



P.O. Box 3039 • Grand Junction, CO 81502
E-Mail: info@mesaFML.org Web: www.mesaFML.org

BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, May 18, 2018

Location: Home Loan Building, 205 N. 4th Street, Grand Junction, CO 81501, in the Community Room on the Basement level

In attendance:

David Ludlam
Craig Springer
John Justman
Chris McAnany
Dusti Reimer
Scott Olsen
Ethan Corman
Benita Phillips
Karen Kllanxhja

Meeting Minutes:

- I. Call to order at 2:00 p.m. by David Ludlam.
- II. General public comment.
 - a. No public comment.
- III. Adoption of the April meeting and workshop minutes.
 - a. J. Justman made motion to approve minutes. C. Springer second. Voted. Approved.
- IV. Consent Agenda:
 - a. Dufford, Waldeck, Milburn, & Krohn - \$2,034 for legal services for April.
 - b. Dusti Reimer - \$2,539.45 for services and supplies for April;
 - c. Eide Bailly - \$1,273 for services from February to April;
 - d. 2017-SM-03 Clifton Sanitation District Wastewater Expansion Grant
 - a. Final Grant Payment request of \$45,000
 - e. 2017-FM-07 Town of De Beque Stewart Avenue Improvements
 - a. Final Grant Payment request of \$50,000
 - f. C. Springer made motion to approve consent agenda. J. Justman second. Voted. Approved.
- V. Staff Report.

- a. D. Reimer said social media postings for the month were about:
 - a. Spring Grant Cycle Awards
 - b. Lions Club Presentations and City of Fruita Presentations and photos
 - c. Monthly Board Meeting Date
 - d. Currently running a sponsored post of our video
- b. Media release was sent out to local news outlets the Anvil Points workshop and Spring Grant Awards. KKCO and the Daily Sentinel produced news stories on them.
- c. Grants Requesting Payments:
 - a. 2017-SM-03 Clifton Sanitation District Wastewater Expansion Grant
 - 1. Final Grant Payment request of \$45,000
 - b. 2017-FM-07 Town of De Beque Stewart Avenue Improvements
 - 1. Final Grant Payment request of \$50,000
 - c. Requesting an extension. We can deal with that in the unscheduled business.
 - 1. 2017-SM-05 Town of Collbran & Plateau Valley School District Lift Station Replacement Final Grant Payment of \$50,000
- d. Invoices for payment are:
 - a. Dufford, Waldeck, Milburn, & Krohn - \$2,034 for legal services for April.
 - b. Dusti Reimer - \$2,539.45 for services and supplies for April;
 - c. Eide Bailly - \$1,273 for services from February to April;
- e. Upcoming Events:
 - a. May 21 – Town of De Beque Board of Directors Presentation
 - b. May 22 – Grand Valley Drainage District Board of Directors Presentation
 - c. May 23 – Presentation COCPA
 - d. May 30 – Town of Palisade Board Retreat Training
 - e. June 20 – June Board Meeting
 - f. June 28 – Mesa County Library Board Presentation
 - g. D. Ludlam told Dusti Reimer good job getting out into the community and doing the presentations. D. Ludlam asked why kind of questions the City of Fruita had asked.
 - 1. D. Reimer said they were shocked by the information of what Matt Rosenberg had given us. That if we maintain an annual contribution of \$400,000 over the next 12-15 years. Then we would be at a target of about \$12-\$15 million dollars and we could take a 5% draw off the account without touching the main investment. That 5% would be an estimated \$700,000 annual in addition to what we would already get. They were pleasantly surprised in those numbers. They were provided the details on how much funding they had received from the District in

grant awards over the years and they said they were very grateful for the funding because it had provided significant impacts to their community. Mike Bennett was also there and spoke on behalf of support of the permanent fund.

2. D. Ludlam asked about the final payments for the grants that everyone is reviewing and making sure they conform to the requirements.
 - a. S. Olsen, D. Reimer and C. McAnany said they are reviewed and met the requirements.

VI. Review of Financials.

- a. S. Olsen said there hasn't been much change to the financials. Grants payable will go up, it doesn't have the approved contracts added until after they are signed at this meeting. He separated the amounts for the investments. He included the profit and loss of the permanent fund due to market fluctuations.

