

MINUTES OF THE DECEMBER 17, 2008 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Sandstrom, Farley, Barela

Also Present: Administrator Rick Kidd, Counsel Representative Don Banner

Guests: Tom and Jean Latka

With a quorum present, the Pueblo Conservancy District board meeting was called to order at 4:05 pm.

Minutes -- The Minutes of the November 19 Regular Meeting were reviewed. Farley moved to approve the Minutes. The Minutes were approved as posted.

Latka -- Kidd reported that there is confusion over the actual property lines. When he gets it resolved he will let Latka's know. PCD will make them an offer to sell and see if Latka's agree.

Torgerson -- Ice House Project -- Sandstrom said that Mikal is at another meeting with HARP concerning this development.

Levee Repairs -- Kidd reports that he has received nothing from ACE yet.

Levee Certification -- Kidd reviewed the morning meeting at City Stormwater. The Board is concerned about FEMA putting out mapping before we have final and accepted stormwater data. Plus, based upon their proposed schedule, there will not be adequate time for the PCD to get the certification done. Sandstrom will draft a letter to Congressional representatives with a copy to FEMA. He will be asking for a delay in implementation of the mapping.

Treasurer's Report:

The accountant's report for November was reviewed. Farley moved to receive and file the accountant's report and pay the bills. Motion passed.

Bills -- The following bills were posted for review and approval

\$ 250.00	MBD&G, Accountant fees
\$ 123.86	Black Hills Energy, Electricity
\$ 400.00	Don Banner, Attorney fees
\$ 6.00	Don Banner, Filing Fee - Barela
\$ 500.00	Kidd Engineering, Administrator/Engineer fees
\$ 7.79	Kidd Engineering, Fees for DOC crew
\$ 55.41	Sandstrom, Director's Fee
\$ 55.41	Farley, Director's Fee
\$ 55.41	Barela, Director's Fee
\$ 35.00	Vectra Bank, Safe Deposit Box
\$ 20.16	Pueblo Chieftain, Budget Notice Advertisement

Kidd requested approval of \$345 for 1st Quarter payment to Black Hills Energy. Barela so moved. Motion passed.

Runyon Lake -- Sandstrom said that there is to be a December 19 meeting with the City concerning conditions at Runyon Lake.

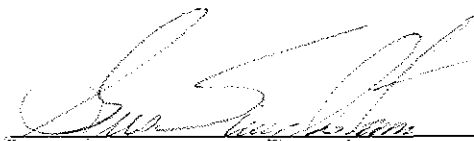
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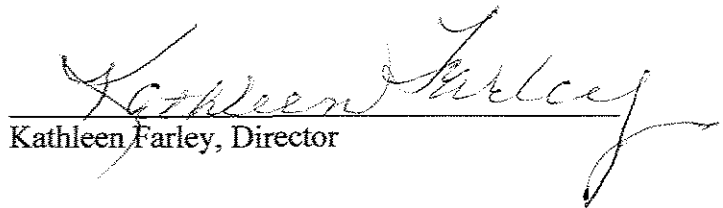
River Cleaning – Farley received a call from the Williams and they are very happy about the cleaning that the DOC has started. Kidd said they started on the 15th and that DOC is going to destroy the bike hills and holes and open up the discharge from the slough. This will allow it to drain back to the River.

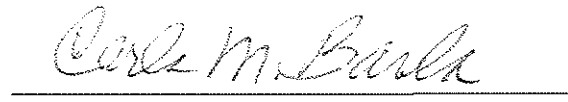
County Valuation – Kidd presented a valuation report from the County. It was decided that we can certify the maintenance fund assessment if the County desires. The County property valuation certification is not pertinent to the District. Kidd is to contact the County about this.

There being no further business to come before the Board, the business meeting was adjourned at 5:38 pm. The next regular meeting date is January 21, 2009.

APPROVED:


Gus Sandstrom, Director


Kathleen Farley, Director


Carla Barela, Director

THE PUEBLO CONSERVANCY DISTRICT

NOTICE OF
REGULAR MEETING

DATE: DECEMBER 17, 2008 (WEDNESDAY) AT 4:00 P.M.

PLACE: SOUTHEASTERN COLORADO HERITAGE CENTER,
201 WEST B STREET, PUEBLO, COLORADO

AGENDA

1. ROLL CALL
2. APPROVAL OF NOVEMBER 19, 2008 MINUTES
3. TREASURER'S REPORT
 - a. PAYMENT OF BILLS
4. LATKA PROPERTY ACQUISITION
5. ICE HOUSE TUNNEL PROPERTY SALE
6. LEVEE REPAIRS
7. LEVEE CERTIFICATION
8. RIVER CLEANING
9. 2009 MEETING DATES
10. OTHER BUSINESS AS MAY BE BROUGHT BEFORE THE BOARD
11. ADJOURNMENT

MINUTES OF THE NOVEMBER 19, 2008 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Sandstrom, Farley, Barela

Also Present: Administrator Rick Kidd, Counsel Representative Joe Bower

Guests: Tom Latka, Susan Adamich

Susan Adamich is the President of the Southeastern Colorado Heritage Center. She gave an overview of the purpose of the Heritage Center. Susan would like to work with the District to put together an exhibit about the 1921 Flood. She was told that we would be happy to work with her to develop an exhibit.

