

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator Paul Hess at  
Chairperson

11:00 a.m. ~~p.m.~~ on February 22, 1984 in room 123-S of the Capitol.

All members were present except: Senator Harder

Committee staff present:

Research Department: Ed Ahrens, Mary Galligan, Lynne Holt, Sherry Brown  
Revisor's Office: Norman Furse  
Committee Office: Mark Skinner, Doris Fager

Conferees appearing before the committee:

Art Griggs, Chief Counsel, Department of Administration  
James Cobler, Director, Division of Accounts and Reports  
James Bibb, University of Kansas  
Blake Lynch, E. F. Hutton, Kansas City  
Ron Kaiser, Boettcher and Company, Denver  
Mary Ladasic, Wyandotte County

INTRODUCTION OF BILL

Senator Hess explained he had a letter from Lynn Burris, Director, Kansas Park and Resources Authority, requesting that park permits be waived at El Dorado State Park on Saturday, September 1, 1984. (See attached letter). This will necessitate a statutory change.

Motion was made by Senator Gaines and seconded by Senator Warren to introduce legislation permitting waiver of permits for one day only-- September 1, 1984, in order to accomodate visitors at the dedication of the Eldorado State Park and El Dorado Reservoir. The motion carried by voice vote.

SB 514 - Appropriations FY 1984, Department of Health and Environment

Senator Warren explained that he had understood, during sub-committee meetings on this bill, that a Coordinator for handicapped children could be a position filled from open positions in the Department. He has since discovered that this cannot be done.

Motion was made by Senator Warren and seconded by Senator Gaines that the committee approve a floor amendment to SB 514 to include the addition of one position in the Department of Health and environment-- that of coordinator for pre-school children. The motion carried by voice vote.

SB 721 - Unemployment claims against the state, etc.

Mr. Griggs distributed Attachment A, which reviewed each of the measures requested by the Department of Administration. He then proceeded to discuss SB 721 and explain the background to the committee.

During the ensuing discussion, Mr. Griggs indicated that the state is taking action to improve agency response when an employee applies for unemployment claims. He stated the charge to each agency for these claims under the employment security law is .5% to all agencies. Following a brief discussion and additional questions, Senator Doyen requested that the measure be held in committee at the present time.

No action was taken on SB 721.

SB 722 - Imprest Funds

During his explanation of this measure, Mr. Griggs stated the aggregate funds involved would be \$594,000. He stated that, under SB 722, all funds would be centralized in one bank account. It has been estimated the interest to the State General Fund would be approximately \$49,000 annually. This assumes the rate of interest is 8.569%.

Upon being questioned by committee members, Mr. Griggs said the procedure for writing drafts on the funds would be the same as at present, except that funds would all be in one bank. According to Mr. Griggs, the local people involved would write the drafts. Senator Werts asked about the use of the NOW accounts in local banks. Mr. Cobler said most "Super-NOW" accounts have a \$2,500 threshold for the 7.25% rate of interest and most of the present accounts would fall below that threshold. When asked if local banks are now providing any services as a result of having these accounts, Mr. Cobler said most of those services for major agencies are handled in connection with their fee accounts.

No action was taken on SB 722.

SB 753 - Imprest Funds for Winfield and Topeka prerelease centers

Senator Hess discussed the possibility of amending SB 753 into SB 722, since the two bills concern the same subject.

When asked by a member of the committee about the use of the funds included in SB 753, Mr. Davis stated that these are for the new programs, and would be used primarily for providing clothes to inmates as they leave those facilities.

No action was taken on SB 753.

SB 723 - Remittance of state property tax levies

Mr. Griggs reviewed his memorandum concerning this bill. Ms. Ladasic noted that counties had requested the bill because it makes local tax collections fall on the same date as other taxing entities at that level. She added that it would make the local task more convenient, and would also allow the state to receive the money at an earlier date.

Motion was made by Senator Steineger and seconded by Senator McCray to report SB 723 favorably for passage. The motion carried by roll call vote.

SB 724 - Motor vehicle property tax receipts to the state

Mr. Griggs explained the contents of this bill, and Ms. Ladasic said the county treasurer's support the measure.

Motion was made by Senator Warren and seconded by Senator Talkington to report SB 724 favorably for passage. The motion carried by roll call vote.

SB 725 - Contracts for financial services

Mr. Griggs explained the purpose for requesting SB 725, and answered questions from committee members.

Mr. Bibb assured the committee he was appearing as a private citizen and not for any organization. He indicated that money may be saved for the state if SB 725 is passed. He suggested that many decisions to choose lease-purchase contracts may reduce both short term and long term costs. Mr. Bibb then answered questions from committee members.

Mr. Lynch affirmed the comments of Mr. Griggs and Mr. Bibb. He stated SB 725 would enable the state to obtain a low interest rate on lease-purchase acquisitions of equipment, particularly when they are large purchases. He added that this would separate the financing element from the funding side of the transaction, and it sets the stage to do that by allowing broader distribution of shares in the lease by creating certificates of participation in the lease, and by obtaining a broader distribution

SB 725 - Continued

the state can obtain a lower interest cost. There are, of course, certain legal fees associated with these transactions, and that is why they need to be large transactions, according to Mr. Lynch.

Attachment B was distributed by Mr. Lynch to the committee members for their information. There were questions from the committee and a brief discussion concerning Mr. Lynch's testimony.

Mr. Kaiser added to the above testimony, by stating that if the state decides to appropriate funds in any year, the certificates of participation can be retired in advance of the due date. He reiterated that this is the most cost advantageous form to finance large acquisitions. In conclusion, he noted that the advantage of a certificate of participation transaction is that it allows flexibility. It does not eliminate any options now available to the state in financing for acquisition of equipment. Mr. Kaiser distributed Attachment C to committee members, and they were given opportunity to question him.

There was no action taken on SB 725.

SB 726 - Trust funds

Mr. Griggs provided a brief overview of the provisions of this bill. He explained that the statute was written before the advent of new types of bank accounts, such as NOW accounts.

Mr. Wilder requested that federally chartered savings banks be included in both sections 1 and 2 of SB 726 as institutions where money could be deposited.

Motion was made by Senator Hein and seconded by Senator Bogina to include federally chartered savings banks in both Sections 1 and 2 of SB 726. The motion carried by voice vote.

Motion was made by Senator Hein and seconded by Senator McCray to report SB 726 as amended favorably for passage. The motion carried by roll call vote.

SB 727 - Construction Defects Recovery Fund

Mr. Griggs explained SB 727, and answered questions from the committee. Some members questioned the change of prior approval from the state finance council to the secretary of administration. Mr. Griggs suggested there might be a cap on the amount of expenditures not needing approval of the State Finance Council. He said another option would be to report anything approved by the Secretary of Administration to the Joint Committee on State Building Construction.

Mr. Hipp agreed with Mr. Griggs' observations concerning the proposal before the committee.

No action was taken on SB 727.

