

Jack - see my notes in red - nothing very important!

LAMM & EDSTROM

A PROFESSIONAL CORPORATION

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April 8, 1987

Re: Mesa County, Colorado, Sewer
Revenue Refunding Bonds, Series
1987

To Persons on the Attached Distribution List:

Enclosed is a discussion draft of the Preliminary Official Statement for the above-captioned issue. Please read the document for factual accuracy and completeness and advise me of any errors that you note or any statements that you consider incomplete or misleading. Blanks which have been left in various sections indicate information which must be obtained from, or requires verification by, the appropriate County or City official or advisor. The sections of the document which describe the Bonds, the security therefor, and the disposition of Bond proceeds will be conformed to the provisions of the Bond Resolution and appurtenant documents upon receipt from Bond Counsel.

The preparation and distribution of the Preliminary Official Statement accomplishes several purposes: (1) serving as an information base for the bond insurance and/or rating agencies, (2) serving as the sales document used by the County in the public sale of the Bonds, and (3) ensuring that full disclosure of all material facts has been made to each Bond purchaser, thereby minimizing the potential liabilities of the County and its advisors under federal and Colorado securities laws. Certification of the information contained in the Official Statement will be required of County and City officials and advisors prior to closing on the Bonds. Therefore, I encourage you to comment on the document and to offer your suggestions for improvement so that it will be accurate and complete.

A drafting session for the document is tentatively scheduled for 11:00 a.m. on Tuesday, April 14, 1987, at the County Courthouse, and we look forward to receiving your comments and suggestions at that time. However, if you are unable to attend, please call me with your comments. If you have no comments, please so indicate with a telephone call to our office. In my absence please speak to our legal assistant, Molly Ganger.

Very truly yours,

Donald R. Bieber

DRB/ln
Enclosure

DISTRIBUTION LIST

Mesa County, Colorado
Sewer Revenue Refunding Bonds
Series 1987

Gordon Tiffany, County Administrator
Jack Morgan, Central Services Director
Earl Sawyer, County Clerk
Gena Harrison, County Treasurer
M. Lyle Dechant, County Attorney
Mesa County, Colorado
544 Rood Avenue
Grand Junction, Colorado 81501
Telephone No. (303) 244-1800

Mark Achen, City Manager
Allen Sartin, Finance Director
Greg Trainor, Utilities Manager
Larry Clever, Comptroller
Gerald Ashby, City Attorney
City of Grand Junction
250 N. 5th Street
Grand Junction, Colorado 81501
Telephone No. (303) 244-1511

Marc Harvey
Boettcher & Company, Inc.
828 17th Street
Denver, Colorado 80202
Telephone No. (303) 628-8000

Rex Ricks
Allen Ross & Company
Certified Public Accountants
200 Grand Avenue, Suite 100
Grand Junction, Colorado 81501
Telephone No. (303) 243-3180

Harvey Wallace
Tallmadge, Tallmadge, Wallace & Hahn, P.C.
717 17th Street
Energy Center One
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Denver, Colorado 80202
Telephone No. (303) 298-0221

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TELEPHONE (303) 825-1284
TELECOPIER (303) 825-2250

April 9, 1987

Re: Mesa County, Colorado, Sewer
Revenue Refunding Bonds, Series
1987

To Persons on the Attached Distribution List:

The draft of the Preliminary Official Statement for the above-captioned issue which was sent to you under cover dated April 8, 1987, inadvertently omitted page a-22. Such page is enclosed herewith for inclusion in the document.

Very truly yours,



Donald R. Bieber

DRB/lm

Enclosure

DISTRIBUTION LIST

Mesa County, Colorado
Sewer Revenue Refunding Bonds
Series 1987

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Telephone No. (303) 298-0221

The Bonds are subject to redemption prior to maturity as described in "THE BONDS - Prior Redemption".

For the period from the date of issuance to and including the "Crossover Date", the Bonds will be payable from and secured by an escrow account established from Bond proceeds with _____, _____, Colorado, as escrow agent. The escrow account, together with the interest earnings thereon, will at all times be at least sufficient to pay the principal of and interest on the Bonds when due up to and including the Crossover Date. From and after the Crossover Date, the Bonds will be payable solely from and secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the net revenues, after the payment of the costs of operation and maintenance, derived from the operation of the Grand Junction/Mesa County Joint Sewer System. The Bonds are not an indebtedness of the County or the City and are not payable in whole or in part from the proceeds of ad valorem taxes. See "SOURCE AND USE OF FUNDS", "SECURITY AND REMEDIES", and "THE JOINT SYSTEM".

Each prospective investor should read this entire Official Statement and consider carefully all of the information contained herein, giving particular attention to the section entitled "SPECIAL FACTORS".

The Bonds are offered when, as, and if issued by the County, subject to the approving legal opinion of Tallmadge, Tallmadge, Wallace & Hahn, P.C., Denver, Colorado, as bond counsel; the approval of certain legal matters by Lamm & Edstrom, P.C., Denver, Colorado, as special disclosure counsel; and certain other conditions. It is expected that the Bonds will be available for delivery in Denver, Colorado, on or about _____, 1987.

Financial Consultant
BOETTCHER & COMPANY, INC.

(RED HERRING)

THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT IS SUBJECT TO COMPLETION AND AMENDMENT WITHOUT NOTICE. The Bonds may not be sold, nor may an offer to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation, or sale is unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 1987

[to be provided by bond counsel]

NEW ISSUE

RATINGS: Moody's "____"
Standard & Poor's "____"
(See "RATINGS" herein)

\$7,295,000*
MESA COUNTY, COLORADO
SEWER REVENUE REFUNDING BONDS
SERIES 1987

Dated: _____, 1987

Due: May 1 and November 1, as
shown below

The Bonds are issued in fully registered form in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds, at the rates set forth below, is payable semiannually on May 1 and November 1 each year, commencing May 1, 1987. Principal of and premium, if any, on the Bonds are payable at the principal office of _____, in _____, Colorado, or its successor, as registrar and paying agent. Interest on the Bonds is payable by check or draft mailed by the paying agent to the registered owners of the Bonds.

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
May 1, 1996	\$245,000		
November 1, 1996	255,000		
May 1, 1997	260,000		
November 1, 1997	265,000		
May 1, 1998	275,000		
November 1, 1998	285,000		
May 1, 1999	290,000		
November 1, 1999	300,000		
May 1, 2000	310,000		
November 1, 2000	320,000		
May 1, 2001	365,000		
November 1, 2001	380,000		
May 1, 2002	385,000		
November 1, 2002	400,000		
May 1, 2003	405,000		
November 1, 2003	420,000		
May 1, 2004	430,000		
November 1, 2004	445,000		
May 1, 2005	620,000		
November 1, 2005	640,000		

*Subject to Change

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the County.

The information set forth in this Official Statement has been obtained from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information, and nothing contained herein is, or shall be relied upon as, a guarantee of the County. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

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REGIONAL MAP

INTRODUCTION AND SUMMARY

This Official Statement is furnished to prospective purchasers of \$7,295,000 Sewer Revenue Refunding Bonds, Series 1987, issued by Mesa County, Colorado (the "County"). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Accordingly, prospective purchasers should read this entire Official Statement before making an investment decision. Additional information concerning the County, the Bonds, and other aspects of this offering may be obtained from the sources set forth in "ADDITIONAL INFORMATION".

The following material is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other use of this "INTRODUCTION AND SUMMARY" without the entire Official Statement, including the cover page and the appendices, is unauthorized.

The Issuer

Mesa County, Colorado (the "County"), is a political subdivision of the State of Colorado located on the western slope of the Rocky Mountains approximately midway between Denver and Salt Lake City, with the Utah-Colorado state line as its western boundary. The County is the regional trade center and service center for the western slope. The major population center within the County is the City of Grand Junction (the "City"), which is the largest city in western Colorado and also the County seat. See "THE COUNTY" and "THE CITY".

The Bonds

The \$7,295,000 Sewer Revenue Refunding Bonds, Series 1987, dated _____, 1987 (the "Bonds" or the "Series 1987 Bonds"), are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof in conformance with the constitution and laws of the State of Colorado and pursuant to an authorizing bond resolution (the "Bond Resolution") adopted prior to the issuance of the Bonds by the Mesa County Board of Commissioners (the "Board"). The issuance of the Bonds also was approved by ordinance adopted by the Grand Junction City Council (the "City Council" or the "Council"). The Bonds mature, bear interest, and are subject to prior redemption as set forth on the cover page hereof and as more fully described in the section entitled "THE BONDS". A summary of certain provisions of the Bond Resolution is included herein as "APPENDIX C".

Security

The Bonds are special revenue obligations of the County. For the period from the date of issuance to and including November 1, 1995 (the "Crossover Date"), the Bonds will be payable from and secured by an escrow account (the "Escrow Account") established from Bond proceeds with _____, _____, Colorado, as escrow agent (the "Escrow Agent"), pursuant to an Escrow Agreement dated as of _____, 1987 (the "Escrow Agreement"). The Escrow Account, together with the interest earnings thereon, will at all times be at least sufficient to pay the principal of and interest on the Bonds when due up to and including the Crossover Date. From and after the Crossover Date, the Bonds will be payable solely from and secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the net revenues, after the payment of the costs of operation and maintenance (the "Pledged Revenue"), derived from the operation of the Grand Junction/Mesa County Joint Sewer System (the "Joint System"), which serves the metropolitan area of the central Grand Valley. The Bonds are not an indebtedness of the County or the City, and are not payable in whole or in part from the proceeds of ad valorem taxes. See "SOURCE AND USE OF FUNDS", "SECURITY AND REMEDIES", "THE JOINT SYSTEM", and "APPENDIX C".

The moneys remaining in the Escrow Account on the Crossover Date, after the payment of the required debt service on the Series 1987 Bonds, will be used to advance refund the County's Sewer Revenue Bonds, Series 1980A and 1980B (the "Series 1980 Bonds"), which are outstanding on such date. See "SOURCE AND USE OF FUNDS".

Financial Statements

Appended to this Official Statement are the audited financial statements of the Grand Junction/Mesa County Joint Sewer System Sewer Operations Fund as of and for the years ended December 31, 1985 and 1984, including the reports rendered thereon by Allen Ross & Company (formerly Fox & Company), Certified Public Accountants, Grand Junction, Colorado. Such financial statements represent the most current audited financial information available for the Sewer Fund. See also "JOINT SYSTEM FINANCIAL OPERATIONS - General".

Investment Considerations

Before making an investment decision, prospective investors should read this entire Official Statement and consider carefully all of the information contained herein giving particular attention to the section entitled "SPECIAL FACTORS".

SPECIAL FACTORS

The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement, and each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds.

[to be determined when the remainder of the document is completed]

SOURCE AND USE OF FUNDS

Upon issuance and delivery of the Series 1987 Bonds, the net Series 1987 Bond proceeds will be deposited in the Escrow Account, a special fund and separate trust account established pursuant to the Escrow Agreement entered into between the County and the Escrow Agent. The moneys deposited to the the Escrow Account will be used by the Escrow Agent, on behalf of the County, to fund the beginning cash balance in the Escrow Account and to acquire direct, non-callable obligations of the United States of America (the "Federal Securities"), which, together with the interest earnings thereon, will be at all times at least sufficient to pay (1) the principal of and interest on the Series 1987 Bonds when due from the date of issuance to and including the Crossover Date, and (2) the principal of, premium if any, and interest on the Series 1980 Bonds accruing from the Crossover Date until such Series 1980 Bonds mature or are called for prior redemption as provided in the schedule established in the Escrow Agreement. If at any time the funds on hand in the Escrow Account are insufficient to pay the amount of debt service then due, the County, upon notification by the Escrow Agent, is required to deposit to the Escrow Account, from the Pledged Revenue, such additional funds as may be required.

The accuracy of (i) the mathematical computations of the adequacy of cash and Federal Securities to be held in the Escrow Account, together with the interest to be earned thereon, to pay the principal of, premium if any, and interest on the Series 1987 Bonds and the Series 1980 Bonds as discussed above, and (ii) the computations supporting the conclusion of bond counsel that the Series 1987 Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, will be verified by

Certified Public Accountants, _____, Colorado.

The estimated source and application of funds with respect to this issue are as follows:

Source

Par amount of Bonds	<u>\$7,295,000</u>
---------------------	--------------------

Use

Deposit to Escrow Account	\$ _____
Bond issuance costs	_____
Total	<u>\$7,295,000</u>

THE BONDS

Description

The Bonds are sewer revenue bonds issued by the County in the total principal amount of \$7,295,000 and dated _____, 1987. The Bonds are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from date to maturity at specified rates payable semiannually on May 1 and November 1 each year, commencing on November 1, 1987, and maturing serially on May 1 and November 1, all as set forth on the cover page of this Official Statement.

For a complete statement of the details and conditions of the Bond issue, reference is made to the authorizing Bond Resolution, copies of which are available from the sources set forth in "ADDITIONAL INFORMATION".