With a quorum present, the Pueblo Conservancy District board meeting was called to order at 4:15 pm.

Tom Latka -- The Latka's are building a deck and stairway off of the east side of their residence. It was learned that it is partly constructed on Conservancy District property. Latka asked the District to provide either a waiver or sell him property so that they can continue with their construction. We discussed the possibility of selling him the property from his east line down to Corona. He owns additional property to the north and would also, depending on pricing, be interested in buying the property below that house also. Farley moved that a letter authorizing a variance to build the deck and stairway be prepared and issued to Latka's. Motion passed.

Minutes -- The Minutes of the October 15 Regular Meeting and October 30 Special Meeting were reviewed. Farley moved to approve the Minutes. The Minutes were approved as posted.

Treasurer's Report:

The accountant's report for October was reviewed. Farley moved to receive and file the accountant's report. Motion passed.

Bills -- The following bills were posted for review and approval

\$ 250.00	MBD&G, Accountant fees
\$ 117.74	Aquila, Electricity
\$ 400.00	Don Banner, Attorney fees
\$ 500.00	Kidd Engineering, Administrator/Engineer fees
\$ 55.41	Sandstrom, Director's Fee
\$ 55.41	Farley, Director's Fee
\$ 55.41	Arteaga, Director's Fee

Kidd reported that the monthly deposits appear to be trending down. This could be due to the economy and market notes not being redeemed early. We will need to watch and it may be necessary to make more transfers from the money market account into the checking account. Farley moved to pay the bills. Motion passed.

Budget -- The final 2009 budget, including the accountant's projections, was presented. Sandstrom explained to Barela that much of the increase over 2008 was carry-over from expensive maintenance work not done in either 2007 or 2008. The draft budget was accepted at the October 15 Budget Hearing. Barela was not a member of the Board at that time.

Kidd received a response from Gary Rutherford, with the Corps of Engineers. ACE is working to develop plans and negotiate a contract for work to protect the fish ladders. Their scope will be limited to only the required measures to protect the work constructed in the Legacy Project.

RECORD OF PROCEEDINGS

November 19, 2008 Minutes, Page 2 of 2

Kidd will request a set of preliminary plans to determine the work that ACE is intending and what areas the District will still need to develop plans for protective/corrective work. Therefore, the levee repair must be kept in the budget for work that may be done next year.

Farley moved to approve the final budget for 2009. Motion passed.

Assessment – Sandstrom met with Judge Maes concerning the impact of high assessments on people who have not had to budget for them in the past. Judge Maes agreed that in these instances we can negotiate an incremental assessment plan.

Ice House – Kidd reported that he has been in contact with Torgerson's surveyor. He is waiting for them to get the survey monuments set.

DeSalvo Proposals – Sandstrom reported that he has told DeSalvo that we will meet with him and discuss property purchases after the work for the assessment is completed.

River Cleaning – Kidd is to meet with the Department of Corrections next week.

Meeting Schedule – It was agreed that the regular meetings will be held at 8:00 am. Sandstrom will email out a tentative schedule for review at the December meeting.

Aquila Billings – Since the Aquila (Black Hills Energy) billings are generally due before the District's monthly meetings it was agreed to have Kidd make quarterly estimates and pay for the Runyon Lake electricity in advance.

There being no further business to come before the Board, the business meeting was adjourned at 5:12 pm. The next regular meeting date is December 17, 2008.

APPROVED:

Gus Sandstrom, Director

Kathleen Farley, Director

Carla Barela, Director



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Pueblo, CO 81003

Phone (719) 543-0516

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Pueblo Conservancy District
Pueblo, Colorado

We have compiled the accompanying balance sheets – general fund only – of the Pueblo Conservancy District as of November 30, 2008 and December 31, 2007, and the related comparative statements of revenue and expenditures – actual and budget – general fund for the eleven months ended November 30, 2008, and the twelve months ended December 31, 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements mentioned above, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

McPherson, Breyfogle, Daveline & Goodrich, PC

December 11, 2008

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
NOVEMBER 30, 2008 AND DECEMBER 31, 2007

	<u>11/30/2008</u>	<u>12/31/2007</u>
ASSETS		
VECTRA BANK CHECKING	\$ 15,210	\$ 44,778
VECTRA BANK MONEY MARKET	11,809	11,738
BROKERAGE MONEY MARKET ACCOUNTS	315,561	17,205
COLOTRUST INVESTMENT	25,000	25,000
WACHOVIA SECURITIES INVESTMENT	469,661	587,679
PIPER JAFFRAY INVESTMENT	133,754	352,817
ACCRUED INTEREST	<u>-</u>	<u>6,424</u>
 TOTAL ASSETS	 <u>\$ 970,995</u>	 <u>\$ 1,045,641</u>
 LIABILITIES AND FUND EQUITY		
ACCOUNTS PAYABLE	\$ -	\$ 4,766
PAYROLL TAXES PAYABLE	142	330
DEFERRED INCOME	<u>1,250</u>	<u>1,042</u>
 TOTAL LIABILITIES	 <u>1,392</u>	 <u>6,138</u>
 RESERVE FOR EMERGENCIES	 6,000	 6,000
DESIGNATED FOR SUBSEQUENT		
YEAR'S EXPENDITURES	156,376	264,890
UNDESIGNATED	<u>807,227</u>	<u>768,613</u>
 TOTAL FUND EQUITY	 <u>969,603</u>	 <u>1,039,503</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 970,995</u>	 <u>\$ 1,045,641</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -
ACTUAL AND BUDGET - GENERAL FUND
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2008
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2007