SB 728 - Credit card charge tickets

Following Mr. Griggs' review of SB 728, committee members expressed concern that some banks might lose deposits because of the proposal. Mr. Cobler mentioned that banks which handle fee accounts for the state are not plastic handling banks. He added that these banks have admitted to him that they cannot give the state better rates, but suggest that a change may need to be made to provide a better deal for the state.

No action was taken on SB 728.

SB 729 - Canteen and Benefit Funds

Mr. Griggs reviewed the proposal, and there were questions from committee members.

Motion was made by Senator Gaines and seconded by Senator Bogina to amend SB 729 to include federally chartered savings banks in section 1 (b) and section 1 (c). The motion carried by voice vote.

Motion was made by Senator Gaines and seconded by Senator Bogina to report SB 729 as amended favorably for passage. The motion carried by roll call vote.

SCR 1663 - State Surplus Property Plan

Mr. Griggs reviewed the resolution and committee members were given opportunity to question him.

Motion was made by Senator Gaines and seconded by Senator Bogina to report SCR 1663 favorably for passage. The motion carried by roll call vote.

The meeting was adjourned by the Chairman.



THE STATE OF KANSAS



THE KANSAS STATE PARK AND RESOURCES AUTHORITY

503 KANSAS AVENUE, P. O. BOX 977

Phone (913) 296-2281

TOPEKA, KANSAS 66601

February 17, 1984

The Honorable Senator Paul Hess  
Chairman, Senate Ways and Means Committee  
Statehouse, Room 123-S

Dear Senator Hess:

The community of El Dorado, Kansas plans to dedicate El Dorado Reservoir and El Dorado State Park, Saturday, September 1, 1984. The Authority is prohibited by statute, as they have requested, to void the park user permit to accommodate the visitors and special guests for that occasion. On behalf of the Authority I request the Committee's favorable consideration in this action.

With the scheduled activities, a very large number of people can be anticipated and we would simply be overrun at the gate entrances, the inconvenience to many people would be overwhelming. While the state will loose in daily permit sales, it is our opinion we'll more than offset that loss by the promotional efforts provided by this planned event.

Your consideration on this request is sincerely appreciated.

Yours truly,

A handwritten signature in black ink, appearing to read "Lynn Burris, Jr.", written over a horizontal line.

Lynn Burris, Jr.  
Director

LBjr:ab

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
JOHN CARLIN, Governor  
PATRICK J. HURLEY, Secretary of Administration  
Room 263-E, Capitol Building  
(913) 296-3011

MEMORANDUM

TO: Senate Ways and Means Committee  
FROM: Arthur H. Griggs, *AG* Chief Attorney  
DATE: February 22, 1984  
SUBJECT: Summary of Bills

Nine bills and one resolution were introduced by the Senate Ways and Means Committee on behalf of the Department of Administration. A summary of each follows.

1. Senate Bill 721 - Unemployment Claims Audit Fund. The bill establishes the Unemployment Claims Audit Fund which would be used to pay for the auditing of claims made against the state for unemployment benefits and to provide funds for improving the state's procedures in responding to such claims. The funds would be deducted from the current charge made against state agencies for the state's reimbursing account under the employment security law.

2. Senate Bill 722 - Imprest Funds. Many state agencies have imprest funds, which are checking accounts in local banks that can be used to make immediate payments for certain types of transactions. The bill provides a mechanism whereby all the various imprest fund accounts would be held by one bank. By establishing a "zero balance account", the monies in imprest funds could then be invested and earn interest until such time as they are needed to pay checks written on the various imprest funds. Interest earnings under this mechanism would be credited to the state general fund.

3. Senate Bill 723 - Remittance of state property tax levies. The state makes a property tax levy for the educational building fund and the state institutions building fund. County treasurers collect this tax along with other property taxes. Current law does not specify particular due dates as to when county treasurers should remit this money to the State Treasurer. Rather, the Division of Accounts and Reports periodically requests tax collection data from the county treasurers. After receiving this data, a sight draft is generated by the state and sent to each county to bring the funds into the state treasury. Because this procedure is more time consuming and has more administrative cost than periodic payment dates, the bill proposes to establish periodic remittance dates for the collection of these funds.

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4. Senate Bill 724 - Motor vehicle property tax receipts to the state. K.S.A. 1983 Supp. 12-1678a sets six dates for county treasurers to distribute property taxes to local taxing units. This bill provides that county treasurers distribute the state's share of motor vehicle taxes on this same time schedule.

5. Senate Bill 725 - Contracts for financial services. Currently large acquisitions of equipment which will be paid for over several years are generally structured through vendor-arranged financing from third party leasing companies. In the past few years, many governmental entities have utilized "certificate of participation" financing to reduce the interest expense associated with installment purchase or lease purchase procurements. Although the State of Kansas to date has not utilized this method of financing, it is believed that it can result in substantial savings of interest expense in certain large procurements. Because of both lack of experience and the multitude of variables to consider in the documents necessary to structure certificate of participation financings, the bill permits deviation from the procurement procedures used for the purchase of goods. The procurement procedure authorized by the bill follows the same request for proposal format that was used to structure the state's deferred compensation program and the procurement procedure provided in 1984 House Bill 2678, relating to the state's health care benefits program.

6. Senate Bill 726 - Trust funds. This bill clarifies that inmate and patient funds held by a state agency may be placed in interest-bearing checking accounts.

7. Senate Bill 727 - Construction Defects Recovery Fund. The construction defects recovery fund receives the proceeds from recoveries the state has made by virtue of defects in state construction. Monies in such fund can then be utilized to correct the defect for which the recovery was received. Under current law all expenditures from this fund must be approved by the state finance council. The bill would eliminate the state finance council approval requirement, and substitute in lieu thereof, approval by the Secretary of Administration.

8. Senate Bill 728 - Credit card charge tickets. Currently some state agencies permit the use of credit card charges to pay certain fees and expenses. State agencies then deposit the credit card charge ticket in their fee agency accounts. These agency accounts do not

pay bank service charges but rather are compensated for their services by the use of compensating balances. The Division of Accounts and Reports specifies to state agencies the frequency for remitting their fee funds to the state treasurer; it is through this process that banks obtain the "compensating balance". Since different banks apply varying service charges for charge card tickets, this bill permits the state to negotiate with financial institutions for the collection of credit card tickets. It is felt that by pooling the various charge card tickets from state agencies, the state can realize a lower service charge for costs incurred in the processing of charge card tickets.

9. Senate Bill 729 - Canteen and Benefit Funds. This bill clarifies that canteen and benefit funds may be deposited in interest-bearing accounts.

10. Senate Concurrent Resolution 1663 - State Surplus Property Plan. The federal General Services Administration, which administers the federal surplus property program, has required that a legislatively-developed plan of operation for the state surplus property program be received by the Administrator of General Services no later than June 30, 1984. GSA suggested that the state legislature pass a resolution adopting the present plan under which the state agency operates. This resolution approves and adopts the current state plan.

AHG:gk

LEASE PURCHASE FINANCING  
FOR  
CAPITAL EQUIPMENT  
USING  
CERTIFICATES OF PARTICIPATION

PREPARED FOR THE  
STATE OF KANSAS

by

E.F. HUTTON & COMPANY INC.