Authorization

The Bonds are issued in full conformity with the constitution and laws of the State of Colorado and pursuant to the authorizing Bond Resolution adopted by the Board prior to the issuance of the Bonds. The issuance of the Bonds also was approved by ordinance adopted by the City Council. A summary of certain provisions of the Bond Resolution is included herein as "APPENDIX C".

Bond Registrar and Paying Agent

_____, Colorado, or its successor, will serve as the bond registrar and paying agent for the Bonds.

Payment of Principal and Interest; Record Date

The principal of and premium, if any, on the Bonds are payable to the registered owners of the Bonds at the principal office of the paying agent. Interest on the Bonds is payable by check or draft of the paying agent to the registered owners of the Bonds as of the close of business on the 15th day of the calendar month next preceding any interest payment date (the "Record Date") at the addresses appearing in the registration books maintained by the bond registrar.

Prior Redemption

Bonds maturing on and after _____, _____, are subject to redemption prior to maturity, at the option of the County, as a whole or in integral multiples of \$5,000, in inverse order of maturity, and if less than an entire maturity is to be

redeemed then by lot within such maturity, on _____, _____, and on any interest payment date thereafter, upon payment of par, accrued interest, and a premium of ___% of the principal amount so redeemed.

Notice of prior redemption shall be sent by first class mail (postage prepaid), not less than 30 days prior to the date fixed for redemption, to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the bond registrar.

Exchange or Transfer of Bonds

Bonds may be exchanged at the principal office of the bond registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. Bonds may be transferred by the registered owners thereof at the principal office of the bond registrar upon surrender and cancellation of the Bonds to be transferred. The bond registrar will charge the owner of such Bonds an amount sufficient to reimburse the bond registrar for its reasonable fees and for any tax or governmental charge with respect to such transfer. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity will be issued to the transferee.

Any Bond that is lost, stolen, destroyed, or mutilated may be replaced or paid by the bond registrar in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the bond registrar.

The bond registrar shall not be required to issue or transfer any Bonds during a period: (1) beginning on the Record Date and ending at the close of business on the ensuing interest payment date, or (2) beginning on any date of selection of Bonds to be redeemed and ending on the day on which the applicable notice of redemption is given. The bond registrar shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

Compliance with Federal and State Securities Laws

Registration or qualification of the offer and sale of the Bonds (as contrasted with registration of the ownership of the Bonds) is not required under either the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by §3(a)(2), or under the Colorado Securities Act of 1981, as amended, in reliance upon the exemption provided thereunder by §11-51-113(1)(a), C.R.S. The County assumes no responsibility for qualification or registration of the Bonds for

sale under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred.

Debt Service Schedule

Set forth in the following chart are the debt service requirements for the Bonds as provided by the Underwriter. See the cover page for the actual interest rates for each maturity of the Bonds.

Debt Service Schedule

<u>Year</u>	<u>Series 1987 Bonds</u>			<u>Debt Service on Series 1980 Bonds</u>	<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest¹</u>	<u>Total¹</u>		
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

¹Based upon the Financial Consultant's estimated interest rates.

SECURITY AND REMEDIES

Limited Obligations

Rate Maintenance Covenant

Additional Obligations

Events of Default and Remedies

Legal Matters

The Bond Resolution provides that after any of the Bonds are issued, the Resolution shall be and remain irrevocable until the Bonds and the interest accrued thereon shall have been fully paid, satisfied, and discharged.

Retail Sales

<u>Year</u>	<u>Clifton</u>	<u>% of the County</u>	<u>Collbran</u>	<u>% of the County</u>	<u>DeBeque</u>	<u>% of the County</u>
1982	\$15,688,693	1.45%	\$2,315,011	0.21%	\$1,046,000	0.10%
1983	20,014,937	1.97	2,184,606	0.22	1,154,195	0.11
1984	19,125,193	1.99	2,310,248	0.24	1,199,670	0.12
1985	18,613,612	2.04	1,876,133	0.21	925,133	0.10
1986	24,391,919	2.86	2,350,186	0.28	502,946	0.06

<u>Year</u>	<u>Fruita</u>	<u>% of the County</u>	<u>Gateway</u>	<u>% of the County</u>	<u>Grand Junction</u>	<u>% of the County</u>
1982	\$22,596,216	2.08%	\$155,779	0.01%	\$846,179,714	77.94%
1983	22,862,259	2.25	147,986	0.01	803,341,140	78.93
1984	26,075,505	2.71	98,985	0.01	743,361,493	77.21
1985	25,126,928	2.75	97,228	0.01	711,129,027	77.87
1986	20,407,138	2.40	107,365	0.01	657,700,475	77.21

<u>Year</u>	<u>Palisade</u>	<u>% of the County</u>	<u>Remainder of County</u>	<u>% of the County</u>	<u>County Total</u>	<u>% Change in the County</u>
1982	\$9,308,939	0.86%	\$188,302,071	17.35%	\$1,085,592,423	(5.00)%
1983	8,777,632	0.86	159,325,085	15.65	1,017,807,840	(6.24)
1984	8,769,240	0.91	161,846,097	16.81	962,786,431	(5.41)
1985	7,792,749	0.85	147,701,801	16.17	913,262,611	(5.14)
1986	7,452,411	0.87	138,921,172	16.31	851,833,612	(6.73)

Source: State of Colorado, Department of Revenue, Monthly, Quarterly, and Annual Reports, 1982-1986

Grand Junction traditionally has served as a regional trade center for the western slope of Colorado. This wide service area, and the resulting municipal-type demands on Grand Junction as the largest municipality within that area, have accounted for the City's dominance in the retail sales economic sector. Grand Junction averaged 77.8% of the total retail sales within the County over the past five years.

The Mesa Mall, located in Grand Junction, is the largest retail center in the County. The mall has 654,363 square feet of leasable space available, 634,363 square feet (97%) of which is leased at the present time. The four major tenants of the mall are J.C. Penney's, Target (discount store), Sears Roebuck and Company, and Mervyn's (discount store).

Various Colorado and federal laws, constitutional provisions, and regulations apply to the obligations created by the issuance of the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the County or the Joint System.

Limitations on Remedies Available to Owners of Bonds

In the event of a default in the payment of principal or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of Bonds, and the obligations incurred by the County in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of Colorado and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

THE JOINT SYSTEM

The Joint Sewerage Service Agreement

The Joint System is a cooperative effort of the City and the County to provide adequate sanitary sewer collection and treatment services within an area of the central Grand Valley encompassing the City and certain neighboring unincorporated areas.

In 1980, the City and the County entered into a "Joint Sewerage Service Agreement" (the "Agreement") which provides for the basic organization, management, and operation of the Joint System. The Agreement provides for the construction and financing by the County of the new Persigo Wash Wastewater Treatment Plant, an interim treatment facility, and six sewer interceptors, which, with the exception of one of the interceptors, have been completed; the connection of the new facilities with the City's existing wastewater collection system; and the abandonment of the City's former treatment plant. The Agreement further provides generally for the management and operation of the combined facilities by the City Utilities Department as a single system for the purpose of collection and treatment; the imposition of rates, fees, tolls, and charges; and the designation of facility capacities to serve specific drainage basins. The City system and the new facilities are considered separate for the purpose of establishing zoning, subdivision, and building permit criteria before connection permits are available to users, and for collection line extensions within drainage areas, but construction which is part of any connection to the Joint System must be approved by the City Utilities Department. Additional matters covered by the Agreement include budget and rate setting procedures and financing of future capital improvements.

The Agreement also provides for the ownership of the Joint System. The City owns the Paradise Hills and Independence Avenue interceptors and all lines and facilities it formerly owned. The County owns the Persigo Wash Wastewater Treatment Plant and all lines and facilities within the Joint System which are not owned by the City or special districts which contract for service from the Joint System. However, ownership of facilities is subject to change in certain situations, such as upon annexation.

The Agreement has no stated expiration. Termination of the Agreement, if ever, will be accomplished by way of a termination agreement.

Management and Operation

The Agreement provides that management and operation of the Joint System is the responsibility of the City through its Utilities Department. The Utilities Department is under the supervision of the Utilities Manager, who pursuant to the Agreement has complete authority to manage, operate, bill fees and charges for the entire Joint System, and do whatever is necessary and proper to administer the Joint System, except that the exercise of the powers of eminent domain, rate setting, and construction of new facilities or expansion of the Joint System are reserved to the governing bodies of the City and/or the County. The City has full responsibility both for discharge permit and EPA grant compliance.

The Utilities Department is currently staffed by 27 employees. A wastewater facilities supervisor and two utility systems foremen manage the staff responsible for operation and maintenance of the Joint System. The wastewater treatment plant requires 21 operating staff personnel under the established management and supervisory structure. Six laborers are employed by the Utility Department to operate and maintain the collection system. All Utilities Department personnel have the appropriate levels of certification as required by the State Plant Operators Certification Board.

[Resume of Greg Trainor being provided
by City Utilities Department]

Service Area

The service area of the Joint System encompasses the Grand Junction/Mesa County 201 Planning Area (the "201 Planning Area") as designated by the U.S. Environmental Protection Agency (the "EPA") and the Colorado Department of Health (the "Department of Health") pursuant to Section 201 of Public Law 92-500, the Federal Water Pollution Control Act, as amended (the "Act"). The 201 Planning Area encompasses generally the metropolitan area of the Grand Valley in the central portion of the County, including the City, Central Grand Valley Sanitation District, Fruitvale Water and Sanitation District, Grand Junction West Water and Sanitation District, Orchard Mesa Sanitation District, Railhead Water and Sanitation District, Ridges Metropolitan District, Valley West Sanitation District, and certain unincorporated areas north and northwest of the City, for a total land area of approximately 47,000 acres. The City provides wastewater collection and treatment services to these districts, which are referred to herein as the "Connecting Districts", pursuant to service agreements as hereafter described in "Service Agreements". Clifton Sanitation Districts No. 1 and 2, which were part of the original 201 Planning Area and operate their own wastewater

treatment facility, ultimately chose not to be part of the Joint System service area.

The purpose of the Act is to afford protection for specific environmental values, such as water quality, while allowing for the application of grant moneys provided by the EPA to sewage treatment facilities which serve existing and projected populations in a cost effective manner. The planning area was designated because the wastewater treatment system formerly serving the region was operating at capacity, which resulted in numerous violations of the requirements of its discharge permit, and because the City's treatment plant would no longer meet the standards of the Act. The current system, which includes the new treatment plant and several new interceptor sewers, was constructed with the aid of a 75% EPA funding grant. The local share of the cost of such improvements was financed through the issuance by the County of the Series 1980 Bonds. See "Capital Improvements" hereafter and "SOURCE AND USE OF FUNDS".

Although it does not establish a deadline for compliance, one condition of the EPA grant is that all wastewater generators in the 201 Planning Area eventually be served by the Joint System. According to the City Utilities Department, the Joint System currently serves approximately 17,840 customers and treats approximately 92% of the wastewater generated within the 201 Planning Area, with the balance being treated by individual septic systems. There are no other commercial treatment facilities operated in the 201 Planning Area, nor will the Department of Health permit any such additional treatment facilities to be built.

Many of the existing septic systems in the 201 Planning Area are relatively old and are beginning to fail, and the Department of Health will not renew permits for individual septic systems if the residence is within 400 feet of an existing sewer line. Accordingly, the City and the County are endeavoring to extend sewer lines to such areas in order to enable septic systems users to connect to the Joint System. In addition, substantially developed areas located within the 201 Planning Area are encouraged by the City and the County to form improvement districts for the purpose of extending sewer lines, thus enabling residents to be connected to the Joint System. See "Line Extension Policies" hereafter.

The boundaries of the 201 Planning Area may be changed upon resolution of the City and the County. Because the size of the 201 Planning Area was determined on the basis of the service area capability of the plant, enlargement of the Planning Area could critically impact the facility. The effect of boundary changes on the facility must be thoroughly addressed by the City and the County if a boundary change is proposed. Because of the geological characteristics of the area, the 201 Planning Area

boundaries encompass almost all land which is available for development. However, some boundary changes have occurred or been proposed. These generally have involved substitutions of land by including land which was not originally part of the 201 Planning Area, while excluding a parcel of approximately equal size.

Wastewater Collection

The Joint System's wastewater collection facilities consist of approximately 256 miles of 4" to 60" diameter sewer lines. Approximately 59 miles of additional sewer lines are owned by the Connecting Districts. Although primarily a gravity flow system, 22 lift stations are utilized to provide service to certain low lying areas.

The majority of the lines within the Service Area are not pressurized, and seepage around joints causes an inflow and infiltration problem which is currently the subject of a study being conducted by the Utilities Department with the assistance of ARIX, P.C., Grand Junction, Colorado, the City's consulting engineers. See "Wastewater Treatment" below. Since 1980, the City has replaced approximately 110 feet of lines in order to correct infiltration problems, and plans to replace more of its oldest lines as part of its ongoing maintenance program. The City also encourages the Connecting Districts which operate their own collection systems to upgrade their lines.