	ACTUAL				
	CURRENT MONTH	YEAR TO DATE	2008 BUDGET	UNUSED BUDGET	2007 ACTUAL
REVENUES					
INTEREST INCOME					
COLOTRUST	\$ -	\$ 537	\$ -	\$ -	\$ 1,283
MONEY MARKET ACCOUNTS	168	1,477	-	-	1,167
WACHOVIA SECURITIES	-	22,302	-	-	31,970
PIPER JAFFRAY	-	6,966	-	-	13,237
UNREALIZED GAINS (LOSSES)	36,006	30,369	-	-	6,288
TOTAL INTEREST INCOME	36,174	61,651	47,117	(14,534)	53,945
LEASE PAYMENTS	208	2,492	2,500	8	2,500
OTHER INCOME	-	4,500	3,000	(1,500)	17,368
COST OF SALES	-	-	-	-	-
TOTAL REVENUES	\$ 36,382	\$ 68,643	\$ 52,617	\$ (16,026)	\$ 73,813
EXPENDITURES					
80 LEGAL FEES	\$ 400	\$ 4,300	\$ 4,800	\$ 500	\$ 3,600
81 DIRECTORS FEES	180	1,860	3,000	1,140	2,160
82 FICA TAXES	-	-	166	166	165
83 ENGINEER/ADMINISTRATIVE	500	5,000	6,000	1,000	4,800
90 AUDIT & BOOKKEEPING	250	2,500	3,000	500	3,000
92 INSURANCE/BONDS	-	2,506	3,000	494	2,908
96 OFFICE EXPENSE	-	402	500	98	2,276
97 OFFICE RENT	-	680	500	(180)	500
100 PROFESSIONAL FEES	-	31,401	18,000	(13,401)	-
APPRAISAL	-	-	-	-	-
103 TRAVEL	-	-	3,500	3,500	-
105 REPAIRS & MAINTENANCE	118	11,894	90,000	78,106	12,930
PIPING REPAIRS	-	-	75,000	75,000	-
108 CONTINGENCIES	-	-	500	500	-
109 EMERGENCY REPAIR	-	-	20,000	20,000	-
110 CAPITAL IMPROVEMENTS	-	-	25,000	25,000	-
111 PLANNING & DEVELOPMENT	-	-	5,000	5,000	-
112 HARP - O & M	-	78,000	60,000	(18,000)	20,000
113 SALES TAX	-	-	-	-	-
TOTAL EXPENDITURES	1,448	138,543	317,966	179,423	52,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 34,934	\$ (69,900)	\$ (265,349)	\$ (195,449)	\$ 21,474