February 22, 1984

AHB  
2-22-84  
11:00 a.m.



## FOREWORD

Due to initial acquisition and installation costs, it is often not possible for cities, states, counties and universities ("governmental units") to purchase the cost saving equipment from current appropriations. General Obligation and Revenue Bonds which have typically been used to finance capital construction projects may not be appropriate for capital equipment financing. Additionally, it is often difficult to secure voter approval for General Obligation Bonds which are typically repaid from property taxes. Revenue bonds are not used to finance the equipment because it generally does not generate revenue with which to secure bonds.

Lease/purchase financing, with a proven record of equipment funding, offers an attractive alternative to major (or lump sum) appropriation outlays and traditional bond financing. This proposal has been prepared to provide an overview and summary of the major concepts and components relating to this new and innovative financing alternative. For a definitive analysis of how lease/purchase (Certificate of Participation) financing can be applied to your needs, please contact: F. Blake Lynch at (303) 863-4376 or William Dougherty at (303) 863-4374.

## LEASE/PURCHASE FINANCING

### Overview

For over a decade, governmental units have used lease/purchase financing for the acquisition of various capital equipment items. Lease/purchase financing has been used by governments to acquire a variety of equipment items including garbage and fire trucks, school buses, computer and communications equipment. The leases, when properly structured, were not considered a debt of the governmental unit, bore low tax-exempt interest rates and were typically repaid within three to five years. Title to the leased items passed directly to the governmental unit upon the final lease payment. Generally, these leases were non-rated, relatively small in size (\$5,000 - \$100,000) and were sold on a private placement basis to sophisticated individual investors and financial institutions.

### Developing A Broader Market

It has become clear that, since new equipment acquisition often involves major capital costs, a broad market for the sale of large leases best assure governments the lowest possible financing costs. E.F. Hutton has applied its experience in small equipment lease financing in designing a new lease/purchase financing program for multi-million dollar equipment acquisitions. The program provides cost effective non-debt financing with flexible repayment terms and conditions. Additionally, the leases can be sold at interest rates lower than most small equipment leases due to marketing advantages gained by securing investment grade ratings (from Moody's Investors Service Inc. & Standard & Poor's Corporation) and because of Hutton's emphasis on a much broader investor marketing approach.

### Certificates of Participation

Traditional small equipment lease financing involved one lease for the total amount of equipment to be financed. Usually, the lease was sold as a whole to one investor as there was no legal mechanism for breaking the lease into smaller investment pieces. This structure is not appropriate for multi-million dollar lease transactions.

A Certificate of Participation offering 'splits' the ownership of the multi-million dollar lease into \$5,000 increments, evidencing to the investor a proportional undivided interest in the lease itself. The certificates are structured similar to a bond issue maturing serially over the financing term and paying interest semi-annually. The interest portion of the payment is exempt from Federal Income Taxes and may, depending upon State Law, be exempt from state and local income taxes, if any.

The structure allows the governmental unit to make lease payments based upon the estimated life of the equipment and the governmental unit's cash flow capabilities. Ownership of the equipment passes directly to the governmental unit upon remittance of the final lease payment. The governmental user's obligation to make lease payments is designed to insure that the lease will not be considered a debt under applicable State statutes and, therefore, will not require voter approval or affect debt ceilings.

Legal documents pertaining to the transaction are a hybrid of traditional bond and equipment lease financing documents. The terms and conditions of the lease are contained in the Lease Agreement between the governmental unit (lessee) and the nominal owner (lessor). The responsibility for monitoring the transaction, collecting the lease payments from the lessee, disbursing principal and interest to the Certificate holders and liquidating the equipment in the event of default or non-appropriation rests with the Trustee, as detailed in the Trust Indenture. The Trustee is a third party, typically a large bank or trust company. The Certificates of Participation are sold by the Underwriter pursuant to an Official Statement which summarizes the Lease Agreement and Trust Indenture and provides other pertinent information regarding the transaction and the governmental unit. These basic documents are drafted by nationally recognized bond attorneys and disclosure counsel.

#### Credit Considerations

In order to avoid the creation of debt, it is necessary in many jurisdictions to have the lease payments subject to annual appropriation and/or the lease must be renewed annually by the governing body of the lessee. This creates the possibility that the holders of the Certificates beyond one year would not be paid. The problem is compounded by the high technology and obsolescence factors of certain types of equipment. Various credit factors are considered prior to structuring the lease; such as, technical aspects of the equipment cost, economic benefit to the governmental user and most importantly, the need for the equipment. Usually, the essentiality of the equipment is the most important consideration of rating agencies and investors. E.F. Hutton has devised methods of mitigating these potential problems and has been able to secure investment grade ratings for many of its clients.



## Cost

The most significant financing cost advantage for municipalities has been the tax-exemption on the interest portion of their financings. This has allowed tax-exempt issuers the privilege of borrowing funds at an average of 70%-80% of the interest rate of the same quality taxable issues. Likewise, the interest portion of the Certificates associated with lease/purchase financing is tax-exempt. In most cases, lease/purchase financing costs compare very favorably with alternative methods of financing.

A proper evaluation of financing costs should include all aspects of the financing: issuance costs, discounts, arbitrage earnings, etc. Additionally, the analysis may include timing advantages and their effects on construction costs. Financing cost will be affected by the type of lease (annual or long-term) security provisions, source of payments, type of project, credit of the political subdivision and essential nature of the project. It is not possible to generalize about financing cost differentials given the number of variables; however, it is possible to generate an in-depth specific analysis comparing the above factors. An E.F. Hutton public finance specialist is available to assist governments in the comparison of financing alternatives.

## PROFESSIONALS INVOLVED

Lease/purchase financings, like any other public issue debt financings, involve the participation of certain professionals rendering specific services. A review and summary description of those responsibilities are as follows:

### Underwriter

The underwriter of the lease/purchase Certificates of Participation takes the responsibility of overseeing the entire financing program. The underwriter is usually involved in the very early stages of the transaction, assisting with the development of a financial plan upon determining legal and financial feasibility. The underwriter makes recommendations for the inclusion of all security provisions and covenants consistent with sound underwriting techniques and anticipated rating requirements. The underwriter takes responsibility for coordinating all aspects of the rating presentations, including assemblage of information pertinent to the rating and directing the rating presentation itself.

The underwriter is responsible for the development of a marketing program, including the organization of an underwriting or selling syndication. The underwriter continually monitors the market and once the ratings are secured and the transaction is available for sale, the underwriter implements the marketing plan. Hutton's marketing plan includes the distribution of securities to retail (individual) as well as institutional accounts (banks, insurance companies and corporations). The underwriter's main responsibility is to assure that the securities are marketed on the best possible terms and conditions based upon prevailing market conditions.