The collection system is maintained by a three part program which includes special repairs of lines requiring constant maintenance, maintenance of lift stations, and preventative maintenance of collection lines. As part of its preventative maintenance program, the City utilizes television cameras and high intensity lamps to inspect the collection lines and cleans and repairs such lines as necessary. The entire collection system, including those lines of the Connecting Districts which are maintained by the City, is inspected and cleaned every six years. The City does not consider this sufficient and is endeavoring to obtain funds for additional staff and equipment in 1988.

According to the City's Utilities Manager, the sewer lines are generally well maintained and in good condition.

Wastewater Treatment

Wastewater collected by the Joint System is treated at the Persigo Wash Wastewater Treatment Plant located west of the City. The plant, which became operational in February, 1984, has a capacity of 12.5 million gallons per day ("MGD") and has been designed to serve the current and projected future population in the 201 Planning Area. The current average daily wastewater flow into the plant is estimated to be 5.9 million gallons for all residential and commercial customers. In 1985, the maximum daily

flow was 11.19 million gallons and the minimum daily flow was 4.54 million gallons.

The plant utilizes an activated sludge treatment process of biological treatment and is capable of producing an effluent which complies with Department of Health requirements. Effluent from the plant is discharged into the Colorado River pursuant to a discharge permit required under the provisions of the Federal Clean Water Act and the Colorado Water Quality Control Act. This permit, which is issued by the Department of Health, sets limits on the amount of pollutants which may be discharged into the river. The Department of Health reports that the plant currently is in compliance with the requirements of its discharge permit, which expires September 3, 1988, and that there have been no significant violations or any enforcement actions taken since the completion of the plant.

The plant currently is operating at only 47% of hydraulic capacity and 46% of organic capacity. Due to the inherent inefficiency of operating the plant at this level, the City has taken steps to reduce costs by decreasing the plant's operating staff and downgrading electrical operations by the utilization of smaller pump motors, resulting in substantial utility cost savings.

The capacity of the plant is projected by the City Utilities Department to be sufficient to meet current growth estimates in the 201 Planning Area at least through the year 2000. The plant has been designed to be expanded to 25 MGD if and when additional capacity is required.

Discharge into the collection lines is limited by the Agreement which stipulates that no storm or ground water, or any waste oil, acid, or other matter which may be detrimental to the treatment process employed by the wastewater treatment plant, may be discharged into the collection system. Compliance by individual users with such provisions of the Agreement is assured by a Department of Health approved industrial pretreatment program which regulates the discharge of industrial pollutants. Parameters restricting certain chemicals have been established on the basis of the treatment plant's ability to accept and adequately treat such pollutants. This program requires the effluent of industrial issuers to be tested periodically to assure compliance and prohibits industrial users from discharging wastewater into the Joint System without a valid permit. Industrial users affected by this program include:

[being provided by City Utilities Department]

The service agreements with the Connecting Districts require such districts to also abide by the rules and regulations of the Joint System applicable to discharge into the collection system.

Currently, the storm system within the service area is interconnected to the Joint System. Thus, storm water runoff flows from sewers into the wastewater collection lines. In addition, the majority of the collection lines are not pressurized, which allows for infiltration at their joints, particularly during summer months when a substantial amount of irrigation occurs in the service area. Inflow and infiltration and storm water runoff adversely affect the operation of the treatment plant, which was designed to treat wastewater containing a minimum concentration of solids. Storm water may dilute the wastewater upsetting the balance of plant operations, and requiring storage of wastewater, in equalization basins. In addition, inflow and infiltration and interconnection of the storm and wastewater collection systems increase the total volume of water treated by the plant, thus raising operation costs.

Another problem associated with inflow and infiltration is the salinity of the plant's effluent. The treatment plant was listed by the Department of Health as a contributor of salinity to the Colorado River. The Department of Health has required the owners and operators of the plant to respond to this listing by developing a program to address the problem. Officials of the City Utilities Department attribute salinity in the plant's effluent to inflow and infiltration of saline-rich ground water. If they successfully prove that wastewater is not a principal source of saline, the Department of Health may de-list the plant.

An inflow and infiltration study currently is being performed by the City Utilities Department with the assistance of its consulting engineers in order to identify major sources of this problem in order to effectuate the separation of the two systems. Monitors have been placed on all major interceptors and certain minor lines which are suspected of permitting a high degree of infiltration. These monitors collect monthly data which will be quantified to determine the amount of inflow and infiltration for which the various Connecting Districts and the City are responsible. In addition, inflow and infiltration will be tested to ascertain saline content for use by the Utilities Department in its efforts to remove the plant from the Department of Health's list of major contributors of salinity to the Colorado River.

Capital Improvements Plan

The City maintains a capital improvements plan for the Joint System which addresses the current year and four succeeding years, and is updated annually.

The major capital improvements to the Joint System since 1980 have consisted of the construction of the Persigo Wash Wastewater Treatment Plant, the interim treatment facility, which has now been integrated into the Persigo Wash Wastewater Treatment Plant and will be used for flow equalization during peak flow periods, and five major sewer interceptors. Construction of these improvements was funded by a grant from the EPA for 75% of the construction cost, with the 25% local share being financed from the proceeds of Series 1980 Bonds.

One additional interceptor was authorized by the Agreement; however, due to lack of development, this line, known as the Scenic School Interceptor, is not yet needed. The Scenic School Interceptor was scheduled to be designed in 1987 with construction to begin in 1988, but the City and the County are currently evaluating the need for additional interceptor capacity, and the project is expected to be postponed. The funds for this project were derived from the proceeds of the Series 1980 Bonds and currently are being reserved in the Grand Junction/Mesa County Joint Sewer System Sewer Operations Fund (the "Sewer Fund") for the eventual construction of the project.

Ongoing capital improvements primarily consist of minor line extensions and the construction of a lift station and a force main to provide service to developing areas and replacement of lines to correct infiltration problems or to increase their size. The largest project currently underway is the construction of the Fifteenth Street interceptor. This project will permit increased sewage flows through the City, transporting wastewater from developing areas northeast of the City to the River Road interceptor, which collects and carries wastewater from all interceptors in the Joint System to the treatment plant. These improvements are being financed from moneys on deposit in the Sewer Fund.

Due to the lack of significant growth in the 201 Planning Area, additional major capital improvements other than those described above are not expected to be required for the Joint System in the foreseeable future.

Line Extension Policies

The City and the County encourage the extension of the Joint System and are working together to target areas for expansion. The City and County will create special assessment districts and issue special assessment bonds therefor to facilitate the extension of the collection system to substantially developed areas within the service area which currently rely on septic systems.

Developers must meet the cost of sewer improvements and pumps for raw land outside the City boundaries. Developers are

required to oversize lines and to bear the front end costs, subject to reimbursement of the initial outlay for oversizing from plant investment fees attributable to new connections to the line.

Department of Health regulations also will contribute to expansion of the customer base of the Joint System. As discussed above in "Service Area", the Department of Health will not renew permits for individual septic systems in the 201 Planning Area if the residence is within 400 feet of a sewer line. It is the responsibility of the property owner to extend sewer mains across their property and pay for such extensions of up to 8" in diameter. The City and the County will participate in the cost of construction of mains exceeding 8" in some cases.

Service Agreements

The City has entered into service agreements with seven special districts within the 201 Planning Area, each of which is a separate quasi-municipal corporation organized under the laws of the State of Colorado with the power to provide sanitary sewer service. Pursuant to such agreements, the City treats the wastewater generated by the customers of such districts, and in some cases maintains the district's collection lines. The agreements contain various provisions concerning the services to be rendered by the City, fees and charges, provisions for increasing charges, and the terms of the respective agreements. Each of the districts has agreed, either in the original agreement or in a supplemental agreement, to adopt those rates for treatment which are established for service within the City, and to extend the terms of the agreements to the longer of the original stated term or 30 years. See also "JOINT SYSTEM FINANCIAL INFORMATION - Joint System Rate Structure".

[information in the following paragraphs is
being compiled by the City Utilities Department]

Central Grand Valley Sanitation District - Central Grand Valley Sanitation District encompasses an area of approximately _____ acres located southeast of the City. A portion of the district overlaps the City. The district contracts with the City both for wastewater treatment and for the operation and maintenance of a portion of the district's collection lines. As of _____, 198_, the district was serving approximately _____ equivalent residential units ("EQUs"), or an estimated _____ people.

Fruitvale Water and Sanitation District - Fruitvale Water and Sanitation District encompasses approximately two square miles located east of the City. A portion of the district overlaps the City. The district contracts with the City for wastewater treatment only. As of _____, 198_, the district

was serving approximately _____ EQUs, or an estimated _____ people.

Grand Junction West Water and Sanitation District - Grand Junction West Water and Sanitation District encompasses approximately _____ acres located _____ of the City. The district contracts with the City both for wastewater treatment and operation and maintenance of the district's collection lines. As of _____, 198_, the district was serving approximately _____ EQUs, or an estimated _____ people.

Orchard Mesa Sanitation District - Orchard Mesa Sanitation District encompasses approximately 4.5 square miles located south of the City. The district contracts with the City only for wastewater treatment. As of _____, 198_, the district was serving approximately _____ EQUs, or an estimated _____ people.

Railhead Water and Sanitation District - Railhead Water and Sanitation District encompasses approximately _____ acres located _____. The district contracts with the City both for wastewater treatment and operation and maintenance of the district's collection lines. The district currently is undeveloped and has no collection lines in place.

Ridges Metropolitan District - Ridges Metropolitan District encompasses approximately 945 acres located west of the City. The district contracts with the City both for wastewater treatment and operation and maintenance of the district's collection lines. As of _____, 198_, the district was serving approximately _____ EQUs, or an estimated _____ people.

Valley West Sanitation District - Valley West Sanitation District encompasses approximately _____ acres located _____ of the City. The district contracts with the City both for wastewater treatment and operation and maintenance of the district's collection lines. As of _____, 198_, the district was serving approximately _____ EQUs, or an estimated _____ people.

Legal Matters Related to the Joint System

The City and County are subject to extensive federal and state regulation with respect to sewage collection and treatment operations. While the parties intend to comply with all valid laws and regulations affecting such operations, there can be no assurance that actions of and standards imposed by federal or state authorities will not result in increases in the costs of operations, impairment of the ability to serve present or future customers, or both.

JOINT SYSTEM FINANCIAL INFORMATION

General

The Joint System is operated as a self supporting enterprise through the Sewer Fund maintained by the City pursuant to the Agreement. This fund is used to account for administration, operations, maintenance, debt service, and billings and collections, and is not subsidized by other City or County funds. A separate audit of the fund is performed annually. Included herein as "APPENDIX A" and "APPENDIX B" are the audited financial statements of the fund as of and for the years ended December 31, 1985 and 1984, respectively. Information included herein for 1986 has been prepared by the City's Finance Department and is unaudited. See "History of Financial Activity of the Sewer Fund" hereafter. The audit of the fund as of and for the year ended December 31, 1986, currently is being performed and is expected to be available for inclusion in the final Official Statement.

Customer Information

Based on figures compiled as of December 31, 1986, the Joint System serves approximately 24,699 EQUs, of which approximately 72% are residential and 28% are commercial.

Set forth in the following chart is a history of the total number of Joint System users, and the annual percentage increase in users, based on information provided by the City's Finance Department.

Joint System User History

<u>Year</u>	<u>Number of Users</u>	<u>Percent Increase</u>	<u>EQUs</u>	<u>Percent Increase</u>
1982	16,121	--		
1983	16,929	5.01%	[being provided by City	
1984	17,650	4.26	Utilities Department]	
1985	17,799	.84		
1986	17,840	.23		

Source: City of Grand Junction Finance Department

The following chart lists the ten largest customers of the Joint System based upon 1986 billings to each of the individual customers set forth in the chart. Percentages were computed based on total Joint System revenues of \$2,256,890 collected during 1986.

Ten Largest Joint System Customers - 1986

<u>Customer</u>	<u>Total Revenue</u>	<u>Percent of Total System Revenue</u>
Colorado West Dairies		
FabriCenter		
Grand Valley By-Products		
Mesa Beverage		
State Home and Training Center	[being provided by City	
Stetner Corporation	Utilities Department]	
UNC Technical Services		
Electronics		
Veteran's Administration Hospital		
Saint Mary's Hospital		
	_____	_____
Total	\$ _____	_____ %

Source: City of Grand Junction Utilities Department

No independent investigation has been made of, and consequently there can be no representation as to, the financial condition of the customers listed above, the likelihood that such customers will remain in the service area, or their continued usage.

Joint System Rate Structure

Pursuant to the Agreement, Joint System rates are set by the City Utilities Department, subject to adoption by the Board and affirmation by the City Council. The Agreement requires that such rates shall be sufficient to meet the total costs of operating and maintaining the Joint System, to pay the principal of and interest on bonds issued by the County to finance improvements to the Joint System, and to meet all other requirements of the resolutions authorizing such bonds. The EPA requires that all users of the Joint System be billed at the same rate. Because some of the Connecting Districts contract for only one of the two types of service available, separate rates have been computed to reflect the actual cost of providing either collection or treatment services. For billing purposes, the portion of the Joint System which provides interceptor and treatment plant service is referred to as the "Backbone System" and that portion of the Joint System that provides for the local collection of sewage from individual homes and businesses is referred to as the "Collection System".