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
11/30/2008

12/11/2008 3:07 PM

BROKER	DESCRIPTION	MATURITY DATE	RATE	PAR VALUE	BALANCE 12/31/2007	ADDITIONS	MKT VALUE CHANGE	REDEMPTION SALES	BALANCE 10/31/2008	INTEREST RECEIVED 10/31/2008
<u>CASH ACCOUNTS</u>										
VECTRA BANK	Money Market Account				11,738.31	70.59	-	-	11,808.90	70.59
PIPER JAFFRAY	Money Market Account				11,435.55	222,120.47	-	-	233,556.02	1,198.47
WACHOVIA SEC.	Evergreen Money Mkt Fund				5,769.64	151,234.93	-	75,000.00	82,004.57	208.28
TOTAL CASH ACCOUNTS WITH BROKERS					28,943.50	373,425.99	-	75,000.00	327,369.49	1,477.34
<u>INVESTMENTS</u>										
COLOTRUST	Acct. 7081 - PLUS		6.240%		25,000.00	-	-	-	25,000.00	639.00
TOTAL COLOTRUST					25,000.00	-	-	-	25,000.00	639.00
WACHOVIA SEC.	FNMA 05-27 GA REMIC MULTICLASS CMO	4/25/2034	5.500%	450,000.00	40,713.77	-	1,162.05	18,052.97	23,822.85	1,481.57
	FHLMC 3040 CA REMIC MULTICLASS CMO	9/15/2019	5.000%	108,000.00	-	-	-	-	-	-
	FHLMC 3334 WW RETAIL LOTTERY	9/15/2036	6.250%	30,000.00	30,237.30	-	682.68	11,000.00	19,919.98	1,125.00
	FHLMC 2646 LL RETAIL LOTTERY	8/15/2033	5.000%	78,000.00	32,122.08	-	4,226.76	-	36,348.84	1,500.00
	FHLMC 2688 DD RETAIL LOTTERY	11/15/2033	5.500%	36,000.00	33,993.36	-	1,429.56	-	35,422.92	1,650.00
	FHLMC 2804 UC REMIC MULTICLASS CMO	11/15/2033	6.000%	8,000.00	-	-	-	-	-	-
	FHLMC 3004 GG RETAIL LOTTERY	7/15/2034	5.000%	80,000.00	45,682.21	-	4,152.75	-	49,834.96	2,041.70
	FHLMC 3133 MB REMIC MULTICLASS CMO	3/15/2036	6.000%	150,000.00	144,406.50	-	9,549.00	-	153,955.50	7,500.00
	FNMA 05-16 WD REMIC MULTICLASS CMO	1/25/2035	5.000%	56,000.00	13,774.69	-	612.39	2,115.76	12,271.32	591.50
	GNMA 06-27 WE REMIC MULTICLASS CMO	6/20/2036	6.000%	50,000.00	49,928.50	-	71.51	50,000.01	-	2,418.74
	FHLMC 3230 BB REMIC MULTICLASS CMO	4/15/2036	5.750%	50,000.00	47,407.50	-	3,337.00	-	50,744.50	2,395.80
	FHLMC 3264 UU REMIC MULTICLASS CMO	6/15/2036	5.750%	50,000.00	46,130.40	-	2,426.88	-	48,557.28	2,300.00
	FHLMC 3290 WA REMIC MULTICLASS CMO	4/15/2007	5.000%	58,000.00	46,519.90	-	184.34	20,357.91	26,346.33	1,728.79
	FHLMC 3357 AA REMIC MULTICLASS CMO	12/15/1936	6.000%	32,000.00	31,728.96	-	707.96	20,000.00	12,436.92	1,130.00
	NATIONAL CITY CD	6/15/2007	5.150%	30,000.00	-	-	-	-	-	-
	WORLD SAVINGS BK FSB CD	5/2/2008	5.200%	25,000.00	25,033.25	-	(33.25)	25,000.00	-	1,303.56
TOTAL WACHOVIA SEC.					587,678.42	-	28,509.63	146,526.65	469,661.40	27,166.66
PIPER JAFFRAY	GNMA POOL #24920	6/15/2008	8.250%		291.78	-	(20.64)	271.14	-	7.16
	FEDL HOME LN MTG CORP FREDDIENOTES B/E	12/15/2009	3.000%	120,000.00	118,602.00	-	1,398.00	120,000.00	-	3,000.00
	FEDL NATL MTG ASSN INVT NOTES B/E	8/20/2010	4.000%	100,000.00	99,813.00	-	187.00	100,000.00	-	822.22
	FEDL NATL MTG ASSN INVT NOTES B/E	6/24/2011	4.000%	130,000.00	129,756.90	-	325.00	-	130,081.90	4,333.30
	FHLMC #170217	3/1/2017	8.000%		4,353.19	-	(30.35)	650.86	3,671.98	261.33
TOTAL PIPER JAFFRAY					352,816.87	-	1,859.01	220,922.00	133,753.88	8,424.01
TOTAL INVESTMENTS					965,495.29	-	30,368.64	367,448.65	628,415.28	36,229.67
TOTAL ALL ACCOUNTS					994,438.79	373,425.99	30,368.64	442,448.65	955,784.77	37,707.01

PUEBLO CONSERVANCY DISTRICT

NOVEMBER 2008 - DECEMBER 2008

RECEIPTS

VENDOR	ITEM	AMOUNT
First Clearing, LLC	Interest Payment	\$ 2,023.79
First Clearing, LLC	Interest Payment	\$ 2,031.85
First Clearing, LLC	Interest Payment	\$ 160.70
First Clearing, LLC	Interest Payment	\$ 87.17
First Clearing, LLC	Interest Payment	\$ 164.73
UBS	Interest Payment	\$ 747.33
Wells Fargo	ColoTrust Dividend	\$ 31.69
		\$ 5,247.26

DEBITS

VENDOR	ITEM	AMOUNT	CHECK	CODE
Black Hills Energy	Electrical Billing	\$ 123.86	3576	105
MBDG, PC	Bookkeeping	\$ 250.00	3577	90
Don Banner - B&B, PC	Attorney Fees	\$ 400.00	3578	80
	Filing Fee - Barela	\$ 6.00	"	96
Kidd Engineering	Engineer/Admin Fees	\$ 500.00	3579	83
	Keys for DOC	\$ 7.79	"	96
Director Sandstrom	Fees	\$ 55.41	3580	81
Director Farley	Fees	\$ 55.41	3581	81
Director Arteaga	Fees	\$ 55.41	3582	81
Vectra Bank	Safe Deposit Box Rent	\$ 35.00	3593	96
Pueblo Chieftain	Budget Advertisement	\$ 20.16	3594	96
		\$ 1,509.04		