### Bond Special Counsel

Recognized municipal bond attorneys are employed to draft all the documents pertaining to the lease transaction. These may include the Lease/Purchase Agreement, the Trust Indenture and Assignments. The bond attorney or special counsel is also responsible for rendering opinions as to the legal issuance and tax-exemption of the interest portion of the lease. Bond or special counsel fees are typically payable from the cost of issuance account provided from lease proceeds.



### Underwriter's Counsel

Underwriter's counsel is retained to provide two basic services: representation of the underwriter and to provide disclosure advice. Typically, underwriter's counsel is responsible for compiling the official statement, which describes the pertinent factors of the transaction and summarizes the securing legal documents.

### Trustee

The trustee bank or trustee is responsible for overseeing the entire transaction after the closing. Usually, the nominal owner (lessor) of the facility conveys his rights and responsibilities to the trustee. The trustee, pursuant to the Trust Indenture, disburses construction advances, collects rental payments, forwards debt service payments to the Certificate holders and accounts for all revenues and expenditures in connection with the transaction. In the event of default, the trustee forecloses on the equipment and generally acts on behalf of the Certificate holders in the liquidation process. The trustee is usually paid an initial acceptance fee out of lease proceeds and an ongoing annual fee out of lease payments.

### ADVANTAGE OF LEASE/PURCHASE FINANCING

- \* Does not create a debt for the governmental unit.
- \* Does not require a bond issue election.
- \* Is not affected by debt limitations.
- \* Is not comparable to other types of municipal tax-exempt financing.
- \* Can receive investment-grade ratings from both Standard & Poor's Corporation and Moody's Investors Service.
- \* Allows title to the facility leased to pass free and clear to the governmental unit upon final lease payment.
- \* Can provide long-term financing at fixed rates.
- \* Has a successful history for financing equipment, as well as large capital construction items.
- \* Can be accomplished in a timely manner, usually within sixty to ninety days.
- \* Provides that control of the equipment financed vests with the governmental unit.

### PUBLIC FINANCE PROFESSIONALS

Members of the Public Finance Group, specializing in Equipment Lease Financing:

#### DENVER

1700 Broadway, Suite 300  
Denver, CO 80290  
(303) 861-5000

F. BLAKE LYNCH, Vice President  
(303) 863-4376

WILLIAM B. DOUGHERTY, Asst. Vice President  
(303) 863-4374

## PROFILE OF E.F. HUTTON & COMPANY

E.F. Hutton & Company is one of the largest publicly owned investment banking/brokerage firms in the country. The firm maintains offices in more than 300 cities throughout the United States.

### Industry Leadership In Public Finance

E.F. Hutton's reputation in Public Finance is represented by the firm's consistent ranking by the Public Securities Association (PSA) among the leading managing underwriters of municipal bond issues in the country (ranking second in 1983). Hutton's rapid rise to the top ranks of municipal underwriters reflects the fact that the firm has been the leader in developing most of the major innovative concepts of the municipal finance industry in recent years.

As a cohesive, full service investment banking firm, E.F. Hutton is able to provide its municipal clients a wider range and higher calibre of services than is commonly available. Incorporating the broad professional expertise of a coordinated financing team and integrating underwriting, research, sales and trading talent, Hutton's full service approach affords clients greater savings both in dollars and in internal administrative efficiencies.

### Marketing And Sales Capabilities

E.F. Hutton's municipal sales organization is one of the strongest in terms of numbers and production in the tax-exempt securities industry. Hutton's sales force sells to active buyers representing more than 500,000 individuals and 25,000 institutions. In recent years, Hutton's municipal bond sales have exceeded \$14,000,000,000 annually.

### Resource Base

E.F. Hutton's capital position is \$608,000,000. The significance of this resource base to an issuer of securities is evidenced in Hutton's willingness and ability to commit its use for clients. The firm was at risk at one point recently, for \$301,000,000 of municipal bonds, due to an impending law change which detracted from the marketability of the bonds. This type of capital commitment, for which E.F. Hutton is known, represents to municipal clients the willingness of Hutton to accept greater risks and underwriting commitments than other firms. It also represents 80 years of continuous, profitable operations.

## CERTIFICATE OF PARTICIPATION TRANSACTIONS

Certificates of Participation became particularly apparent in the tax-exempt market during the late 1970's and early 1980's. Certificates of Participation are essentially lease-purchase agreements, but due to their size, are issued in large numbers of certificates similar to bonds or notes in traditional financings. Each certificate represents a proportionate interest in the principal and tax-exempt interest payments from the city, county, or state. Effectively, each certificate is then very much like a bond or note inasmuch as the investor receives both principal and tax-exempt interest payments. Unlike a bond or note, however, a Certificate of Participation transaction is subject to annual cancelation or renewal based upon the availability of funds. Each certificate holder also has a proportionate interest in the equipment or facility being financed. Certificates effectively trade like bonds or notes in the secondary market and are generally issued in denominations of \$5,000.

The benefits of using a Certificate of Participation transaction are:

- It allows a great degree of flexibility in structuring the lease, and therefore, the obligations of the state pursuant to the lease.
- It does generally not require the same formalities of approval as a general obligation or revenue bond financing.
- It is annually renewable due to the availability of funds to make lease-purchase payments.
- For items of an essential use nature, such as telecommunications systems, a very attractive tax-exempt rate can be obtained in the market.
- Due to the popularity of Certificate of Participation transactions, "bond" insurance is now available in order to receive a "AAA" rating, and therefore, a lower tax-exempt interest rate.

Certificates of Participation are essentially lease-purchase transactions and therefore, have the same general characteristics as a lease-purchase. For example, title to the equipment passes to the municipality or state upon the last lease-purchase payment. Additionally, there is generally a lessor and a lessee involved with the transaction. The lessor may be a bank, an investment banking firm, a leasing company, or a non-profit organization or entity associated with the municipality or state. The lessee

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would generally be the municipality or state which utilizes the equipment.

Certificates of Participation transactions have been used widely by tax-exempt issuers. The following copies of the front page of the Official Statements depicts some of the Certificate of Participation transactions completed by municipalities or states in the recent past:



In the opinion of Messrs. Kutak Rock & Huie, Special Counsel, under existing statutes, regulations and interpretations, that portion of the Base Payments payable by the Colorado State Department of Institutions under each Building and Property Lease/Purchase Agreement during the term thereof which is designated and paid as interest on the principal amount due on the Certificates of Participation issued pursuant thereto is exempt from federal income taxation to the recipients thereof.