VII. Update on Investment Account by Rosecap Investment Advisors.

- a. Ethan Corman discussed formalizing the document for the long-term goal of the permanent fund. He said he needs a few specifics like the contribution rate-what the district is estimating to invest annually. We are looking for some assumptions for a point estimate from the Board.
 - a.C. Springer said he didn't think that would be possible. He said they had gone from \$1.8 million to \$800,000 in payments in the last 7 years. He said the payment varies so much year to year that he would feel very uncomfortable placing that burden on a future board. Hopefully activity increases, and we can start receiving \$3 million a year. If we do, we would like to not limit what the Board is planning to invest every year.
 - b.E. Corman said part of what makes their model different is that they try to do is construct a level of uncertainty into this. If you think there are years where you feel the board cannot contribute any funds, then maybe that's the estimated number we use. Maybe there is a year the Board can contribute \$750,000. We can plug that into the model and build using a probability curve and build that into it. That's why this model is different. We're not saying you're always going to have this certain amount in 15 years. We're saying you're going to have a certain amount of dollars based on this probability.
 - c. D. Ludlam asked if you could retroactively look back over the past 7 years and take that average, could you use that number and that model.
 - d.E. Corman said yes.
 - e.D. Ludlam asked if we could provide him with those numbers.
 - f. D. Reimer said yes, it's included as part of her presentation that she's given.
 - g.J. Justman said what would happen if you just pull the highest number out of the equation to give you a more accurate number or a cushion for the probability.
 - h.D. Ludlam said that the first year was kind of an anomaly.

- i. B. Phillips asked if the expectation is that moving forward, there would be an investment of the full 50%?
- j. D. Ludlam said based on the current composition of the Board, that's would be a reasonable assumption.
- k. B. Phillips asked if that money would remain there?
- l. D. Ludlam said that depends on the future Board. If the Commissioners appoint people who are in favor of draining that fund, then we cannot stop them. This is our hope that we can build support around it, so that people will have a hard time supporting someone draining the account.
- m. C. Springer said the other thing we are trying to accomplish is the money that is being put into the nearer years is far more important that what will be put in the farther years. Correct?
- n. E. Corman said yes.
- o. C. Springer said we have not decided on this Anvil Points money yet, but we have to figure that out. Once we have the starting balance which would include the Anvil Points funds, we could then get a future assumption based on the past. If you throw out the highest number disbursement, you should get a pretty good estimate of what this fund would look like in the future.
- p. C. McAnany said you have an amount of \$851,936 in a resolution for the Anvil Points money presented today. That is the max amount, 50%, of the Anvil Points money.
- q. C. Springer asked if that was the total amount allowed by the law.
- r. C. McAnany said that was correct. If there is any unencumbered funds we could add to this amount.
- s. S. Olsen said that we have already invested the 50% from the disbursement we received for this year. We can invest the 50% of the Anvil Points money, which would be the \$851,936. We then have a reserve of about \$85,000 that has been built up from prior awards and left-over funds, prior to that 50%. So theoretically, we can put that \$85,000 into the permanent fund with the Anvil Points 50%. We could then use that left-over Anvil Points money to cover the \$85,000 buffer that would be invested.
- t. C. Springer said we haven't had the fall grant cycle. So, in theory we could cancel the fall grant cycle and use that money, couldn't we.
- u. S. Olsen said you have already invested 50% from where that money came. In the fall of 2017, we received the \$796,000. We paid the 50% which was the \$350,000 from that money. The rest was allocated for the Spring and Fall grant cycles.
- v. C. McAnany said perhaps the best you can do, without running afoul of the law, is the \$851,000 plus that \$80,000 reserve fund. The interesting question is you are allowed to invest 50% of the funding. You don't have to spend it. And if it rolls over into the next year, could you then invest it.

- w. C. Springer said to Scott's point, doesn't that come into play? If you've already invested the allotted portion, then how can you say the following year that you're going to invest the remaining funds?
- x. C. McAnany said that he encourages the Board to not getting into counting tricks. We cannot spend from future budgets.
- y. C. Springer said he agreed. He wanted to know Staff opinion-if the Board takes the \$851,000 from the Anvil Points money and invests it. Then we stick with the \$220,000 for the fall grant cycle, are we bound to give that remaining \$851,000 in the next grant cycle? Are we bound to give that out all the remaining funds this fall?
- z. C. McAnany said you are never bound to give out the money. You can give out as little or as much as you want. The law that was passed said you can only invest 50% of your funding. It doesn't say you have to spend it. The question is if you carry a surplus from one year to the next, because you haven't found any worthy projects worth funding. Could you then, the next year, invest it? Maybe.
- aa. C. Springer asked another question. What if we took that \$850,000 that isn't placed into a permanent fund, and we placed that with a bank that was paying us interest on that balance. Under legal definition, have we not invested that \$850,000?
- bb. D. Ludlam said that to Craig's point, this was an arbitrary add-on that was put on that legislation that we didn't support.
- cc. C. McAnany said that was Rep. Yuellin Willett's attempt to put guard rails on the District Boards.
- dd. D. Ludlam asked if the language was really that clumsy, that if you have it in an interest-bearing account you're in violation of the law? I'd be curious to know what counsel says on this, because I'd love to get in trouble for saving too much money.
- ee. C. McAnany said in answer to Craig's question, the 50% rule applies to deposits of funds into investment accounts that are authorized by legislation. If we were to put the other \$850,000 into an approved Colorado Depository Institution for Public Funds. That is not an investment for the meaning of our legislation.
- ff. C. Springer said that's what I wanted to know.
- gg. C. McAnany said this is considered to be safer, treasury bills and things like that. Not investment securities.
- hh. C. Springer said so if we put \$850,000 into the permanent fund and we take the remaining \$850,000 and place it in an interest bearing PDPA account. There are times where, in the past, during the scoring and funding decisions, where it would have been nice to have reached and grabbed another \$50,000 somewhere and made it all work a little better. If we say the fall grant cycle is \$200,000, and during the funding meeting we want to make it \$250,000 because we feel that would benefit the community, can we got take out that \$50,000 and use it?