Account Workbook

Open Tax Lots

ACCT: 6384-6594

Household**Account Information**

6384-6594 W903
 PUEBLO CONSERVANCY DISTRICT
 PO BOX 234
 PUEBLO CO 81002-0234

Birth Date

BORD Restricted

N

Details

Registration T-Religious/Nonprofit
 Product Type STANDARD BROKERAGE
 CSI 4C-Street Name-Hold/Hold All Funds
 MMF Code BDS-FDIC-Insured Bank Deposit Option
 Investment Obj G-Moderate Income

Balances

Total Acct Val 580,627.49
 Funds Available 83,224.74
 Cash Bal
 Margin Bal
 MMF Bal 83,224.74
 Free CR/Misc DR
 Total Cash W/O Borrowing 83,224.74
 Fed Call

Contact information

Home Phone 719/542-8100 Business Phone 719/544-6823

	Quantity	Held	Description 1	Maturity Date	Symbol	Open Date	Curr Yield	Mkt Price	Unit Cost	Cost Amount	% Gain/Loss	Unrealized	Term
	964,000									950,716.3400		3,805.85	
1	19,000	On	FHLMC 3334 WW	09/15/2036		12/03/2007	5.9700	104.6740	100.5250	19,099.7500	4.13	788.31	LONG
2	50,000	On	FHLMC 3230 BB	04/15/2036		10/27/2006	5.5600	103.4000	100.0120	50,006.0000	3.39	1,694.00	LONG
3	12,000	On	FHLMC 3357 AA	12/15/2036		09/05/2007	5.8110	103.2360	100.2732	12,032.7900	2.95	355.53	LONG
4	48,000	On	FHLMC 3264 UU	06/15/2036		01/18/2007	5.5910	102.8410	100.0120	48,005.7600	2.83	1,357.92	LONG
5	150,000	On	FHLMC 3133 MB	03/15/2036		03/24/2006	5.7920	103.5750	101.5790	152,368.5000	1.96	2,994.00	LONG
6	58,000	On	FHLMC 3290 WA	11/15/2035		06/21/2007	5.4610	100.7020	96.7350	54,391.6200	1.83	997.14	LONG
7	56,000	On	FNMA 05-16 WD	01/25/2035		03/18/2005	5.1600	96.8970	95.8259	54,107.2600	.26	138.68	LONG
8	450,000	On	FNMA 05-27 GA	04/25/2034		04/22/2005	5.5080	99.8430	100.0248	439,521.0100	-.01	-43.96	LONG
9	36,000	On	FHLMC 2688 DD	10/15/2033		09/25/2003	5.5650	98.8240	100.0000	36,000.0000	-1.18	-423.36	LONG
10	49,000	On	FHLMC 3004 GG	07/15/2034		07/11/2005	5.1780	96.5480	100.0074	49,003.6500	-3.46	-1,695.13	LONG
11	36,000	On	FHLMC 2646 LL	07/15/2033		07/14/2003	5.3210	93.9520	100.5000	36,180.0000	-6.52	-2,357.28	LONG

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PART 6

FUNDS - LEGAL INVESTMENTS

Cross references: For investments in U.S. agency obligations, see article 60 of title 11; for investment of teachers' retirement funds, see § 22-64-112; for investment by veterans administration fiduciaries, see part 3 of article 5 of title 28; for investment of public employees' retirement fund, see § 24-51-206; for investment of municipal funds, see § 31-20-303; for investment of police officers' and firefighters' pension funds, see part 5 of article 30.5 of title 31; for investments in special district bonds, see §§ 32-4-544 and 32-11-810.

24-75-601. Definitions. As used in this part 6, unless the context otherwise requires:

(1) "Public entity" means the state of Colorado; any institution, agency, instrumentality, authority, county, municipality, city and county, district, or other political subdivision of the state, including any school district and institution of higher education; any institution, department, agency, instrumentality, or authority of any of the foregoing, including any county or municipal housing authority; any local government investment pool organized

pursuant to part 7 of this article; any public entity insurance pool organized pursuant to state law; and any other entity, organization, or corporation formed by intergovernmental agreement or other contract between or among any of the foregoing.

(2) "Public funds" means any funds in the custody, possession, or control of a public entity; any funds over which a public entity has investment control; any funds over which a public entity would have investment control but for the entity's delegation of that control to another person; and any funds over which another person exercises investment control on behalf of or for the benefit of a public entity. "Public funds" includes, but is not limited to, proceeds of the sale of securities of a public entity and proceeds of certificates of participation or other securities evidencing rights in payments to be made by a public entity under a lease, lease-purchase agreement, or other similar arrangement, regardless of whether such proceeds are held by the public entity, a third-party trustee, or any other person. "Public funds" shall not include funds invested by the public employees' retirement association created in article 51 of this title or any other funds invested for employee retirement or pensions. "Public funds" shall also not include trusts managed on behalf of the board of education of a school district coterminous with a city and county for the benefit of a retiree's health insurance and teacher compensation.

(2.5) (Deleted by amendment, L. 2006, p. 551, § 2, effective August 7, 2006.)