**OFFICIAL STATEMENT  
CERTIFICATES OF PARTICIPATION**

Evidencing Ownership Interests in Three  
~~Building and Property Lease/Purchase~~ Agreements With

**THE STATE OF COLORADO**

Acting By and Through the Colorado State Department of Administration  
and the Colorado Office of State Planning and Budgeting  
For the Use and Benefit of the Colorado State Department of Institutions

<b>WHEAT RIDGE, COLORADO PROJECT</b>	<b>\$6,895,000 (ISSUE A)</b>
<b>PUEBLO, COLORADO PROJECT</b>	<b>\$5,320,000 (ISSUE B)</b>
<b>GRAND JUNCTION, COLORADO PROJECT</b>	<b>\$4,735,000 (ISSUE C)</b>

**Three Separate Issues of Certificates as More Fully Described at Page ii Hereof**

NEITHER THE BUILDING AND PROPERTY LEASE/PURCHASE AGREEMENTS (THE "LEASES"), NOR THE CERTIFICATES OF PARTICIPATION ISSUED PURSUANT THERETO (THE "CERTIFICATES"), CONSTITUTE A GENERAL OBLIGATION INDEBTEDNESS OF THE STATE OF COLORADO (THE "STATE") OR ANY AGENCY OR DEPARTMENT THEREOF. NEITHER THE STATE, NOR THE CENTRAL BANK OF DENVER (THE "BANK") ON ITS BEHALF, HAS PLEDGED THE CREDIT OF THE STATE OR ANY AGENCY OR DEPARTMENT THEREOF TO THE PAYMENT OF THE LEASES OR THE CERTIFICATES. THE EXECUTION OF THE LEASES AND THE ISSUANCE OF THE CERTIFICATES HAVE NOT DIRECTLY OR CONTINGENTLY OBLIGATED THE STATE OR ANY AGENCY OR DEPARTMENT THEREOF TO APPLY MONEY FROM, OR TO LEVY OR PLEDGE ANY FORM OF TAXATION TO, THE PAYMENT OF THE LEASES OR THE CERTIFICATES.

EXCEPT TO THE EXTENT PAYABLE FROM THE PROCEEDS OF THE CERTIFICATES, OR THE PROCEEDS OF CERTAIN INSURANCE POLICIES, PERFORMANCE BONDS AND CONDEMNATION AWARDS, THE CERTIFICATES WILL BE PAYABLE DURING THE TERM OF EACH LEASE SOLELY FROM PAYMENTS TO BE MADE BY THE COLORADO STATE DEPARTMENT OF INSTITUTIONS (THE "DEPARTMENT OF INSTITUTIONS") UNDER SUCH LEASE AND THE INCOME FROM CERTAIN INVESTMENTS THEREUNDER. PAYMENTS UNDER THE LEASES MAY BE MADE ONLY FROM FUNDS APPROPRIATED, BUDGETED OR OTHERWISE MADE AVAILABLE TO THE DEPARTMENT OF INSTITUTIONS FOR SUCH PURPOSE.

EACH OF THE LEASES IS SUBJECT TO ANNUAL RENEWAL AND WILL BE TERMINATED IN THE EVENT THAT SUFFICIENT FUNDS ARE NOT APPROPRIATED, BUDGETED OR OTHERWISE MADE AVAILABLE TO THE DEPARTMENT OF INSTITUTIONS TO CONTINUE LEASING THE PROJECT WHICH IS THE SUBJECT THEREOF. IN SUCH EVENT, WHICH IS DEFINED UNDER THE LEASES AS AN EVENT OF NONAPPROPRIATION, ALL PAYMENTS FROM THE DEPARTMENT OF INSTITUTIONS UNDER SUCH LEASE WILL TERMINATE, AND THE ISSUE OF CERTIFICATES ISSUED PURSUANT THERETO WILL BE PAYABLE FROM SUCH MONEYS, IF ANY, AS MAY BE HELD BY THE BANK UNDER SUCH LEASE AND ANY MONEYS MADE AVAILABLE FROM A LIQUIDATION OF THE PROJECT WHICH IS THE SUBJECT THEREOF. UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION OR AN EVENT OF DEFAULT UNDER A LEASE, THERE IS NO GUARANTY OR ASSURANCE OF ANY PAYMENT OF THE CERTIFICATES ISSUED PURSUANT THERETO.

THE PURCHASE OF THE CERTIFICATES BEING OFFERED BY THE UNDERWRITER AND DESCRIBED HEREIN INVOLVES A HIGH DEGREE OF RISK. SEE THE CAPTION "RISK FACTORS" HEREIN.

Certain financial information concerning the State of Colorado, not included in the Preliminary Official Statement, is set forth as Appendix A to this Official Statement.

*As more fully described herein, the Certificates will be subject to redemption prior to maturity.*

Each issue of the Certificates is offered separately when, as and if received by the Underwriter named below, subject to prior delivery and to withdrawal and modification of the offer without notice, subject to the receipt of an approving legal opinion of the Attorney General of the State of Colorado and to the approval of certain matters by Messrs. Kutak Rock & Huie, Special Counsel, and subject to certain other matters. It is expected that delivery of each issue of the Certificates will be made on or about September 20, 1979, in Denver, Colorado, against payment therefor.



**Boettcher & Company**

Dated: September 20, 1979

**NEW ISSUE**

Moody's: A  
S & P: A-p  
See "RATINGS"

*In the opinion of Special Counsel, interest on the Certificates is exempt from present federal income taxation under existing laws, regulations, rulings, and court decisions; and interest on the Certificates is also exempt from present Colorado state income taxation under existing Colorado income tax laws. The opinion does not cover the treatment for federal or state income tax purposes of any moneys received as interest on the Certificates subsequent to a termination of the State's obligations under the Lease.*

**\$5,805,000**

**THE STATE OF COLORADO**

**STATE OFFICE FACILITY LEASE PURCHASE AGREEMENT**

**CERTIFICATES OF PARTICIPATION**

\$1,290,000 7.50% term Certificates due August 1, 1985  
\$1,615,000 8.25% term Certificates due August 1, 1988  
\$2,900,000 9.25% term Certificates due August 1, 1992

Principal and semiannual interest (February 1 and August 1, with the first payment of interest to be made February 1, 1983) is payable at First Interstate Bank of Denver, N.A. (the "Bank"). The Certificates are dated October 1, 1982. The Certificates are issuable as negotiable coupon Certificates in the denominations of \$5,000 each, registrable as to principal only, and as fully registered Certificates without coupons in the denomination of \$5,000 and any integral multiple of \$5,000.

The Certificates evidence assignments of proportionate interests in rights to receive payments pursuant to an annually renewable State Office Facility Lease Purchase Agreement, dated as of October 1, 1982 (the "Lease"), entered into between the Bank and the State of Colorado (the "State"). See "THE LEASE." The Certificates are subject to redemption prior to maturity as described in "Sinking Fund Redemption" and "Extraordinary Redemption Provisions" under "THE CERTIFICATES."

**THE PURCHASE OF THE CERTIFICATES INVOLVES A HIGH DEGREE OF RISK. AMONG OTHER FACTORS, THERE CAN BE NO ASSURANCE THAT THE GENERAL ASSEMBLY WILL APPROPRIATE SUFFICIENT FUNDS EACH YEAR TO RENEW THE LEASE. SEE "RISK FACTORS."**

The proceeds from the sale of the Certificates will be used to finance the acquisition, construction, and equipping of a state office building (the "Facility") in Grand Junction. See "USE OF PROCEEDS." The Facility will be located on a site (the "Site") to be acquired by the State and leased to the Bank under a Ground Lease dated as of September 30, 1982 (the "Ground Lease"). See "THE GROUND LEASE". The Bank will lease the Site and the Facility (collectively, the "Project") to the State under the Lease.