Rate Study - The resolution authorizing the issuance of the Series 1980 Bonds requires that a rate study be performed by

an independent professional engineer at least once every five years until such bonds are paid in order to insure compliance with the requirements of such resolution. In 1985, a rate study (the "Rate Study") was performed for the Joint System by the City's consulting engineers, ARIX, P.C., Grand Junction, Colorado. The Rate Study recommended an increase in monthly rates from \$7.45 per EQU to \$9.00 per EQU, with incremental increases of 5% per year for the Backbone System and 2.5% per year for the Collection System. On February 4, 1987, the City adopted a resolution increasing the monthly rate to \$9.40 per EQU. This rate is expected to maintain the fund balance in the Sewer Fund at a higher level, thus postponing the need to further raise user rates.

In addition to rate increases, the Rate Study recommended that a consumptive based billing system be adopted and implemented in place of the current flat rate system, particularly for commercial customers. This program is expected to be more equitable than the flat rate system, which was estimated to have overcharged 68% of commercial customers. The City has begun to institute this change, which requires metering of affected users' water use. The City already utilizes water meters, and it has arranged to obtain meter readings for specified customers from the Ute Water Conservancy District, which supplies water to customers outside of the City. Currently, only commercial/industrial users will be affected by consumptive billing; however, the program may eventually be expanded to include residential customers as well.

User Fees - Sanitary sewer user charges currently are assessed on a flat rate basis. The billing structure uses an average single family unit, or its equivalent, as the common denominator ("EQU"). Each customer is assigned a total EQU value which is multiplied by the established rate to determine the charge. The rate per EQU represents the approximate monthly cost per average residence for operation and maintenance of the Joint System, and for retiring the debt of the Joint System.

The existing schedule of service charges was approved by the by the City Council on February 4, 1987, and by the Board on February 24, 1987. Effective March 1, 1987, all sanitary sewer users are assessed \$9.40 per month per EQU, reflecting an increase in sanitary sewer service charges of 26.17% over 1986 rates. Connecting District customers are charged \$7.35 per month per EQU if only treatment services are provided by the Joint System and \$9.40 per month per EQU if both collection and treatment services are provided.

The following chart sets forth the user fees charged to property owners in the Connecting Districts. These rates became effective February 1, 1987.

Monthly User Fees Charged to Property
Owners in the Connecting Districts

	<u>Joint System Charge per EQU</u>	<u>District Charge per EQU</u>	<u>Total Charge per EQU</u>
Railhead Water and Sanitation District ¹	\$9.40	--	\$ 9.40
Ridges Metropolitan District	9.40	\$2.10	11.50
Fruitvale Water and Sanitation District	7.35	0	7.35
Grand Junction West Sewer District	9.40	20.00	29.40
Valley West Water and Sewer District	9.40	35.57	44.97
Orchard Mesa Sanitation District	7.35 ²	3.80	11.15
Central Grand Valley Sewer District	8.87 ²	3.77	12.64

¹ Railhead Water and Sanitation District currently is undeveloped and is not receiving any services from the Joint System. When development occurs, the Joint System will provide both wastewater treatment and collection services to the district.

² Central Grand Valley Sewer District contracts for only partial maintenance from the Joint System, while performing some maintenance itself. Accordingly, property owners in such district are charged a reduced rate per EQU for collection and treatment services provided by the Joint System.

Plant Investment Fees - A plant investment fee is assessed to recover the capital cost of the wastewater treatment plant and the sewer interceptors. The City exercises the power to approve, condition, or deny any new sewer connection within the service area. This power is exercised by requiring "sewer clearance", including the payment of a plant investment fee, by the City Utilities Department prior to the issuance of any building permit required by the City or County, or simply by payment of plant investment fees prior to conversion from septic systems. The current plant investment fee for the Joint System is \$750 per EQU. In addition to the plant investment fees imposed for the Joint System, the following Connecting Districts also impose a plant investment fee which is collected by the City and remitted to the respective district:

[being provided by City Utilities Department]

[to be verified by City Utilities Department]

History of Plant Investment Fees

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Taps Issued					
Number	808	721	149	52	41
EQUs	2,145.10	1,299.07	457.20	201.11	154.24
Amount	\$1,608,828	\$974,305	\$342,899	\$150,834	\$115,677

Billing and Collection Procedure

The City bills charges for sewer service on a monthly basis. If the bill is not paid when due, service may be discontinued by the City without further notice by shutting off the water supply to that property. If sewer service is disconnected in this manner, reconnection can be made only upon payment of all delinquencies and a reconnection charge. The city clerk may certify the charge to the county treasurer to be placed on the tax list for the current year. A sum equal to 10% of the amount outstanding will be added to the bill to defray the cost of collection. All laws of the State of Colorado for the assessment and collection of general taxes, including the laws for the sale of property for taxes and redemption of the same, shall apply.

The agreements with the Connecting Districts provide for service on a wholesale basis. The obligation to pay for treatment service is the obligation of the district; however, the City bills every sewer customer directly at rates varying according to the particular district depending upon responsibility for maintenance, collection system installation and rehabilitation, and other factors. The City retains from customer payments the amount due from the respective districts and remits the balance to such districts. It is the responsibility of each district to collect delinquent accounts from their customers.

According to the City's Finance Department, _____
normally results in payment of delinquent charges resulting in
collections of sanitary sewer charges in excess of _____%.

Summary of Sewer Fund Budget

Pursuant to the Agreement, the Sewer Fund budget is set prior to the first day of October of each year by the City Utilities Department. The manager of the Utilities Department is required to submit the budget for the following year to the Board and the City Council. The budget requires adoption by the Board and affirmation by the City Council.

The following chart contains a summary of combined revenues, expenditures, and changes in fund balances of the Sewer Fund as adopted in the Systems 1985, 1986, an 1987 budgets.

Budget Summary and Comparison

	<u>1985¹</u>	<u>1986¹</u>	<u>1987</u>
Revenues:			
Charges for service	\$2,397,508	\$2,245,000	\$2,687,000
Sewer tap fees	300,000	105,000	100,000
Federal grants	168,570	--	--
Interest income	250,000	250,000	250,000
Total revenues	<u>3,116,078</u>	<u>2,600,000</u>	<u>3,037,000</u>
Expenditures:			
Personal services	879,183	844,890	892,749
Operating expenditures	157,415	142,580	150,522
Other charges	829,397	791,027	811,012
Contract fees	81,168	52,545	53,157
Debt retirement	868,670	868,014	861,564
Special projects	17,004	--	50
Capital operating	--	5,450	6,080
Capital outlay	837,525	515,175	595,525
Transfers out	16,446	68,000	--
Total expenditures	<u>3,686,808</u>	<u>3,287,681</u>	<u>3,370,659</u>
Increase (decrease) in fund equity	(570,730)	(687,681)	(333,659)
Funds Available for Operation and Maintenance Reserve	--	500,000	500,000
Beginning Fund Balance		<u>3,309,434</u>	<u>2,267,673</u>
Ending Fund Balance	<u>\$</u>	<u>\$3,121,753</u>	<u>\$2,434,014</u>

¹The chart presents all budgets as they were originally adopted. The 1985 and 1986 budgets were subsequently amended in accordance with applicable state statutes to reflect budget adjustments necessitated by the actual results of operations during the year.

Sources: City of Grand Junction, Finance Department; Joint Sewer System Audited Financial Statements, 1985

Summary of Material Trends in the Sewer Fund

[to be provided]

History of Financial Activity of the Sewer Fund

The following schedule provides the financial history of the Sewer Fund for the years 1981 to 1986. The figures in the schedule have been derived from the annual audits for the Joint System for each of the years 1981 through 1985, and from information provided by the City Finance Department.

Figures set forth in the following schedule are not presented in accordance with generally accepted accounting principles and should be read together with the audited financial statements and accompanying notes of the Joint System appearing in "APPENDIX A" and "APPENDIX B". Preceding years' financial statements may be obtained from the sources noted in "ADDITIONAL INFORMATION".

Changes of auditing procedures have resulted in the recategorization of some items. In 1984, the expenditure categories entitled "Operating expenditures" and "Other charges" were added. "Operating expenditures" includes most of the items formerly included in the "Supplies" and "Repairs and maintenance" categories. The majority of items formerly categorized as "Utilities" are now included as "Other charges".

[to be completed by City Finance Department]
Summary of Revenues, Expenditures, and Changes in Fund Equity

	Years Ended December 31					1986 (Un-audited)
	1981	1982 ¹	1983	1984	1985	
<u>Revenues</u>						
Charges for service	\$1,337,174	\$ 1,768,228	\$ 2,068,224	\$2,252,538	\$2,312,962	
Sewer tap fees	1,179,326	1,155,678	668,061	257,983	140,334	
Federal grants	3,200,487	7,647,587	5,103,198	117,003	--	
Colorado grant	438,755	1,425,000	--	75,000	--	
Miscellaneous	16,892	2,453	8,227	7,226	1,500	
Interest income	747,434	1,184,843	715,208	480,451	413,709	
Subsidy from other governmental agencies	--	--	--	--	144,813	
Total revenues	<u>6,920,068</u>	<u>13,183,789</u>	<u>8,562,918</u>	<u>3,190,200</u>	<u>3,013,818</u>	
<u>Expenditures</u>						
Personal services	339,891	433,483	580,368	805,179	820,986	
Contractual services	343,673	126,324	256,208	64,381	122,175	
Interfund charges for service	--	--	199,004	--	--	
Debt retirement and interest expense	768,880	825,671	839,011	833,082	827,656	
Capital outlay	5,326,491	10,793,244	9,403,661	871,514	231,786	
Operating expenditures	--	--	--	268,540	148,498	
Other charges	--	--	--	784,298	866,553	
Supplies	54,880	53,927	73,623	--	--	
Repairs & maintenance	125,909	42,591	78,234	--	--	
Utilities	86,040	132,671	139,529	--	--	
Special projects	--	--	--	--	14,718	
Subsidy to other governmental entities	--	--	--	157,602	17,901	
Transfers out	--	170,843	--	--	--	
Total expenditures	<u>7,045,764</u>	<u>12,578,204</u>	<u>11,569,638</u>	<u>3,784,596</u>	<u>3,050,273</u>	
Increase (decrease) in fund equity	<u>(125,696)</u>	<u>605,585</u>	<u>(3,006,720)</u>	<u>(594,396)</u>	<u>(36,455)</u>	
Retained earnings - January 1						
Retained earnings - December 31	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
Debt Service Coverage	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>	

¹In 1982, actual expenditures exceeded the budgeted amount, which may be a violation of state statutes.

Sources: Joint Sewer System Audited Annual Financial Statements, 1981-1985, Additional Information, and City Finance Department

Projection of Pledged Revenues

[inclusion of this section to be determined]

THE COUNTY

Introduction

Mesa County is located approximately midway between Salt Lake City and Denver, with the Utah-Colorado state line as its western boundary. The major portion of the County's population resides within the Grand Valley, which was formed at the confluence of the Colorado and Gunnison Rivers. The County encompasses approximately 3,303 square miles, of which approximately 72% is publicly owned and is controlled primarily by the U.S. Forest Service and the Bureau of Land Management. The County's current population is approximately 83,000. Population centers in the County which have incorporated as cities or towns include Grand Junction, (which is the County seat and the largest city in western Colorado), Fruita, Palisade, Collbran, Clifton, Gateway, and DeBeque.

County Powers and Functions

The County is a quasi-municipal corporation and political subdivision of the State of Colorado for general governmental purposes. The rights, powers, privileges, authority, functions, and duties of the County are established by the constitution and laws of the State of Colorado, particularly Title 30, Article 11, C.R.S., which provides that the County has the powers, among others: to sue and be sued; to purchase and hold, lease as lessor or lessee, or sell, convey, or exchange real or personal property; to make contracts; to establish street lighting districts upon proper request; to develop, maintain and operate mass transportation systems either individually or jointly with other governmental units; and to do all other acts necessary to the exercise of its corporate or administrative powers or as may be especially conferred by law. Significant obligations imposed on the County by state law include, but are not limited to, provision for a suitable courthouse, a sufficient jail, and other necessary County buildings; and to keep such facilities in repair. Any county may establish the organization and structure of county government pursuant to a county home charter, if approved by a majority vote of the registered electors of the county.

Governing Board

The County is governed by a three member Board of County Commissioners which exercises the powers granted to the County. The County is divided into three districts of relatively equal population as required by statute. Commissioners are elected from each district by the voters of the entire County to serve staggered four year terms.

The Board is required by law to hold meetings at least one business day of each month and at such other times as, in the opinion of the Board, the public interest may require. Currently, the Board holds scheduled weekly meetings. The commissioners each presently receive the statutory maximum annual salary of \$33,120.