(3) "Security" means any bill, note, bond, bankers' acceptance, commercial paper, repurchase agreement, reverse repurchase agreement, securities lending agreement, guaranteed investment contract, guaranteed interest contract, annuity contract, funding agreement, certificate of indebtedness or other evidence of indebtedness, or interest in any of the foregoing. No foregoing instrument shall be convertible to equity or represent any equity interest. All foregoing instruments shall be denominated in the currency of the United States.

Source: L. 37: p. 799, §§ 1, 2. CSA: C. 176, § 126(1). CRS 53: § 83-1-1. C.R.S. 1963: § 83-1-1. L. 65: p. 848, § 1. L. 69: p. 688, § 1. L. 71: p. 948, § 1. L. 75: (3) amended, p. 392, § 6, effective July 14. L. 83: (1.5) added, p. 1007, § 1, effective April 28. L. 89: Entire section R&RE, p. 1101, § 1, effective July 1. L. 2000: (2.5) added, p. 182, § 1, effective August 2. L. 2006: Entire section amended, p. 551, § 2, effective August 7.

24-75-601.1. Legal investments of public funds. (1) It is lawful to invest public funds in any of the following securities:

(a) Any security issued by, fully guaranteed by, or for which the full credit of the United States treasury is pledged for payment and, notwithstanding paragraph (a) of subsection (1.3) of this section, inflation indexed securities issued by the United States treasury. The period from the date of settlement of this type of security to its maturity date shall be no more than five years unless the governing body of the public entity authorizes investment for a period in excess of five years.

(b) (I) Any security issued by, fully guaranteed by, or for which the full credit of the following is pledged for payment: The federal farm credit bank, the federal land bank, a federal home loan bank, the federal home loan mortgage corporation, the federal national mortgage association, the export-import bank, the Tennessee valley authority, the government national mortgage association, the world bank, or an entity or organization that is not listed in this paragraph (b) but that is created by, or the creation of which is authorized by, legislation enacted by the United States congress and that is subject to control by the federal government that is at least as extensive as that which governs an entity or organization listed in this paragraph (b). The period from the date of settlement of this type of security to its maturity date shall be no more than five years unless the governing body of the public entity authorizes investment for a period in excess of five years.

(II) No security may be purchased pursuant to this paragraph (b) unless, at the time of purchase, the security is rated in its highest rating category by two or more nationally recognized organizations that regularly rate such obligations and no such organizations rate the security lower than its highest rating category. Should the security issued as described in subparagraph (I) of this paragraph (b) fail to meet the minimum credit risk requirements,

the security may be considered for purchase to the extent it conforms with the requirements of paragraph (m) of this subsection (1).

(c) (Deleted by amendment, L. 2006, p. 552, § 3, effective August 7, 2006.)

(d) (I) Any security that is a general obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities.

(II) No security may be purchased pursuant to this paragraph (d) unless:

(A) At the time of purchase, the security is rated in one of its two highest rating categories by two or more nationally recognized organizations that regularly rate such obligations.

(B) (Deleted by amendment, L. 2006, p. 552, § 3, effective August 7, 2006.)

(C) The period from the date of settlement of this type of security to its maturity date shall be no more than three years unless the governing body of the public entity authorizes investment for a period in excess of three years.

(e) (I) Any security that is a revenue obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities.

(II) No security may be purchased pursuant to this paragraph (e) unless, at the time of purchase, the security is rated in its highest rating category by two or more nationally recognized organizations that regularly rate such obligations.

(III) The period from the date of settlement of this type of security to its maturity date shall be no more than three years.

(f) and (g) (Deleted by amendment, L. 2006, p. 552, § 3, effective August 7, 2006.)

(h) Any security of the investing public entity or any certificate of participation or other security evidencing rights in payments to be made by the investing public entity under a lease, lease-purchase agreement, or similar arrangement;

(i) Any interest in any local government investment pool organized pursuant to part 7 of this article;

(j) The purchase of any repurchase agreement concerning any securities referred to in paragraph (a) or (b) of this subsection (1) that can otherwise be purchased under this section if all of the conditions of subparagraphs (I) to (VI) of this paragraph (j) are met:

(I) The securities subject to the repurchase agreement must be marketable.

(II) The title to or a perfected security interest in such securities along with any necessary transfer documents must be transferred to the investing public entity or to a custodian acting on behalf of the investing public entity.

(III) Such securities must be actually delivered versus payment to the public entity's custodian or to a third-party custodian or third-party trustee for safekeeping on behalf of the public entity.

(IV) The collateral securities of the repurchase agreement must be collateralized at no less than one hundred two percent and marked to market no less frequently than weekly.

(V) The securities subject to the repurchase agreement may have a maturity in excess of five years.

(VI) The period from the date of settlement of a repurchase agreement to its maturity date shall be no more than five years unless the governing body of the public entity authorizes investment for a period in excess of five years.

(j.5) Any reverse repurchase agreement concerning any securities referred to in paragraph (a) or (b) of this subsection (1) that can otherwise be purchased under this section if all of the conditions of subparagraphs (I) to (VII) of this paragraph (j.5) are met:

(I) Any necessary transfer documents must be transferred to the investing public entity.