**Boettcher & Company**

The date of this Official Statement is October 18, 1982



*In the opinion of Special Counsel, interest on the Certificates, to the extent paid by the County, is exempt from present federal income taxation under existing laws, regulations, rulings and court decisions; and interest on the Certificates, to the extent paid by the County, is also exempt from present Colorado personal income taxation under existing Colorado statutes. See "TAX EXEMPTION."*

**\$4,085,000**

**EL PASO COUNTY, COLORADO**

**Social Services Administration Building Lease Purchase Agreement  
With Boettcher 1984 Associates, Ltd., a Colorado Limited Partnership**

**CERTIFICATES OF PARTICIPATION, SERIES 1984B**

Date: February 1, 1984

Due: January 1, as shown below

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
1985	\$ 785,000	5.7%	100%
1986	840,000	6.0	100
1987	895,000	6.5	100
1988	1,565,000	6.9	100

The Certificates evidence assignments of proportionate interests in certain payments pursuant to an annually renewable Social Services Administration Building Lease Purchase Agreement, dated as of February 1, 1984 (the "Lease"), entered into between Boettcher 1984 Associates, Ltd., a Colorado limited partnership (the "Lessor"), and El Paso County, Colorado (the "County"). The Certificates have been issued pursuant to a Mortgage and Indenture of Trust, dated as of February 1, 1984 (the "Indenture"), between Central Bank of Denver, a Banking Corporation, Denver, Colorado, as trustee (the "Trustee"), and the Lessor.

*The Certificates are subject to redemption prior to maturity as more fully described herein.*

The net proceeds from the issuance of the Certificates will be used to finance the acquisition of a certain parcel of land and a social services administration building for the County to be located thereon (the "Project"), as more fully described herein.

THE CERTIFICATES ARE PAYABLE SOLELY FROM BASE RENTALS PAID BY THE COUNTY UNDER THE LEASE AND, TO THE EXTENT RECEIVED BY THE TRUSTEE, NET PROCEEDS OF CERTAIN INSURANCE POLICIES AND CONDEMNATION AWARDS OR PROCEEDS OF FORECLOSURE AND SALE OF THE PROJECT. NEITHER THE CERTIFICATES NOR THE LEASE SHALL GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR HOME RULE CHARTER DEBT LIMITATION APPLICABLE TO THE COUNTY, NOR A MANDATORY CHARGE OR REQUIREMENT IN ANY YEAR SUBSEQUENT TO A YEAR IN WHICH THE LEASE IS IN EFFECT. THE LEASE IS SUBJECT TO ANNUAL RENEWAL BY THE COUNTY, AND UPON NONRENEWAL OR ANY OTHER TERMINATION OF THE LEASE, THE CERTIFICATES WILL BE PAYABLE SOLELY FROM MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE INDENTURE AND ANY AMOUNTS RESULTING FROM A FORECLOSURE ON AND SALE OF THE PROJECT.

Payment of principal of and interest on the Certificates is secured by an insurance policy issued by the Municipal Bond Insurance Association.

The Certificates are offered when, as and if issued and accepted by the Underwriter, subject to prior sale, modification or withdrawal of the offer without sale, and subject to the approval of validity and certain other matters by Kutak Rock & Huie, Denver, Colorado, Special Counsel, the approval of certain matters by Kutak Rock & Huie, Disclosure Counsel, and certain other conditions. It is expected that the Certificates will be available for delivery in Denver, Colorado on or about February 7, 1984 against payment therefor.



**Boettcher & Company**

Dated: February 2, 1984

NEW ISSUE

Rating: Standard & Poor's: A

In the opinion of Dorsey & Whitney, Minneapolis, Minnesota and Great Falls, Montana, Special Counsel, under existing laws, regulations, rulings and judicial decisions, the interest portion of Lease Payments made by the State of Montana under the Equipment Lease Purchase Agreement received by the Certificate Owners is exempt from Federal income taxation and from State of Montana individual income tax.

\$11,000,000\*

**CERTIFICATES OF PARTICIPATION**  
**(Communication System Project)**  
**Evidencing a Proportionate Interest of the**  
**Owners Thereof in Lease Payments to be Made by**  
**the**  
**STATE OF MONTANA**  
**As the Rental and Purchase Price of Certain**  
**Equipment Pursuant to an Equipment Lease**  
**Purchase Agreement with Centel Communications**  
**Company**

Dated: August 15, 1983

Due: July 1, as shown below

Interest due with respect to the Certificates is payable on January 1, 1984 and semiannually on each July 1 and January 1 thereafter. The Certificates are issuable in fully registered form in denominations of \$5,000 or any integral multiple thereof. The principal of the Certificates will be payable at the principal office of IntraWest Bank of Denver, N.A., as trustee. Interest due with respect to the Certificates will be payable by check or draft mailed to the registered owners.

*The Certificates are subject to redemption as described herein.*

The State of Montana (the "State") is required, subject to biennial appropriation by the State Legislature, under the Equipment Lease Purchase Agreement to pay Lease Payments from any source of legally available funds, which will be sufficient to pay, when due, the principal of, premium, if any, and interest due with respect to the Certificates. The State, acting by and through the Department of Administration, has agreed under the Equipment Lease Purchase Agreement to use its best efforts to insure that the State Legislature is requested to appropriate sufficient funds and that sufficient funds are appropriated in each appropriation period during the Lease Term to pay the Lease Payments in full. The Lease Term of the Equipment Lease Purchase Agreement will commence on August 15, 1983, and expire on July 1, 1993 unless earlier terminated in the event that sufficient funds are not appropriated or otherwise available for the payment of the Lease Payments during the appropriation period. See "Security for the Certificates" and "Risk" herein.

The obligation of the State to pay Lease Payments constitutes a current expense of the State and is subject to biennial appropriation and does not constitute an obligation of the State for which the State is obligated to levy or pledge any form of taxation or for which the State has levied or pledged any form of taxation. The obligation of the State to pay Lease Payments does not constitute a debt of the State, or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Maturity Schedule\*

Maturity	Principal Amount	Interest Rate	Price	Maturity	Principal Amount	Interest Rate	Price
1984	\$ 400,000	%	100	1989	\$1,145,000	%	100
1985	840,000		100	1990	1,245,000		100
1986	900,000		100	1991	1,355,000		100
1987	975,000		100	1992	1,485,000		100
1988	1,055,000		100	1993	1,600,000		100

(plus accrued interest)

The Certificates are offered when, as and if delivered and received by the Underwriters, subject to an approving legal opinion of Dorsey & Whitney, Minneapolis, Minnesota and Great Falls, Montana, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Mudge Rose Guthrie Alexander & Ferdon, New York, New York. It is expected that the Certificates will be available for delivery in Denver, Colorado on or about September 7, 1983.

