



**Above:** In this file photo taken January 13, 2013, Bill Nance, seated, is pictured with from the left, Donala General Manager Kip Petersen, President Bill George, and Directors Dave Powell, Ken Judd, and Bob Denny. Nance was resident or a member of the Donala Water and Sanitation District Board, as well as district manager since 1986. Nance died April 20. Photo by Jim Kendrick.

this vacancy will also be published. For more information, see [www.donalawater.org](http://www.donalawater.org).

**Investment policy change approved**

Donala's investment advisors from Chandler Asset Management—portfolio strategist and Executive Vice President Scott Prickett and Client Service Manager Stacey Alderson—presented a lengthy technical review of the current Donala investment policies regarding certificates of deposit and answered questions from the directors. This review had been previously requested by Nance but had been postponed due to scheduling issues.

Some of the technical items Prickett and Alderson discussed regarding Donala's investments were: potential near-term Fed note interest rate increases, Colorado state law investment safety requirements to ensure preservation of capital in the overall portfolio, and diversification limits that preclude investments in long-term corporate bonds, certificates of deposit, or equities to get a higher yield due to the risk of loss due to the failure of the security issuer or backer.

Office Manager Bray noted the different state restrictions that apply to Donala's three different funds: general fund, debt reserve fund, and the bond fund that holds the remaining balance of the Colorado Water Resources and Power Development Authority low interest capital improvement loan.

The board unanimously approved a motion to increase the maximum maturity investment strategy of the general, debt, and bond project funds that Chandler manages "from a shorter duration target to a zero to three years strategy" with no change from a minimum of AAA ratings. This will increase the potential for a higher overall rate of return with an increase in the average maturity duration from six months to a year to 1.4 to 1.5 years, while still complying with state law regarding credit risk.

The board also approved a policy change to allow investment in treasury funds in addition to money market funds. State

law allows a treasury maturity of up to five years. During Prickett's report to the board on May 21, 2015 he noted that interest

rates for two-year treasuries have ranged from 0.31 to 0.74 percent. Now a two-year treasury should yield 0.75 to 0.85 percent and a three-year treasury should yield 1 percent. The Donala portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated, with some low yielding same-day liquidity investments for short-term fund requirements.

There was also agreement that Alderson will arrange a board visit this summer to Chandler's new Denver office at 1875 Lawrence St. near Coors Field that coincides with a Rockies home game. Director Ken Judd noted that he would use this decision as an example in the Webster University managerial economics course he is currently teaching.

**Manager's report**

Construction of the water pipeline between the Latrobe Court water tank and Holbein Drive tanks will begin early this summer. A new fence will be con-

structed around the recently acquired Donala Pauma Valley Drive storage facility.

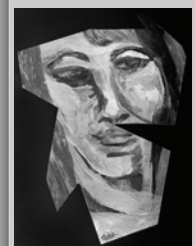
The board unanimously approved a personnel policies and procedure manual amendment to limit employees to seeking one operator license upgrade at a time to focus their preparation and enhance their success rate. Higher-level state license certification testing has become increasingly more challenging as water quality regulatory changes have become more numerous and technical.

The board unanimously approved a resolution to appoint Petersen as Donala's primary representative to the Colorado Special District Property and Liability Pool and Bray as the alternate. Donala has switched to the state pool from commercial carriers for its provider of property and liability insurance.

Petersen and returning director Ed Houle, who will be sworn in on May 19, attended the April

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