(II) Cash must be received by the investing public entity or a custodian acting on behalf of the investing public entity in a deliver versus payment settlement.

(III) The cash received from a reverse repurchase agreement must be collateralized at no more than one hundred and five percent and marked to market no less frequently than weekly.

(IV) The repurchase agreement is not greater than ninety days in maturity from the date of settlement unless the governing body of the public entity authorizes investment for a period in excess of ninety days.

(V) The counter-party meets the credit conditions of an issuer that would qualify under paragraph (m) of this subsection (1).

(VI) The value of all securities reversed under this paragraph (j.5) does not exceed eighty percent of the total deposits and investments of the public entity.

(VII) No securities are purchased with the proceeds of the reverse repurchase agreement that are greater in maturity than the term of the reverse repurchase agreement.

(j.7) A securities lending agreement in which the public entity lends securities in exchange for securities authorized for investment in this section, if all of the following conditions are met:

(I) Any necessary transfer documents must be transferred to the investing public entity.

(II) Securities must be received by the investing public entity or a custodian acting on behalf of the investing public entity in a simultaneous settlement.

(III) The securities received in the securities lending agreement must be no less than one hundred two percent of the value of the securities lent and marked to market no less frequently than weekly.

(IV) The counter-party meets the conditions of an issuer specified in paragraph (m) of this subsection (1).

(V) In the case of a local government, the securities lending agreement shall be approved and designated by written resolution adopted by a majority vote of the governing body of the local government, which resolutions shall be recorded in its minutes.

(k) Any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended, if, at the time the investing public entity invests in such fund:

(I) The investment policies of the fund include seeking to maintain a constant share price;

(II) No sales or load fee is added to the purchase price or deducted from the redemption price of the investments in the fund and no fee may be charged unless the governing body of the public entity authorizes such a fee at the time of the initial purchase;

(III) The investments of the fund consist only of securities with a maximum remaining maturity as specified in rule 2a-7 under the federal "Investment Company Act of 1940", as amended, or any successor regulation under such act regulating money market funds, so long as such rule 2a-7 is not amended to, or such successor regulation does not, increase the maximum remaining maturity of such securities to a period that is greater than three years, and if the fund has assets of one billion dollars or more, or has the highest current credit rating from one or more nationally recognized organizations that regularly rate such obligations.

(IV) The dollar-weighted average portfolio maturity of the fund meets the requirements specified in rule 2a-7 under the federal "Investment Company Act of 1940", as amended, or any successor regulation under such act regulating money market funds, so long as such rule 2a-7 is not amended to increase the dollar-weighted average portfolio maturity of a fund to a period greater than one hundred eighty days.

(l) (I) Any guaranteed investment contract, guaranteed interest contract, annuity contract, or funding agreement if, at the time the contract or agreement is entered into, the long-term credit rating, financial obligations rating, claims paying ability rating, or financial strength rating of the party, or of the guarantor of the party, with whom the public entity enters the contract or agreement is, at the time of issuance, rated in one of the two highest rating categories by two or more nationally recognized securities rating agencies that regularly issue such ratings.

(II) (Deleted by amendment, L. 2004, p. 950, 7, effective May 21, 2004.)

(III) (A) Except as provided in sub-subparagraph (B) of this subparagraph (III), the contracts or agreements purchased under this paragraph (l) shall not have a maturity period greater than three years.

(B) Contracts or agreements with a maturity period greater than three years shall only be purchased with proceeds of the sale of securities of a public entity and proceeds of

certificates of participation or other securities evidencing rights in payments to be made by a public entity under a lease, lease-purchase agreement, or other similar arrangement or if purchased by revenues pledged to the payment of such securities or certificates; except that no contract or agreement may be purchased pursuant to this paragraph (1) with the proceeds of any of the foregoing that are held in an escrow or otherwise for the purpose of refunding bonds or other obligations of a public entity.

(m) (I) Any corporate or bank security issued by a corporation or bank that is organized and operated within the United States must mature within three years from the date of settlement and, at the time of purchase, must carry at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "AA- or Aa3" by any credit rating agency. If the security is a money market instrument such as commercial paper or bankers' acceptance, then the security must carry at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "A1, P1, or F1" by any credit rating agency.

(II) At no time shall the book value of a public entity's investment in notes evidencing a debt pursuant to this paragraph (m) exceed the following:

(A) Fifty percent of the book value of the public entity's investment portfolio unless the governing body of the public entity authorizes a greater percent of such book value; or

(B) Five percent of the book value of the public entity's investment portfolio if the notes are issued by a single corporation or bank unless the governing body of the public entity authorizes a greater percent of such book value.

(n) (Deleted by amendment, L. 2006, p. 552, § 3, effective August 7, 2006.)

(1.3) (a) Except as provided in paragraph (a) of subsection (1) of this section and except as provided in paragraph (b) of this subsection (1.3), public funds shall not be invested in any security on which the coupon rate is not fixed, or a schedule of specific fixed coupon rates is not established, from the time the security is settled until its maturity date, other than shares in qualified money market mutual funds, unless the coupon rate is:

(I) Established by reference to the rate on a United States treasury security with a maturity of one year or less or to the United States dollar London interbank offer rate of one year or less maturity, or to the cost of funds index or the prime rate as published by the federal reserve; and

(II) Expressed as a positive value of the referenced index plus or minus a fixed number of basis points.