The present commissioners, their positions on the Board, principal occupations, years of service, and terms of office are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>	<u>Years of Service</u>	<u>Term Expires</u>
Robert W. Holmes	Chairman	Retired Pharmacist	2	1/89
Richard C. Pond	Commissioner	Retired Restaurant Owner/Operator	4	1/91
B. Maxine Albers	Commissioner	Executive Secretary	12	1/89

Administration and Management

While the Board exercises the legislative powers of the County, other County officials oversee the daily operations of the County. The following paragraphs summarize the background and experience of selected County administrative personnel.

County Administrator - Gordon D. Tiffany became the County administrator in July of 1983. Mr. Tiffany received a bachelors degree in political science from the University of Houston, Texas, and a masters degree in public administration from the University of Puget Sound, Tacoma, Washington. Mr. Tiffany's prior experience includes positions as city manager for the cities of Delray Beach and Clermont, Florida, and as assistant city manager for the city of Daytona Beach, Florida. He also held a position as administrative assistant for the Village of Glencoe, Illinois.

Central Services Director - Jack Morgan has served as Central Services Director for the County since January, 1986, prior to which he served as finance director from July, 1986, to January, 1986. Mr. Morgan is a graduate of Lake College of Commerce, Waukegan, Illinois, and the American Savings & Loan Institute, Chicago, Illinois. He also completed selected courses at the Walton School of Commerce, Chicago, Illinois. He has held several finance and accounting related positions since 1951. His most recent positions prior to becoming the County's Finance Director include vice president-treasurer for a savings and loan association in Pocatello, Idaho, vice president and chief financial officer of Mesa Federal Savings & Loan Association in Grand Junction, and founder of a property management corporation.

County Employees and Benefits - The County had 525 full time and 37 part time staff positions as of December 31, 1986

(including social services personnel). None of the County's employees belong to unions. County employees have an organized Mesa County Employee's Association of which approximately 50% of County employees are members. The personnel department estimates the average age of County employees to be 42 years and the average length of employee service to the County to be 7 years. According to the County administrator, the relationship between the County and its employees is considered to be good.

Full time employees hired prior to May 1, 1986, earn 15 days vacation leave per year, following a six-month probationary period. After 15 years of continuous service, employees earn 18 days per year. Full time employees hired May 1, 1986, or later accumulate vacation days at the rate of 10 days per year up through 4 years of service. Between 5 and 15 years of employment with the County, workers receive 15 days vacation per year, and after 15 years they receive 18 days. Full time employees accumulate sick leave at a rate of 10 hours per month to a maximum accumulation of 120 days. Part time employees receive one-half the vacation and sick leave benefits of full-time employees. As of December 31, 1986, the long term liability for accrued vacation benefits was \$575,289 (unaudited). The County observes 11 holidays. A federal credit union is available to all regular employees. Eligible employees and family dependents have a choice of two health plans. Both programs allow coverage to begin on the first day following a specified waiting period. The County contributes a certain amount toward the premium for selected coverage under either plan. The County also provides eligible employees and their dependents with group dental insurance after a specified waiting period. The County currently pays the employee's premium and also contributes a certain amount toward the premium for selected family dependent coverage.

The County provides a defined contribution money-purchase retirement plan for County employees and officials through the Colorado County Officials and Employees Retirement Association Retirement Plan. The total retirement expense of the County in 1986 for such plan was \$339,635 (unaudited). For the year ended December 31, 1986, plan assets totalled \$79,626,140 (unaudited), and the balance of the accounts of Mesa County, both employee and County contributions, totalled \$10,290,635 (unaudited). The County has no unfunded liability in the plan as of March 1, 1987.

All employees are required to join the retirement plan after one year of employment. Both employer and employee contribute 4% of the employee's salary, and additional voluntary contributions of up to 10% may be made by the employee. Deferred compensation and individual retirement accounts also are available through the plan. The County also provides a deferred compensation plan for the County administrator and certain other employees

*defined contrib. plan
cannot have unfunded
liability*

through the International City Management Association Retirement Corporation.

Services Available to County Residents

The County provides a wide range of services to its residents. Included are public safety, a sheriff's department, a jail, highways and streets, sanitation (landfills), sanitary sewer collection and treatment (see "THE JOINT SYSTEM"), health and social services, libraries, public improvements, planning and zoning, and general administration.

There are 5 cities and towns, 4 school districts, and 41 special districts located within the County. Water, sanitation, police, fire protection, utilities, schools, medical, and recreation services are provided to all County residents by a variety of public and private entities depending upon property location.

Intergovernmental Agreements and Contracts

The County is a party to numerous agreements and participates in several cooperative arrangements with other governmental entities to provide efficient, cost effective services to its citizens. The County's most frequent partner is the City of Grand Junction. Intergovernmental agreements between the County and the City include agreements for emergency preparedness services; animal control services; the funding of a community swimming pool; building code enforcement; computer services; and joint sewer service. With the exception of the Agreement for joint sewer service, none of these intergovernmental agreements involve significant financial obligations to the County. See "THE JOINT SYSTEM" and "JOINT SYSTEM FINANCIAL OPERATIONS".

Capital Improvements Program

The County has completed extensive capital improvements during the past five years, and has participated with local municipalities and special districts within the County on numerous other projects. An estimated \$37 million was expended on road construction and improvements and on sewer and water line upgrading over such period. These improvements and the cooperative projects with the municipalities have been financed in part through the implementation of a 2% countywide sales tax, and through the issuance of sales tax revenue bonds, one-half of the sales tax collections being pledged first to bonded indebtedness. A local improvement district was created in 1984 for the financing of sewer improvements within its boundaries.

The construction of a new wastewater treatment facility was completed in 1984 and was financed through a federal EPA grant and a sewer revenue bond issue. See "THE JOINT SYSTEM". Nellie

deemed to be waived to the extent that the County's insurance covers such injury. With regard to injuries occurring on and after such date, the County may, by resolution, increase any maximum amount that may be recovered from the County for the type of injury described in the resolution. However, the County may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the County is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten mills per annum for all outstanding settlements or judgments.

The County may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include suits filed pursuant to 42 U.S.C. §1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the County may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, effective July 1, 1986, the Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

County Insurance Coverage

The Board acts to protect the County against loss and liability by maintaining the following insurance coverages: errors and omissions; automobile; public entity liability; inland marine; law enforcement liability; accidental death and disability; aircraft hull and liability; professional liability (social services department and health department); special event liability; boiler and machinery; and property. In the opinion of the County administrator and the County attorney, the County's insurance coverage is adequate.

County Financial Operations

The County's budget is prepared annually in accordance with the "Colorado Local Government Budget Law". Additionally, the "Colorado Local Government Audit Law" requires that an annual audit be made of the County's financial affairs at the end of the fiscal year. Copies of the County's budgets and audited financial statements are available upon request from the sources set forth in the section entitled "ADDITIONAL INFORMATION".

Debt and Other Financial Obligations

General Obligation Indebtedness - The County is empowered to borrow, incur debt, and issue bonds, warrants and certain other obligations in accordance with state law. "Debt" or "indebtedness" as used herein refers only to principal amounts and

not to the interest to become due thereon. Debt does not include revenue obligations, debt that has been refinanced, obligations arising upon a contingency, and obligations which do not extend beyond the fiscal year which incurred. The total outstanding debt of the County may not exceed 1.5% of its assessed valuation, or a total indebtedness of \$6,628,160 based upon the County's 1986 certified assessed valuation of \$441,877,300. The County currently has no outstanding obligations which are applied against its debt limit.

Revenue Obligations - The County also may issue revenue obligations for the acquisition, construction, improvement, or extension of water or sewer facilities and other capital improvements, including revenue bonds payable from operating revenues or from sales tax revenues. Upon issuance of the Series 1987 Bonds, revenue bonds outstanding will include (1) the Series 1987 Bonds, (2) the Series 1980 Bonds, and (3) Sales Tax Revenue Refunding Bonds, Series 1985A and B, outstanding in the aggregate principal amount of \$48,856,390 (based upon the \$7,331,390 present value of the Capital Appreciation Bonds).

The County also is authorized to issue special assessment bonds payable from assessments against benefited properties within local improvement districts formed for the purpose of constructing certain improvements. As of December 31, 1986, the County had an aggregate principal amount of \$861,000 of special assessment bonds outstanding, representing six local improvement districts. Such bonds do not constitute an indebtedness of the County.

Other Obligations - The County has entered into agreements for the lease of various objects and services which leases were outstanding as of December 31, 1986, in the aggregate principal amount of \$1,450,709 (unaudited).

The County currently owes approximately \$13,000 to the Colorado Social Services Department. Such obligation was created by a bookkeeping error and is repaid through the cost allocation monies recovered from the state. The County intends to completely satisfy such obligation in 1987.

The County also has entered into an annually renewable lease agreement with the Mesa County Building Authority (the "Authority"). Pursuant to the agreement, the County's annual lease payment is an amount equal to the annual debt service on \$2,600,000 First Mortgage Revenue Bonds issued by the Authority to finance construction of a housing project, plus certain administrative and other expenses relating to the project. The County's annual lease obligation in 1986 was \$292,398 for debt service and \$195,489 for operation and maintenance expenses of the project. The balance is being funded with general County revenues.

THE CITY

Introduction

The City of Grand Junction is the county seat of Mesa County and the regional trade center for the western slope of Colorado. The City was incorporated in 1882 and became a home rule city in 1909 by adoption of its charter pursuant to Article XX of the Constitution of the State of Colorado. Pursuant to the City Charter, the City has all the powers of local self-government and home rule, as well as all municipal powers, privileges, and functions established by the constitution and laws of the State of Colorado.

Governing Body

The City is operated under a council-manager form of government whereby the City Council constitutes the City's legislative and governing body. The City Council consists of seven members elected for staggered four year terms at nonpartisan elections. The Council President-Mayor is selected by the City Council from its membership.

The City Council acts by ordinance, resolution, or motion. Every member when present must vote and every ordinance passed by the Council requires an affirmative vote of the majority of all Council members. No ordinance may be passed finally on the date it is introduced, except in cases of special emergency for the preservation of the public peace, health, or safety, and only by the unanimous vote of all members of the Council. All proposed ordinances must be published once ten days before final passage and once as amended and completed; except that emergency ordinances take effect upon final passage and must be published within three days following such passage.

Council meetings are held on the first and third Wednesdays of the month. Council members receive compensation for their services of \$100 per month, with the exception of the mayor, who receives \$125 per month. The current members of the City Council are as follows:

<u>Name</u>	<u>Principal Occupation</u>	<u>Length of Service (Years)¹</u>	<u>Term Expires</u>
John Bennett	Retired army	2 ²	4/89 ³
Paul W. Nelson	Broker associate	1 ²	4/87 ³
O.S. Ragsdale, Mayor	Business owner	--	4/87 ³
Reford C. Theobold	Communications/media director	1 ²	4/87 ³
William E. McCurry	Retired fireman	--	4/89
LeRoy Kirkhart	Business owner	--	4/89
Loretta Harrison	Motel operator	--	4/87 ³

¹ As a result of a recall election held in September, 1986, five of the seven Council members were replaced. Mr. Nelson was not part of the recall attempt; Mr. Theobold was recalled but re-elected in a different district. The replacement Council members took office on October 1, 1986.

² Mr. Bennett was appointed to fill a vacancy in December, 1984, and served until his resignation in May, 1986. He was subsequently elected to the Council and has served continuously since October, 1986. Mr. Nelson was appointed to fill a vacancy in June, 1986. Mr. Theobold was appointed to fill a vacancy in December, 1985.

³ Such Council members are seeking re-election in April, 1987.

Administration and Management

City Manager - The City Manager is the administrative head of the City and is responsible for the conduct of all of its departments. The City Manager is appointed by the City Council and serves at its pleasure for an indefinite term. Mr. Mark Achen was appointed City Manager in April, 1984. Previous to that Mr. Achen served as manager of Gladstone, Missouri, from February, 1979, to April, 1984, and as manager of Mounds View, Minnesota, from September, 1974, to February, 1979. Mr. Achen received his bachelor of arts degree from the University of Washington at Seattle and his masters of arts degree from the University of Missouri at Columbia. He is a member of the International City Manager's Association, the Colorado City Manager's Association, and the American Society of Public Administrators.

Finance Director -

[being provided by the City]

City Employees and Benefits - The City currently has 346 full time and 5 part time employees. Approximately 300 additional part time seasonal employees are hired between the months of April and October. None of the City's employees belong to unions; however, there is an informal City employees' association which meets monthly. According to the City Personnel Director, employee relations are good.

Employees who have been with the City less than five years accumulate vacation leave at the rate of eight hours per month. Between six and ten years of service, employees receive ten hours per month, and from 11 to 20 years of service, employees receive 12 hours per month. After 20 years of employment with the City, employees accumulate vacation leave at the rate of 14 hours per month. The maximum total accumulation of vacation benefits permitted is twice the annual vacation leave allotted, according to length of service. The City's long term liability for accrued vacation benefits as of December 31, 1986, was \$922,409.