**E.F. Hutton & Company Inc.**

**Merrill Lynch Capital Markets**

Dated: August \_\_\_\_, 1983

\*Estimated, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall there be any sale of these certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



Rating: Standard & Poor's .....

**NEW ISSUE**

*In the opinion of Dorsey, Windhorst, Hannaford, Whitney & Halladay, Minneapolis, Minnesota, Special Counsel, under existing laws, regulations, rulings and judicial decisions, the interest portion of Rental Payments made by the State under the Lease With Option To Purchase Agreement received by the Certificate holders is exempt from Federal income taxation and from State of New Mexico personal income taxes.*

**\$9,670,000\***

**CERTIFICATES OF PARTICIPATION**

(Telephone Switching System)

Evidencing a Proportionate Interest of the Holder Thereof in Rental Payments to be Made by the

**STATE OF NEW MEXICO**

Acting By and Through its Department of Finance and Administration

As the Rental and Purchase Price of Certain Equipment

Pursuant to a Lease With Option To Purchase Agreement with

First Municipal Leasing Corporation

DATED: November 1, 1981

DUE: August 1 and February 1, as shown below

Interest due with respect to the above identified Certificates is payable on August 1, 1982 and semiannually on each February 1 and August 1 thereafter. The Certificates are issuable in coupon or fully registered form without coupons in denominations of \$5,000 each or, with respect to registered Certificates, any integral multiple thereof. Principal, interest and premium, if any, on the Certificates are payable at the principal office of First Interstate Bank of Albuquerque, Albuquerque, New Mexico, the Trustee, or, in the case of coupon Certificates, at the option of the holder, at the principal office of Chemical Bank, New York, New York and the principal office of First Interstate Bank of California, Los Angeles, California, the Paying Agents, except that interest on fully registered Certificates will be payable by check or draft mailed to the registered owners. The Certificates are subject to redemption as described hereinafter.

The State is required under the Lease With Option To Purchase Agreement to pay Rental Payments from any source of legally available funds, subject to annual appropriation and subject to abatement under certain circumstances as provided in the Agreement, which will be sufficient to pay, when due, the annual principal of and interest due with respect to the Certificates. The State of New Mexico Department of Finance and Administration has covenanted under the Lease With Option To Purchase Agreement to take such action as may be necessary to include such Rental Payments in its annual budget requests to the New Mexico State Legislature and to direct all other State departments, agencies, institutions, instrumentalities and political subdivisions to include their proportionate share of such Rental Payments in their annual budget requests to the Legislature. The Lease With Option To Purchase is for a term of eight years and four months, but will be terminated in the event that sufficient funds are not annually appropriated, budgeted or otherwise made available to the State of New Mexico Department of Finance and Administration to enable it to satisfy the Rental Payments. See "Security for the Certificates" and "Risk" herein.

The obligation of the State to pay Rental Payments constitutes a current expense of the State and is subject to annual appropriation and does not constitute an obligation of the State for which the State is obligated to levy or pledge any form of taxation or for which the State has levied or pledged any form of taxation. The obligation of the State to pay Rental Payments does not constitute a debt of the State of New Mexico, or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

**Maturity Schedule\***

Maturity	Principal Amount	Interest Rate	Maturity	Principal Amount	Interest Rate
August 1, 1983.....	\$485,000	10.20%	February 1, 1987.....	\$690,000	11.00%
February 1, 1984.....	505,000	25	August 1, 1987.....	725,000	
August 1, 1984.....	535,000		February 1, 1988.....	770,000	20
February 1, 1985.....	560,000	50	August 1, 1988.....	810,000	
August 1, 1985.....	590,000		February 1, 1989.....	855,000	10
February 1, 1986.....	620,000	75	August 1, 1989.....	905,000	
August 1, 1986.....	655,000		February 1, 1990.....	965,000	75

(Price: .....%, plus accrued interest)

*The Certificates are offered when, as and if delivered and received by the Underwriters, subject to an approving legal opinion of Dorsey, Windhorst, Hannaford, Whitney & Halladay, Minneapolis, Minnesota, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Mudge Rose Guthrie & Alexander, New York, New York. It is expected that the Certificates will be available for delivery in Santa Fe, New Mexico on or about November 19, 1981.*

**Merrill Lynch White Weld Capital Markets Group**

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Dated: November ....., 1981.

\* Subject to change.

**Quinn & Co., Inc.**  
**RICHARD W. BLACKWOOD**  
 VICE PRESIDENT  
**QUINN & CO. INC.**  
 SUITE 300  
 1444 WAZEE  
 DENVER, CO 80202  
 823-0932

This is a Preliminary Official Statement, subject to correction and change, and is not yet finally adopted. The State has authorized the distribution of this Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Certificates, the State will complete, adopt and deliver an Official Statement substantially in this form.



In the opinion of Bond Counsel, under present federal income tax laws and all pertinent regulations, rulings, and decisions which have heretofore been issued, that portion of the Annual Rent payable by the Colorado State Board of Agriculture, under the Lease and Agreement during the term thereof, which is designated and paid as interest on the principal amount due on the Certificates of Participation issued pursuant thereto is exempt from federal income taxes and from Colorado income tax under present laws of the State of Colorado.

NEW ISSUE

NOT RATED

**\$9,640,000**

**CERTIFICATES OF PARTICIPATION**  
(Colorado State University Telecommunications Project)

Evidencing Assignment of Proportionate  
Interests in a Mortgage on and Security Interest in  
the Project and in Rights to Receive Lease  
Payments to be Made by

**Colorado State Board of Agriculture**  
**Acting on Behalf of the State of Colorado**

As the Rental for Certain Properties and Equipment  
Pursuant to a Lease and Agreement with

**COLORADO STATE UNIVERSITY RESEARCH FOUNDATION**

**Dated: June 1, 1983**

**Due: July 1, as shown below**

The Certificates are being issued to finance the construction and installation of a telecommunications system for the Colorado State University campus at Fort Collins, Colorado.

The Certificates are payable from Annual Rent payments to be made by the Board under the Lease and from income from certain investments thereunder. The Board has warranted under the Lease to take such action as may be necessary to include all Annual Rent payments in its annual budget and to make the necessary annual allocations therefor as long as the Lease remains in effect. THE LEASE IS SUBJECT TO ANNUAL RENEWAL AND WILL BE TERMINATED IN THE EVENT THAT SUFFICIENT FUNDS ARE NOT ALLOCATED, BUDGETED OR OTHERWISE MADE AVAILABLE TO THE BOARD TO CONTINUE LEASING THE PROJECT. IN SUCH EVENT, ALL PAYMENTS FROM THE BOARD UNDER SUCH LEASE WILL TERMINATE, AND THE CERTIFICATES WILL BE PAYABLE FROM SUCH MONEYS, IF ANY, AS MAY BE HELD BY FIRST INTERSTATE BANK OF FORT COLLINS, N.A., FORT COLLINS, COLORADO, AS TRUSTEE, AND ANY MONEYS MADE AVAILABLE FROM THE TRUSTEE'S RELETTING, SALE, OR LIQUIDATION OF THE PROJECT. UPON THE OCCURRENCE OF A TERMINATION OR AN EVENT OF DEFAULT UNDER THE LEASE, THERE IS NO GUARANTEE OR ASSURANCE OF ANY PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE CERTIFICATES. SEE "CERTIFICATE HOLDERS' RISKS" HEREIN.