(b) A municipal index may be used for the investment of bond or note accounts from issues with coupons linked to the same index.

(c) For purposes of this section, "maturity date" means the last possible date, barring default, that principal can be repaid to the purchaser.

(1.5) Any firm that sells any financial instrument that fails to comply with the provisions of this section to any public entity in the state of Colorado shall, upon demand of the public entity through the state treasurer, repurchase such instruments for the greater of the original purchase principal amount or the original face value, plus any and all accrued interest, within one business day of the demand.

(2) Investments made pursuant to this section shall be made in conformance with the standard set forth in section 15-1-304, C.R.S.

(2.3) Public entities shall adopt criteria designating eligible broker-dealers for the purchase of term securities, except for bond proceed investments, under this section.

(2.5) (a) If a public entity invests public moneys through an investment firm offering for sale corporate stocks, bonds, notes, debentures, or a mutual fund that contains corporate securities, the investment firm shall disclose, in any research or other disclosure documents provided in support of the securities being offered, to the public entity whether the investment firm has an agreement with a for-profit corporation that is not a government-sponsored enterprise, whose securities are being offered for sale to the public entity and because of such agreement the investment firm:

(I) Had received compensation for investment banking services within the most recent twelve months; or

(II) May receive compensation for investment banking services within the next three consecutive months.

(b) For the purposes of this subsection (2.5), "investment firm" means a bank, brokerage firm, or other financial services firm conducting business within this state, or any agent thereof.

(3) Nothing in this section is intended to limit:

(a) The power of any public entity to invest any public funds in any security or other investment permitted to such public entities under any other valid law of the state; or

(b) The power of any home rule city, city and county, town, or county to invest any public funds in any security or other investment permitted under the charter or ordinance of such home rule city, city and county, town, or county; or

(c) The authority of the state board of regents to invest any funds available to the board in any security or other investment otherwise provided by law.

(3.5) (Deleted by amendment, L. 2006, p. 552, § 3, effective August 7, 2006.)

(4) Nothing in this section is intended to apply to public funds held or invested as part of any pension plan, full or supplemental retirement plan, or deferred compensation plan.

Source: L. 89: Entire section added, p. 1102, § 2, effective July 1. L. 91: (4) amended, p. 1917, § 39, effective June 1. L. 93: (1)(k)(II), IP(1)(k)(III), and (1)(k)(III)(C) amended and (1)(k)(IV) added, p. 1260, § 7, effective June 6. L. 94: (1)(k)(III) amended and (1)(m) added, p. 449, § 1, effective March 29. L. 95: IP(1)(j), (1)(k)(III), (1)(k)(III)(C), and (1)(k)(III)(D) amended and (1.3) and (1.5) added, p. 772, § 1, effective May 24. L. 2000: (1)(n) added, p. 182, § 2, effective August 2; (3.5) added, p. 811, § 1, effective August 2. L. 2002: (1)(d)(II) and (3.5) amended, pp. 258, 259, §§ 2, 3, effective April 12. L. 2003: (1)(l)(I) amended, p. 623, § 40, effective July 1; (2.5) added, p. 674, § 3, effective August 6. L. 2004: (1)(j)(I) and (1)(l) amended, p. 950, § 7, effective May 21. L. 2006: Entire section amended, p. 552, § 3, effective August 7.

Cross references: For the legislative declaration contained in the 2002 act amending subsections (1)(d)(II) and (3.5), see section 1 of chapter 94, Session Laws of Colorado 2002.

24-75-601.2. Prior investments valid. Nothing in this article shall be construed so as to invalidate any legal investment made prior to July 1, 1989. Such investments shall continue to be authorized through their dates of maturity.

Source: L. 89: Entire section added, p. 1105, § 2, effective July 1.

24-75-601.3. Remedial actions - investments not made in conformance with statute. The audit of the financial statements of public entities required by part 6 of article 1 of title 29, C.R.S., shall, in addition to all other requirements, include a supplemental listing of all investments held by the public entity at the date of the financial statement. The public entity shall divest itself of any investment which is not included as a lawful investment in section 24-75-601.1 or other statutory authority within six months of the initial disclosure of the existence of such investment.

Source: L. 89: Entire section added, p. 1105, § 2, effective July 1.

24-75-601.4. Liability of officials of public entities. Elected or appointed officials or employees of public entities who, in the good faith performance of their duties as public officials, comply with the standards established in this part 6 for the investment of public funds in securities shall not be liable for any loss of public funds resulting from such investment.

Source: L. 89: Entire section added, p. 1105, § 2, effective July 1.

24-75-601.5. Liability for sale of unlawful investments to public entities. (1) Any person who sells or causes to be sold to a public entity any investment which is not a lawful investment for such public entity pursuant to section 24-75-601.1 or other authority, and