Employees also receive ten hours per month of sick leave without limit as to accumulation. After 720 hours of sick leave have been earned but not taken, the employee may, if he desires, convert such time to vacation at the rate of three sick days for each vacation day. The City also provides health insurance for employees and their dependents and life insurance for employees.

The City offers its employees a defined contribution retirement plan administered through Pacific Mutual, whereby the City contributes 3% of the employee's salary and the employee may contribute up to 10% but not less than 3% of his salary. Under such plan, employees become 100% vested in the plan after 10 years of service. Management personnel may participate in the aforementioned retirement plan or a plan administered by the International City Manager's Association Retirement Corporation. Fire fighters and police officers have separate money purchase retirement plans in which participation is mandatory. Such plans had unfunded liabilities as of December 31, 1986, of \$6,040,971 (unaudited) and \$5,488,853 (unaudited), respectively; none of the City's other retirement plans had any unfunded liability at such time. The City's total retirement expense for 1986 was \$_____.

Services Available to City Residents

The City provides a wide range of services to its residents. Included are police protection, fire fighting, trash disposal, water, wastewater collection and treatment (see "THE JOINT SYSTEM"), parks and zoning, emergency medical services, roads and streets, dispatch, and general administrative services.

Utilities, schools, and medical services are provided to all City residents by various special districts and private

enterprise. For a description of services offered by the County, see "THE COUNTY - Services Available to County Residents".

Intergovernmental Agreements and Contracts

The City is a party to numerous agreements and participates in several cooperative arrangements with other governmental entities to provide efficient, cost effective services to its citizens. A frequent partner of the City is the County. See "THE COUNTY - Intergovernmental Agreements and Contracts".

Capital Improvements Program

City officials utilize a capital improvements program to guide their long-range planning efforts and to balance the City's capital needs with its financial constraints. The current capital spending approach reflects changes necessitated by the downturn in the local economy, providing funds for needed capital projects while protecting capital resources for future years. Most of the City's major funds have a fairly substantial fund balance which the capital improvements program targets for capital outlays (operating expenses are to be covered by operating revenues). For most funds, the amount of the fund balance available for capital expenditures is determined by deducting the portion reserved for debt service and 15% of the fund's operating budget and spreading the remaining funds over three years. It is anticipated that the same approach will be used for capital funding in future years.

Major capital projects for which funding has been granted for 1987 include a street overlay program, reconstruction of 9th Street and Patterson Road, purchase of a mainframe computer and software, water line replacement, and water rights purchases. See also "THE JOINT SYSTEM - Capital Improvements Plan" for a discussion of capital improvements planned for the Joint System.

Legal Matters Affecting the City

Litigation - The City Attorney states that as of the date hereof, to the best of his knowledge, the final settlement of all lawsuits which have been filed and any actions or claims pending or threatened against the City or its officers and directors in such capacity either are adequately covered by insurance or, to the extent not insured, will not materially, adversely affect the financial position of the City.

Sovereign Immunity - The City is subject to the Governmental Immunity Act of 1972, Title 24, Article 10, Part 1, C.R.S., as described in "THE COUNTY - Legal Matters Affecting the County".

City Insurance Coverage

The City is insured as a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"), a property and liability insurance pool established for Colorado municipalities on January 1, 1982. CIRSA provides liability coverage, including errors and omissions, property coverage, and specific catastrophe coverage, which are renewable annually on January 1st. An actuarial estimate is made each year of claims expected and a "loss fund" is established in that amount. If the value of the loss fund is exceeded by claims submitted in any year, aggregate supplemental coverage takes effect.

In addition, the City maintains separate coverages for police professional liability and public officials' errors and omissions of up to \$10,000,000 and \$1,000,000, respectively. The City's current insurance coverage is annually renewable with the current term ending December, 1987, excepting the public officials' errors and omissions coverage, which expires May 30, 1987.

City Financial Operations

The City's budget is prepared annually in accordance with the "Colorado Local Government Budget Law". Additionally, the "Colorado Local Government Audit Law" requires that an annual audit be made of the City's financial affairs at the end of the fiscal year. Copies of the City's budgets and audited financial statements are available upon request from the sources set forth in the section entitled "ADDITIONAL INFORMATION".

Debt and Other Financial Obligations

General Obligation Debt - Pursuant to the City Charter, the Council has the power to contract indebtedness on behalf of the City by borrowing money or issuing bonds to carry out the objects or purposes of the City. No debt may be created which at any time will exceed 3% of the City's statutory "actual" value as determined by the County Assessor, except for debt incurred to supply water. The City currently has \$75,000 of General Obligation Municipal Community Center Bonds, Series 1975, chargeable against its \$21,203,217 debt limit, based on a 1986 actual value of \$706,773,886. In addition, the City currently has outstanding General Obligation Water Refunding Bonds, Series 1984, in the principal amount of \$4,585,000.

Revenue Obligations - The City also has the authority to issue revenue obligations payable from the net revenues of City facilities or from sales and use tax proceeds. Revenue obligations do not constitute an indebtedness of the City and may be authorized by action of the Council without voter approval. Outstanding revenue obligations as of the date of this Official Statement consist of: Sales and Use Tax Revenue Bonds, Series

1985, outstanding in the principal amount of \$1,120,000; 1987 Tiara Rado Golf Course Bonds, outstanding in the principal amount of \$100,000; and 1974 Parking Authority Bonds, outstanding in the principal amount of \$410,000.

Other Financial Obligations - The City has the power to issue special assessment bonds payable from assessments against benefited properties within special improvement districts formed for the purpose of constructing certain improvements. Such bonds do not constitute an indebtedness of the City. As of December 31, 1986, the City had outstanding \$2,261,000 of special assessment bonds (unaudited).

The City is party to certain capital leases for the purchase of real property. The outstanding aggregate principal amount of these leases was \$154,224 as of the date of this Official Statement (unaudited).

Additionally, the Grand Junction Downtown Development Authority, over which the City exercises significant control through budget adoption, accountability for fiscal matters, and board appointments, has issued tax increment bonds outstanding in the amount of \$555,000 as of the date of this Official Statement. Such obligations do not constitute an indebtedness of the City.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give an overview of the general economic conditions in the service area of the Joint System. Statistics are provided for the City if available. Where no economic and demographic information is provided for the City, statistics were not available for entities below the County level. The statistics presented herein have been obtained from the sources indicated and represent the most current information available from such sources. The statistics have not been adjusted to reflect economic trends. Such information is not to be relied upon as representations or guarantees of the County or the Underwriter.

Introduction

Mesa County is the regional trade center and service center for the western slope of Colorado, which is that area of the state located west of the continental divide and east of Utah. Historically, the County's economy has been dependent on tourism, agriculture, light manufacturing, energy related industries, and services. During the 1970's, emphasis was placed on energy development on the western slope due to a national concern about energy independence. New jobs in energy related industries were created, resulting in expansion of all other economic sectors as well. There was a notable increase in population, employment, new construction, and retail sales during this period.

Economic conditions in Mesa County have declined over the past five years. This trend can be seen as a reflection of national economic conditions, but also is attributable to the weakened mining and drilling industries in the region. These industries have been affected by world oil prices and other circumstances which may continue to affect the area. Efforts are under way to improve economic conditions. See "Economic Enhancement in the County" hereafter.

Assessed Valuation

The following tables provide historical data on the assessed valuation of the City and the County. A primary source of revenue to the City and the County is from ad valorem property tax levied pursuant to state law against the assessed valuation of taxable property within their respective boundaries. Colorado law generally requires that residential real property and mobile home parks be assessed at 21% of current statutory "actual" value, which is not intended to equal current market value, and that all other taxable property, with certain specified exceptions, be assessed at 29% of "actual" value. "Actual" value is determined from a "base year" value and from manuals and associated data published by the state property tax administrator for the base

*of assessed valuation
-11/1/87*

year. For the 1982 levy year, the base year was 1973. For levy years 1983 through 1986, the base year was 1977.

Both the City and the County have experienced a decline in the growth of their assessed valuation which, according to the County Assessor's office, is due primarily to the decrease in energy industries operating in the County.

History of City and County Assessed Valuation

Levy Year	Col- lection Year	City of Grand Junction	Percent Increase	Mesa County	Percent Increase (Decrease)
1982	1983	\$137,982,380	--	\$374,479,000	--
1983	1984	168,218,810	21.91%	444,586,510	18.72%
1984	1985	175,022,740	4.04	458,673,880	3.16
1985	1986	177,764,730	1.57	452,784,630	(1.28) ¹
1986	1987	177,806,340	.02	441,877,300	(2.41) ¹

¹According to the assessor's office, the decrease in the County's assessed valuation is attributable to the decline in lands classified as oil and gas producing, which decline resulted from the decrease in energy industries operating in the County.

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 1982-1985 State of Colorado Property Tax Annual Reports; Mesa County Abstract of Assessments, 1982-1986; and Mesa County Assessor's Office

Population and Housing Units

The following table sets forth population statistics for the City of Grand Junction and Mesa County. During the decade between 1970 and 1980, the City grew by 7,786 residents, more than ever before in its history. Such growth was attributable in large part to the surge in energy-related industries in the area. As evidenced by the 1985 population figures, population growth in the City and the County has slowed in response to the subsequent withdrawal of such energy-related industries from the area.

Population

<u>Year</u>	<u>City of Grand Junction</u>	<u>Percent Increase</u>	<u>Mesa County</u>	<u>Percent Increase</u>	<u>Colorado</u>	<u>Percent Increase</u>
1940	12,479	--	33,791	--	1,123,296	--
1950	14,504	16.2%	38,974	15.3%	1,325,089	18.0%
1960	18,694	28.9	50,715	30.1	1,753,947	32.4
1970	20,170	7.9	54,374	7.2	2,207,259	25.9
1980	27,956	38.6	81,530	49.9	2,889,964	30.9
1985	30,964	10.8	88,578	8.6	3,231,128	11.8

Sources: Figures for 1940 through 1980 were obtained from the U.S. Commerce Department, Bureau of the Census, Census of Population and Housing; 1985 estimated figures were obtained from the State of Colorado Division of Local Government

The 1980 Census statistics indicated that Grand Junction had a total of 12,706 housing units in 1980 as compared with a total of 7,626 units in 1970, for a ten-year increase of 66.6%. The number of County housing units grew by 71.6% between 1970 and 1980, increasing from 18,982 to 32,573 units.

Income

Sales & Marketing Management's annual surveys of buying power have reported classifications of effective buying income ("EBI") levels as shown in the following charts.

Median Household Effective Buying Income

<u>Year</u>	<u>Mesa County</u>	<u>Colorado</u>	<u>United States</u>
1981	\$18,455	\$20,857	\$20,764
1982	21,916	22,589	22,000
1983	23,787	24,713	23,420
1984 ¹	25,000	26,549	25,496
1985 ¹	23,361	25,419	23,680

¹Due in part to revised income-related data provided by the Bureau of the Census, the 1985 EBI figures reported in the "Survey of Buying Power" average 12% lower nationwide than the 1984 EBI figures.

Source: "Survey of Buying Power", Sales and Marketing Management, July, 1982-1986

Percent of Households by
Effective Buying Income Groups - 1985

<u>EBI Group</u>	<u>Mesa County Households</u>	<u>Colorado Households</u>	<u>United States Households</u>
Less than \$10,000	17.9%	16.1%	19.2%
\$10,000 - 19,999	24.6	22.9	23.2
20,000 - 34,999	28.8	28.7	27.4
35,000 - 49,999	16.6	17.5	16.2
50,000 and Over	12.1	14.8	14.0

Source: "Survey of Buying Power", Sales and Marketing Management, July, 1986

The following table sets forth annual per capita personal income levels. The County's per capita income level over this period has been consistently lower than that of the statewide average.

Per Capita Personal Income

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Mesa County	\$ 8,726	\$10,157	\$10,365	\$10,070	\$10,422
Colorado	10,147	11,449	12,237	12,740	13,848
United States	9,494	10,544	11,113	11,681	12,772

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, Personal Income Reports

Employment

The following charts reflect employment and wage statistics, and the most recent historical labor force estimates for Mesa County. As indicated by the following chart, retail trade is the largest employment sector within the County, followed in order by services and government. Overall, the total average monthly employment in the County decreased by 4.30% during the period shown, while total average monthly wages rose 2.13%.

