.25
1983	\$95,000	\$818,975.00	\$913,975.00	\$22,818.75	\$936,793.75
1984	\$100,000	\$810,900.00	\$910,900.00	\$23,512.50	\$934,412.50
1985	\$110,000	\$802,400.00	\$912,400.00	\$24,000.00	\$936,400.00
1986	\$125,000	\$793,050.00	\$918,050.00	\$19,050.00	\$937,100.00
1987	\$130,000	\$782,425.00	\$912,425.00	\$23,943.75	\$936,368.75
1988	\$140,000	\$771,375.00	\$911,375.00	\$23,193.75	\$934,568.75
1989	\$155,000	\$759,475.00	\$914,475.00	\$21,825.00	\$936,300.00
1990	\$165,000	\$746,300.00	\$911,300.00	\$25,068.75	\$936,368.75
1991	\$180,000	\$732,275.00	\$912,275.00	\$22,668.75	\$934,943.75
1992	\$300,000	\$716,975.00	\$1,016,975.00	-\$78,787.50	\$938,187.50
1993	\$325,000	\$691,475.00	\$1,016,475.00	-\$78,787.50	\$937,687.50
1994	\$350,000	\$663,850.00	\$1,013,850.00	-\$78,787.50	\$935,062.50
1995	\$380,000	\$634,100.00	\$1,014,100.00	-\$78,787.50	\$935,312.50
1996	\$415,000	\$601,800.00	\$1,016,800.00	-\$78,787.50	\$938,012.50
1997	\$450,000	\$566,525.00	\$1,016,525.00	-\$78,787.50	\$937,737.50
1998	\$485,000	\$528,275.00	\$1,013,275.00	-\$78,787.50	\$934,487.50
1999	\$525,000	\$487,050.00	\$1,012,050.00	-\$78,787.50	\$933,262.50
2000	\$570,000	\$442,425.00	\$1,012,425.00	-\$78,787.50	\$933,637.50
2001	\$620,000	\$393,975.00	\$1,013,975.00	-\$78,787.50	\$935,187.50
2002	\$675,000	\$341,275.00	\$1,016,275.00	-\$78,787.50	\$937,487.50
2003	\$730,000	\$283,900.00	\$1,013,900.00	-\$78,787.50	\$935,112.50
2004	\$795,000	\$221,850.00	\$1,016,850.00	-\$78,787.50	\$938,062.50
2005	\$1,815,000	\$154,275.00	\$1,969,275.00	-\$1,033,787.50	\$935,487.50
Totals	\$9,635,000	\$15,351,025.97	\$24,986,025.97		\$23,165,169.72

Net Effective Interest Rate	8.5000%
Bond Years to Maturity	180,975.0000
Average Life to Maturity	18.7831
Accrued Interest to Delivery Date	\$31,849.03

- \* - First Coupon Due on 1/ 1/1981  
\*\* - Accrued Interest to Delivery date has been subtracted from the coupon interest amount.  
\*\*\* - Reserve Fund has initial deposit of \$255,000 par value 8½% 5-15-05/00 USTBs; it will acquire an additional \$700,000 par value over 10 years after which its earnings will be used for Debt Service. (Note: The initial deposit is made from \$120,000 bond proceeds Reserve Fund from the City's 1978A Sewer Revenue Refunding Bonds and \$100,000 bond proceeds from the Proposed bonds.)