Neither the Lease, nor the Certificates constitute a general obligation indebtedness of the State of Colorado or the Colorado State Board of Agriculture within the meaning of any constitutional or statutory debt limitation. The Board has not pledged its credit or the credit of the State of Colorado to the payment of the Lease or the Certificates. The execution of the Lease and the issuance of the Certificates have not directly or contingently obligated the State of Colorado or the Board to apply money from, or to levy or pledge any form of taxation to, the payment of the Lease or the Certificates.

The obligations of Colorado State University Research Foundation with respect to the Certificates and the Project are limited to those specifically provided for in the Lease and Indenture. Colorado State University Research Foundation, pursuant to the Indenture, has assigned to the Trustee, for the benefit of the Certificate holders, a mortgage on and a security interest in the telecommunications Project.

The Certificates are payable as coupon Certificates in the denomination of \$5,000 and as fully registered certificates without coupons in the denomination of \$5,000 or any integral multiple thereof. Interest, at the rates set forth below, is payable on January 1, 1984, and semiannually thereafter on the 1st day of July and the 1st day of January each year. The principal of, premium, if any, and interest on the coupon Certificates and the principal of and premium, if any, on the fully registered Certificates shall be payable upon presentation and surrender of the Certificates or interest coupons at the offices of the Trustee. Payment of interest on the fully registered Certificates shall be made by check mailed to the registered owner at the address shown on the registration books of the Trustee.

**MATURITY SCHEDULE**

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1985	\$545,000	7.50%	1990	\$ 815,000	9.75%
1986	\$585,000	8.00%	1991	\$ 895,000	10.00%
1987	\$630,000	8.50%	1992	\$ 990,000	10.00%
1988	\$685,000	9.00%	1993	\$1,085,000	10.00%
1989	\$745,000	9.50%	1994	\$2,665,000	10.00%

(Price 100%, plus accrued interest from June 1, 1983)

Certificates of this issue maturing on or before July 1, 1989, are not redeemable prior to their respective maturities. Those Certificates maturing in the years 1990 and thereafter are subject to redemption at the option of the Colorado State University Research Foundation, in inverse numerical order, on July 1, 1989, and on any interest payment date thereafter, at the price and in the manner described in "THE CERTIFICATES" herein.

These Certificates are offered when, as, and if received by the Underwriters named below, subject to the approving legal opinion of Lamm Edstrom & Braymer, P.C., Attorneys at Law, Denver, Colorado, as Bond Counsel; the approval of certain legal matters by Lamm Edstrom & Braymer, P.C. Attorneys at Law, Denver, Colorado, as Special Disclosure Counsel to the Board; and certain other conditions. Certain legal matters will be passed upon for Colorado State University Research Foundation by its Counsel, Messrs. Little & Henze, New York, New York. It is expected that the Certificates will be delivered in Denver, Colorado, on or about June 28, 1983, against payment therefor.

**Dain Bosworth**  
Incorporated

**Boettcher & Company**

## OFFICIAL STATEMENT

### NEW ISSUE

Rating: Standard & Poor's Prov. (A)

*In the opinion of Orrick, Herrington & Sutcliffe, A Professional Corporation, San Francisco, California, Special Counsel, under existing laws, regulations and court decisions the portion of each rental payment designated as interest paid by the The Regents of the University of California under the Equipment Lease Purchase Agreement and received by the holders of the Certificates is exempt from federal income taxes and from State of California personal income taxes.*

### \$27,000,000

### CERTIFICATES OF PARTICIPATION (TELEPHONE AND TELECOMMUNICATIONS SYSTEM)

Evidencing a Proportionate Interest of the  
Holder Thereof in Rental Payments to be Made by

## THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

As the Rental and Purchase Price of Certain Equipment  
Pursuant to an Equipment Lease Purchase Agreement with ComPlan, Inc.

DATED: September 1, 1981

DUE: September 1, as shown below

Interest due with respect to the above identified Certificates is payable on March 1, 1982 and semiannually thereafter on each September 1 and March 1. The Certificates are issuable in coupon or in fully registered form in denominations of \$5,000 or, with respect to registered Certificates, any integral multiple thereof and are payable at the principal office of First Interstate Bank of California, San Francisco, California, the Trustee, or (in the case of coupon Certificates) at the principal office of the Trustee in Los Angeles, California or at Manufacturers Hanover Trust Co., New York, New York, Paying Agent. *The Certificates are subject to redemption as described hereinafter.*

Subject to termination of the Equipment Lease Purchase Agreement, at the option of The Regents on any July 1, The Regents is required to pay annually to the Trustee specified Rental Payments for the Project which are designed to be sufficient, in both time and amount, to pay, when due, the annual principal of and interest due with respect to the Certificates. *Without creating a pledge, lien or encumbrance upon funds available to The Regents in other than its then current fiscal year, The Regents has covenanted in the Equipment Lease Purchase Agreement to take such action as may be necessary to include all such Rental Payments in its annual budgets and to make the necessary annual allocations within such budgets for all such Rental Payments.*

### Maturity Schedule

Maturity (September 1)	Principal Amount	Interest Rate	Maturity (September 1)	Principal Amount	Interest Rate
1984	\$ 995,000	10.50%	1991	\$2,100,000	12.25%
1985	1,100,000	10.75	1992	2,355,000	12.50
1986	1,215,000	11.00	1993	2,650,000	12.75
1987	1,350,000	11.25	1994	2,990,000	13.00
1988	1,505,000	11.50	1995	3,375,000	13.00
1989	1,675,000	11.75	1996	3,815,000	13.00
1990	1,875,000	12.00			

(Price: 100%, plus accrued interest)

The Equipment Lease Purchase Agreement is for a term of 15 years and 4 months, but may be terminated by The Regents by written notice to ComPlan, Inc. prior to June 1 of any year. The obligation of The Regents to make Rental Payments under the Equipment Lease Purchase Agreement constitutes a current expense of The Regents payable from funds of The Regents lawfully available therefor. **Such obligation does not constitute a debt of The Regents or of the State of California within the meaning of any constitutional or statutory limitation and does not constitute a liability of or a lien or charge upon the funds or property of the State of California or of The Regents beyond the fiscal year for which The Regents has allocated funds to pay Rental Payments. The Regents has no taxing power.**

*The Certificates are offered when, as and if delivered and received by the Underwriter, subject to an approving legal opinion of Orrick, Herrington & Sutcliffe, A Professional Corporation, San Francisco, California, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Mudge Rose Guthrie & Alexander, New York, New York and for The Regents by its General Counsel. It is expected that the Certificates will be available for delivery in San Francisco, California on or about September 22, 1981.*

**Merrill Lynch White Weld Capital Markets Group**  
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Dated: September 11, 1981.