Total Covered Employment and Wages - Mesa County

Industry	12-Month Period Ended December 31, 1984			12-Month Period Ended December 31, 1985		
	Average Monthly Employment	Average Monthly Wages	% Employ- ed in Industry	Average Monthly Employment	Average Monthly Wages	% Employ- ed in Industry
Agriculture, Forestry, and Fisheries	290	\$ 832	0.95%	254	\$ 846	0.88%
Mining	1,000	2,567	3.30	797	2,689	2.75
Construction	2,364	1,714	7.80	1,867	1,720	6.43
Manufacturing	2,249	1,441	7.42	2,474	1,401	8.52
Transportation and Utilities	1,652	1,849	5.45	1,544	1,891	5.32
Wholesale Trade	1,600	1,606	5.28	1,516	1,666	5.22
Retail Trade	7,445	906	24.55	7,134	919	24.58
Finance, Insur- ance, and Real Estate	1,563	1,337	5.15	1,451	1,424	5.00
Services	6,909	1,200	22.78	6,551	1,260	22.57
Government	5,252	1,601	17.31	5,432	1,656	18.72

Source: State of Colorado, Division of Employment and Training, Colorado Employment and Wages Covered by Unemployment Insurance

In 1985, unemployment increased in Mesa County as well as throughout the state, in contrast to national economic trends. Historically, unemployment rates have remained consistently higher in the County than in the state as a whole. As evidenced by the following chart, Mesa County's unemployment for 1985 was 10.5% and Colorado's unemployment was 5.9% as compared to 7.2% for the United States as a whole.

During 1986, employment has continued to increase in Colorado, reaching an average of 7.0% through October. The averaged state unemployment figures have not exceeded 7.0% since 1983. The national unemployment rate averaged 7.1% through October 31, 1986. The increase in Colorado's unemployment rate is partially a result of continued weakness in natural resource-related industries, construction, and manufacturing.

Labor Force Estimates

Year	Mesa County			State		
	Labor Force	Percent Increase (Decrease)	Percent Unem- ¹ ployed	Labor Force	Percent Increase (Decrease)	Percent Unem- ployed
1981	44,560	---	5.9%	1,538,000	---	5.5%
1982	47,137	5.8%	10.7	1,588,000	3.3%	7.7
1983	47,313	0.4	12.0	1,669,000	5.1	6.7
1984	44,242	(6.5)	11.3	1,714,000	2.7	5.6
1985 ²	41,700	(5.7)	10.5	1,720,000	0.4	5.9
1986 ²	41,363	(0.8)	11.0	1,703,319	(1.0)	7.0

¹The increase in unemployment since 1982 is attributable to the decline in energy related activities in the area.

²Estimate of the average of the 10-month period for January 1 through October 31, 1986. According to the Colorado Department of Labor and Employment, weakness in agriculture, manufacturing, and construction, coupled with severe cut backs by mining firms, have lead to the increase in unemployment rates throughout the state for the first ten months of 1986.

Source: State of Colorado, Division of Employment and Training, Labor Market Information, Colorado Labor Force Review

According to the Grand Junction Jobs Service office, a co-agency of the State of Colorado, Division of Employment and Training, lack of work in the construction sector has contributed to County unemployment rates. The Jobs Service office has seen people new to the area who were laid off elsewhere and moved to the County because the cost of living for the unemployed was lower. This may contribute to the County's current unemployment rate. The Jobs Service office estimated that in 1982 the average stretch of an individual's unemployment was six to eight weeks; they now estimate such period at an average of 15 weeks.

The following table sets forth selected major employers in the Grand Junction area. No independent investigation has been made of, and consequently there can be no representation as to, the stability or financial conditions of the companies listed, or the likelihood that such companies will maintain their status as major employers in the area.

Selected Major Employers

<u>Firm</u>	<u>Product or Service</u>	<u>Estimated Number of Full-Time Employees¹</u>
Mesa County Valley School District No. 51	Education	1,630
St. Mary's Hospital	Hospital	816
City Markets, Inc.	Retail Grocery	805 ²
Mesa County Grand Junction Regional Center for the Develop- mentally Disabled	County Government Training Center	562 ¹ 500
Denver and Rio Grande Railroad	Railroad	460
UNC Technical Services	Energy Research	410 ³
City of Grand Junction	City Government	351 ³
Coors Porcelain Plant	Porcelain Manufacturing	272
Mountain Bell Telephone	Telephone Service	230

¹As of February, 1987.

²Includes 433 full time, 37 part time, and 92 social services employees.

³Includes 346 full time and 5 part time employees. Grand Junction also employs approximately 300 seasonal temporary workers between the months of April and October.

Sources: Individual employers

Retail Sales

The retail trade sector employs a large portion of the City's and County's work forces and is important to the area's economy. Based on the following figures reported for state sales tax purposes, the City experienced a 22.3% decrease from 1982 to 1986, while the County experienced a decrease of 21.5% over the same period which is believed to be due to the decrease in energy development and the related decline in employment.

The downtown Grand Junction area lost retail business when the Mesa Mall opened in 1981. The Downtown Development Authority ("DDA"), formed in 1979, is working with new and existing businesses to maintain the economic vitality of the downtown area. Through the efforts of the DDA, approximately 42 new businesses opened downtown, and 20 other businesses expanded or relocated. The DDA also issued \$555,000 in tax increment bonds to be used for public improvements and upgrading the shopping park area. According to the City Finance Department, the downtown area accounts for approximately 11.3% of the total sales tax revenue generated within the City, as compared to approximately 15.1% two years ago. According to the director of the DDA, the most notable project has been the relocation of First National Bank. First National Bank constructed a new facility and completely vacated its five story building in 1986. Major renovations were completed and now such building is approximately 95% occupied. The DDA currently is trying to develop a unique retail alternative, composed of specialty shops, to entice out-of-town customers to shop downtown. The DDA's current area of major renovation is the west end of downtown. Presently, such area is being marketed to developers. No developers have committed to the project at this time.

Energy Development

Energy development has played a significant role in western Colorado. The area is rich in energy minerals including coal, crude petroleum, natural gas, uranium, and oil shale. In the early 1980's, there was a great influx of population and employment due to oil shale development activities in the area. In 1982, due to fluctuations in world and national supply and price of energy minerals, energy development decreased materially. In 1986, the County Assessor reported for property assessment purposes that the County had 5,488 acres of coal producing land and 362,349 acres of oil and gas producing and other mineral lands, as compared to 8,186 acres and 345,197 acres, respectively, in 1985. According to the Colorado Department of Natural Resources, in 1986, 611,740 tons of coal were produced as compared to 779,926 tons in 1985. In 1985 the County had 196 producing wells which produced 3,724 barrels of oil and condensate and 4,379,511 cubic feet of gas, as compared to 177 producing wells which produced 4,828 barrels of oil and condensate and 4,949,521 cubic feet of gas in 1984.

Agriculture

Agriculture historically has been a primary economic sector in the county. Although statistics indicate an increase in the crop value for the County, the overall impact of agriculture as compared to other economic factors in the County has decreased. According to the 1986 Colorado Agricultural Statistics published by the Department of Agriculture, the County ranked 21st in cash

value of crops in Colorado in 1985, with a preliminary value of \$22,193,000, compared to \$21,447,200 in 1984, indicating a 3.5% increase. In 1986, 542,557 acres of land were zoned for agricultural use within the County, up 2.3% from 1985. Major agricultural products of the County include sheep, fruit crops, and hay.

In addition, Grand Valley farmers are considering planting a minimum of 250 acres of asparagus. According to the manager of United Fruit Growers, such crops are expected to generate approximately \$750,000 per year.

Real Estate

Along with the other economic set backs suffered by Mesa County in the last five years, home sales also decreased. However, according to First American Title Co. of Grand Junction, the total value of County real estate sales increased 9% in 1986 over the previous year, the first such increase since 1981. They also reported a concurrent 16% increase in the number of homes sold over the same period.

Grand Junction has a supply of homes built during the oil boom which were left vacant when the market fell in 1982. According to the president of the Grand Junction Board of Realtors, many of such homes were poorly built and are in need of repair already. A market may develop for new, better quality homes among older, more affluent newcomers over the age of 50 who may be willing to pay a premium for a new home, thereby stimulating the new construction market.

According to the administrator of the Grand Valley Marketing Council (the "Marketing Council"), retired persons may provide some relief from the County's recent economic problems. Retirees bring spendable fixed income, stability, and established assets to the area. In 1986, according to the Marketing Council, more than 500 retirees moved to Grand Junction, and approximately 50% of the home sales in Grand Junction were to retired persons.

The U.S. Department of Housing and Urban Development ("HUD") has committed to pay \$22,875 toward a \$78,000 advertising campaign by the Marketing Council designed to draw retired persons to the Grand Junction area. The remainder of the advertising funds is expected to be provided by local savings and loan associations. The HUD's goal is to try to sell some of the 600 HUD-owned homes in Mesa County, while the Marketing Council desires to reduce the general inventory of homes in the entire area. The spring advertising campaign calls for mailing brochures to 75,000 financially independent married persons over age 55 in the Denver, Fort Collins, and Cheyenne, Wyoming, areas. The mailing is to be followed by 174 radio spots over ten weeks at a total cost of approximately \$7,900.

A similar campaign, to begin in July, is expected to target the northern area of the country with brochures and radio ads. Responses to the Marketing Council's 1986 campaign are being analyzed to determine which area should receive the later advertisements.

Current Construction

The building permit figures set forth in the following tables indicate decreases in commercial and residential construction activity since 1982 in Grand Junction and unincorporated Mesa County.

City of Grand Junction

Year	<u>Commercial/ Industrial</u>		<u>Single Family</u>		<u>Multi-Family</u>		<u>Mobile Homes</u>	
	<u>Per- mits</u>	<u>Value</u>	<u>Per- mits</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>
1982	51	\$19,200,249	104	\$5,119,158	253	\$6,900,712	3	\$14,295
1983	49	14,893,018	83	3,204,849	116	1,603,000	-0-	--
1984	11	1,712,789	11	495,199	83	7,726,223	-0-	--
1985	9	3,775,288	2	64,345	93	3,153,750	1	1,000
1986 ¹	7	853,072	4	282,724	14	412,080	1	11,168
1987 ¹	1	200,500	1	74,070	-0-	--	-0-	--

¹Figures reflect permits issued through February, 1987.

Source: Mesa County Building Department

History of Building Permits for New Structures

Unincorporated Mesa County

Year	<u>Commercial/ Industrial</u>		<u>Single Family</u>		<u>Multi-Family</u>		<u>Mobile Homes</u>	
	<u>Per- mits</u>	<u>Value</u>	<u>Per- mits</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>
1982	71	\$11,095,245	906	\$35,272,680	528	\$11,768,906	455	\$ 7,371,735
1983	60	46,260,613	636	26,147,870	57	2,201,900	356	5,202,001
1984	20	4,828,448	170	9,049,818	2	125,000	266	4,126,235
1985	13	1,381,587	44	3,009,426	-0-	--	226	2,547,428
1986 ¹	10	753,836	37	2,082,811	-0-	--	237	1,749,263
1987 ¹	1	209,714	5	375,317	-0-	--	22	141,981

¹Figures reflect permits issued through February, 1987.

Source: Mesa County Building Department

As set forth in the following table, there has been a material increase in the number of foreclosures in the County over the past five years. The Mesa County Public Trustee's office reports that most of the foreclosures are of single family residences. This increase is largely attributable to the economic conditions and resultant unemployment in the area. Figures through 1985 were prepared by the County Treasurer's office. In 1986, a separate Public Trustee's office was created to handle foreclosures.

History of Foreclosures - Mesa County

<u>Year</u>	<u>Number of Foreclosures</u>	<u>Percent Increase</u>
1982	157	---
1983	465	196.2%
1984	1,042	124.1
1985	1,600	53.6
1986	1,400	(12.5)
1987 ¹	125	---

¹As of February 17, 1987.

Source: Mesa County Treasurer's Office; Mesa County Public Trustee's office

Development Within the County

Due to economic conditions in the County, residential and commercial development have been declining since 1982. However, some development currently is taking place in Grand Junction and at the Powderhorn ski area.

In Grand Junction, two residential projects for the elderly are under way or recently completed. Mesa View Retirement Center, developed by Colson & Colson, contains 101 apartment units in a 76,000 square foot building. The center currently is 100% occupied and a waiting list exists for future residents. Peterson House is a proposed 46 unit development by the Peterson Group. The project is planned to be a combination nursing home and retirement center with central kitchen facilities and is targeted toward residents over the age of 80. No development schedule is available at this time.

The Powderhorn Ski Company currently is developing preliminary plans for between 60 and 100 townhome units and two additional ski lifts at the Powderhorn ski area. Such construction is anticipated to be completed over the next 12 months. Powderhorn also recently completely renovated and expanded its lodge.

Economic Enhancement Within the County

Colorado Enterprise Zones - The Urban and Rural Enterprise Zone Act (the "Act") was adopted by the state legislature in April, 1986, to promote economic growth and development within certain economically depressed areas of Colorado designated as enterprise zones. Tax incentives incorporated within the program are designed to attract new businesses and encourage expansion of existing firms within such zones. Incentives consist of a tripling of the state investment tax credit for qualifying investments; a \$500 state income tax credit or refund per new employee hired; and exemption from the 3% state sales and use tax on purchases of equipment and machine tools used exclusively for manufacturing in the zone.

The areas selected as enterprise zones met at least one of the following three criteria for economic distress as established by the Act: (1) an unemployment rate at least 25% greater than the state average; (2) a population growth rate less than 25% of the state average for the most recent five year period; or (3) a per capita income rate less than 75% of the state average.

Mesa County was selected in September, 1986, as one of six predominantly rural enterprise zones. In addition, two zones of predominantly urban character were chosen. The zones will remain in force through June, 1990, when they will automatically expire unless extended by the state legislature.

The population in each rural zone could not exceed 50,000. Mesa County's population is greater than 50,000; therefore, the enterprise zone is actually less than the entire County. Sub-zones were established including areas in west, south, and southeast portions of Grand Junction; north and northeast Palisade; the Cameo area; the Powderhorn Coal Co. area; the southeast corner of DeBeque; west of the Fruita city limits; and the southeast area of Fruita. The County hopes that, in addition to other incentives, the tax advantages offered by the enterprise zone program will attract businesses to the area. See "Mesa County Economic Development Council", hereafter.

Mesa County Economic Development Council - In an effort to improve the economy of the County and to diversify its economic base, the Mesa County Economic Development Council ("MCEDC") was established. The MCEDC was formed in November, 1984, for the purposes of recruiting and relocating new businesses to Mesa County, as well as expanding businesses already located in the County, with the ultimate goal of creating new jobs. The efforts of the MCEDC are directed toward diverse industries rather than any single industry in an effort to assure greater economic stability for the County.

A major accomplishment of the MCEDC, in cooperation with the state, the City, and the County, was to influence the Sundstrand Corporation to build its new plant in Grand Junction. Sundstrand, an aerospace components manufacturer, opened a \$6 million plant in Grand Junction January 2, 1986, which currently employs 140 persons. By the end of 1991, the company expects to employ 500 workers. Sundstrand is ranked as the 316th largest corporation in America by Fortune magazine. Sundstrand currently operates two other manufacturing plants in Colorado, both of which are located in the Denver metropolitan area. The MCEDC structured a \$1.84 million incentive program for Sundstrand which included the building site, improvements, and fees; road and utility extensions; and startup costs. The moneys for the program came from local, state, and federal funds, certain of which are described below.

The MCEDC received a \$623,000 energy impact assistance grant from the Colorado Department of Local Affairs to purchase the land for the Sundstrand plant. A federal economic development grant administered by the U.S. Department of Commerce was awarded to the County in the amount of \$800,000. Such money was used for improvements necessary for the construction of the Sundstrand plant.

The state also funded the costs for training programs for Sundstrand through the Colorado First program and the Office of Rural Job Training, both of which are administered by the Colorado Department of Local Affairs. The Colorado First program is a state funded program for assisting colleges with rapid startup job training. The purpose of the program is to ensure that local residents will obtain the jobs offered when a new business locates in Colorado. Mesa College provided the training programs required by Sundstrand for its Grand Junction work force.

Besides the Colorado First program and the Energy Impact Assistance program, the Colorado Department of Local Affairs administers the Community Development Block Grant program ("CDBG"). The purpose of the program is to support local business and industry by providing low cost capital in the form of loans to the small business sector; thereby promoting the expansion of existing businesses and the development of new businesses. Mesa County received a \$900,000 grant from CDBG. CDBG funds were used to create a revolving loan fund ("RLF") which is allocated to small businesses at a low interest rate. Those borrowers approved to receive RLF money generally receive 20% of the requested loan amount from the RLF and 60% from participating lending institutions. The borrower is required to generate the remaining 20%. Currently, all of the funds available for the first cycle have been loaned out to 10 businesses. As payments on such loans are made, new loan applications are anticipated to be accepted. The lower interest rates and the availability of financing are expected to assist efforts to diversify the local economy, reduce

unemployment, and reduce the area's dependency on energy-related industries.

The MCEDC was also involved in the relocation of Tumac Industries, a Colorado Springs firm, which bought the Grand Junction Steel Company in June, 1985. Tumac subsequently moved its agricultural sprinkler manufacturing operation from Colorado Springs to Grand Junction along with another subsidiary from Greeley, Colorado. The relocations have created 50 new jobs to date. The company anticipates maintaining that number of employees for another year and hopes at that time to add another 10 to 15 employees per month up to a total of 160. Included in the financial backing package was a \$300,000 loan from the RLF. In addition, the Colorado First program provided \$29,995 in assistance for training costs.

Thermo Electron Corp., a Massachusetts corporation, plans to convert a currently vacant Grand Junction building for use as an electronics assembly plant. Production at such plant, to be known as Thermo Assembly & Test, is scheduled to begin in April, 1987, with an initial workforce of 15 to 20 persons. Colorado First is providing \$20,445 for training of potential new employees at Mesa College.

A payment-for-performance contract was entered into between Thermo Electron Corp. and the MCEDC to induce the company to open its new facility. The contract requires the company to maintain specified employment levels during each of its first seven years of operation. Only if such levels are maintained will a \$100,000 incentive grant from the state Energy Impact Assistance Fund be paid in seven annual installments. The first year requirement is for an average of 20 jobs. The contract runs through 1993 and calls for an increase of 10 jobs per year in order for the company to receive payment.

Various other business have relocated to Mesa County or expanded with the assistance of the MCEDC. In 1986, Emerson Musical Instruments and Progressive Tool & Die relocated to Grand Junction. Such firms currently employ 35 and 12 persons, respectively, and plan to hire more workers in 1987. Ultimately, Emerson Musical Instruments anticipates employing 80 persons. Western Shop Industries expanded last year to employ an extra 12 persons and anticipates hiring 1 or 2 more employees per month during 1987.

In October, 1986, Grand Mesa Eggs, a major egg distributor to hotels and institutions, announced that it plans to build a facility outside Fruita. The company expects to have a first-year impact on the community of between \$1 million and \$1.25 million, with a total construction and equipment investment of \$2.6 million. Grand Mesa Eggs anticipates the purchase of approximately 40% of the local corn and grain farm production.

The MCEDC secured a \$124,500 energy impact assistance grant for Grand Mesa Eggs by placing a trust deed on the land it purchased for the company. The MCEDC retained title to the land and is requiring the company to earn an equity interest in it by meeting performance requirements.

The County has passed many inducement resolutions over the last five years, resulting in the issuance of \$31,585,000 in industrial development revenue bonds in order to promote the development of new businesses in the area.

The County also anticipates that significant revenues will be injected into the County's economy as a result of proposed federal projects in the area. These include a uranium mill tailings project, a salinity project to monitor the saline content of the Colorado River, and the completion of Interstate Highway 70 through the Glenwood and DeBeque Canyons. According to the County Administrator, such projects are expected to infuse millions of dollars into the County's economy. The County received \$4,000,000 in October, 1985, for the purpose of financing the removal of uranium tailings. The County acts as custodian of such funds, the principal of which is applied to the tailings removal project, and the interest of which is credited to the County's general fund for use in funding County operations (other than of debt service). According to the County Administrator, interest is expected to accrue on an estimated average principal amount of \$350,000 over the next two years. UNC Technical Services, a Grand Junction company, received a five-year contract from the U.S. Department of Energy totaling \$194 million for performance of the uranium mill tailings removal project in Grand Junction, Utah, South Dakota, and elsewhere in Colorado.

Additionally, the County is developing a small business incubator program. The County has a 20,000 square foot building with light manufacturing and office spaces for 10 to 12 small businesses. Such business would spend one to three years in the incubator program until they were stable enough to expand. The County anticipates operating such a program for a three-year minimum period to provide technical assistance to small local businesses. Applications are to be accepted beginning in April, 1987.

Tourism

The Grand Junction Visitors and Convention Bureau (the "Bureau"), an arm of the Grand Junction Area Chamber of Commerce, has contracted for biannual publication of a tourist-oriented magazine. The first issue is planned for a distribution of 50,000 to 60,000 copies throughout the area in May. The magazine will be available free of cost to the public and the Bureau anticipates all costs of production being borne by advertising. The tourist magazine is planned to include the advance calendar, restaurant

guide, lodging guide, and climate brochure currently published by the Bureau. It is hoped that the magazine will stimulate tourist interest in the area and that visitors will stay in the Grand Valley longer.

The Bureau also plans to distribute coupon packets at all meetings and conventions held in Grand Junction. The coupons will offer discounts for local restaurants and retailers and are designed to help get conventioners out of their hotel rooms and into the marketplace.

The City of Fruita, the Museum of Western Colorado, and the Bureau of Land Management are working together on the development of a historical site where dinosaur fossils exist and where a dinosaur skeleton currently on display in Chicago was discovered. Such development is planned to include parking facilities and an interpretive trail to the brontosaurus quarry.

The construction of an extension of the Museum of Western Colorado in downtown Grand Junction was completed in 1985. "Dinosaur Valley", as it is called, contains replicas of dinosaurs, a working lab, and interpretive displays. Prior to the construction of Dinosaur Valley, tourist visits to the museum were between 6,000 and 11,000 a year. The goal of the project was to reach 60,000 visitors a year; according to the County, in the first year of operation the museum exceeded that goal and is maintaining the level of visits.

According to the Walker Field Airport Authority (the "Airport Authority"), the number of enplaned passengers at Grand Junction in 1986 was 192,000, up 8.5% over 1985. The Airport Authority initiated an advertising campaign in February, 1985, which is intended to reach all areas of the western slope through the radio, newspaper, and television media.

The Airport Authority plans to contract for \$1,000,000 in improvements this summer, with the help of a \$882,359 grant through the Federal Aviation Administration's entitlement program. Some of the improvements are intended to be applied toward the goal of turning a shorter runway to use by small commercial companies such as air freight, air charter, air taxi, and flight schools. The federal money allows the airport to complete a parallel taxiway to that smaller runway. Part of the grant is planned to go toward purchasing 410 acres of land beneath the take-off and landing corridors. The Airport Authority also plans to use part of the federal money to install lighted taxiway signs along the main runway. According to the airport manager, it will cost the Airport Authority \$90,000 to match the federal funds, if the Airport Authority completes all the projects for which the federal money was allotted. The money is for use during the federal fiscal year 1987, which ends September 30. Project contracts must be awarded by then if grant funds are to be used.

Transportation

Major street and road development in the unincorporated areas of the County generally has been based upon the County's comprehensive plan prepared in 1966. Street and road development in the City is done according to its annual Capital Improvement Plan. The major interstate highways intersecting the County are Interstate 70, and U.S. Highways 6 & 50. State highways include Colorado Highways 340, 789, 146, 141, 139, and 65.

Rail transportation in the Grand Valley is provided by the Denver and Rio Grand Western Railroad. The track extends in an east-west direction on the north side of the Colorado River, generally parallel to I-70.

Parks and Recreation

Mesa County includes over 22,000 acres of parks, recreation sites, and campgrounds in the Colorado National Monument, Grand Mesa National Forest, Uncompahgre National Forest, Vega Reservoir, Highland Lake, Palisade River Bluff Park, Lincoln Park, Connected Lakes, and the Collbran Rodeo Grounds. On the northern slopes of Grand Mesa is the Powderhorn ski area. In addition, various special districts and municipalities within the County, including the City, provide parks and recreational service to their residents.

LEGAL OPINION AND TAX EXEMPTION

Legal matters relating to the authorization, issuance, and sale of the Bonds are subject to the unqualified approval of Tallmadge, Tallmadge, Wallace & Hahn, P.C., Denver, Colorado, as bond counsel, whose opinion will be printed on the Bonds and delivered at closing. The approving legal opinion will state in substance that

[to be provided by bond counsel]

Lamm & Edstrom, P.C., Denver, Colorado, is acting as special disclosure counsel with regard to this Bond issue. As is customary in the industry, the legal fees to be paid to bond counsel and special disclosure counsel are contingent upon the sale and delivery of the Bonds.

FINANCIAL CONSULTANT

Under an agreement with the County, Boettcher & Company, Inc., Denver, Colorado, has assisted the County in structuring this Bond issue and making the public sale of the Bonds. The County (has/has not) consented to the making of a bid by Boettcher & Company, Inc.

ADDITIONAL INFORMATION

All of the summaries of the statutes, ordinances, opinions, contracts, agreements, financial data, and other related reports and documents described herein are made subject to all of the provisions of such documents. The summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which either are publicly available or available for inspection during normal business hours at:

Mesa County, Colorado
544 Rood Avenue
Grand Junction, Colorado 81501
Telephone: (303) 244-1800

Additional information may be obtained from the County's Financial Consultant:

Boettcher & Company, Inc.
828 17th Street
Denver, Colorado 80202
Telephone:(303) 628-8000

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution have been authorized by the Board. This Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

MESA COUNTY, COLORADO

By: /s/ Richard C. Pond
Chairman

APPENDIX A

Audited financial statements of the Sewer Fund as of and for the year ended December 31, 1985, including the opinion thereon of Allen Ross & Company, Certified Public Accountants, Grand Junction, Colorado.

APPENDIX B

Audited financial statements of the Sewer Fund as of and for the year ended December 31, 1984, including the opinion thereon of Fox & Company, Certified Public Accountants, Grand Junction, Colorado.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AUTHORIZING BOND RESOLUTION