ii. C. McAnany said you have the discretion to do that. You have the discretion to spend as little or as much public funding as you wish. If you find a project you find more than worthy that you want to go above the announced spending amount, you can. It's a policy judgement about whether or not to do that. The bracketing to say this is how much we are going to spend for each cycle, keeps you within your limitations. You can always reopen and amend the budget.

jj. C. Springer said then we would be going over our budget as well, so we'd have to file an amended budget.

kk. D. Ludlam asked if we could table the financials and come back to them, so we can go to the resolutions.

ll. D. Ludlam asked if there was anything else we needed to discuss about the portfolio?

mm. E. Corman said not really. He said at this point we are at about 50% target rate with this portfolio. We expect to be fully invested in the target in the next 3-6 months. As we move to the end of the year, we will feel more comfortable with the bond duration in the portfolio. Right now the portfolio is down the most in international equities. We are positive with the US Equities right now.

VIII. Review and Adoption of updated Bylaws.

a. C. McAnany said there are three resolutions:

a. One for the appropriation of the Anvil Points funds, one for updating the bylaws that is just for the meeting schedule, and then the resolution approving the three spring grant contracts that were approved last meeting. Thank you to Dusti to catching the incorrect amount on one of the contracts.

b. D. Ludlam said this is a resolution that will give us more flexibility about when we have our meetings. Has the Board had an opportunity to review the resolution?

c. J. Justman made a motion to approve resolution 2018-02 Amending the Bylaws. C. Springer second. Voted. Approved.

IX. Review and Public Posting of Anvil Points Investment Decision.

a. C. McAnany said from what the Board had discussed and decided in the workshop last month I have a resolution that states the Board will invest 50% of the funds from the Anvil Points money into the permanent fund.

b. D. Ludlam asked if we take action is there anything else we need to discuss before we approve.

c. C. McAnany said I don't think so. These are just formal approval and action items of things we have discussed at prior meetings.

d. D. Ludlam asked if we have a motion to approve the resolution for the Anvil Points money for the permanent fund?

e. C. Springer said I just want to change the amount and I'm ready to go on a motion.

- f. D. Ludlam said do we need a motion to change the resolution and then another motion to approve it?
- g. C. McAnany said a motion to approve a modified resolution would work.
- h. D. Ludlam asked if we could do that in one motion.
- i. C. McAnany said yes.
- j. C. McAnany said that Scott Olsen has informed him that we have \$85,790.50 from unencumbered funds. If the Board is of the mind to, it can increase the total investment with the Anvil Points funding to be a total of \$937,727.
- k. C. Springer asked if there was any reason to make it \$935,000 to be on the safe side?
- l. C. McAnany said we have another \$851,000 that we were not anticipating. I think if you are comfortable with that, we should be good to go.
- m. C. Springer said he moved to first amend resolution 2018-01 on item 4, that it now be amended to \$937,727.00 and I move for the approval of the resolution as amended.
- n. J. Justman second the motion. Voted. Amended motion approved.
- o. D. Ludlam asked D. Reimer to notify the public and media of the decision to invest.
- p. D. Reimer said she would send out a press release that included this information and the letters of support that we had received from our grant partners.
- q. C. Springer said this is a windfall to the people of Mesa County.
- r. B. Phillips said the reason she was asking about the 50%, when she talked to Rep. Willet about this, she was under the impression that, that money that didn't get into the permanent fund would be available to be unencumbered to be put into the fund later.
- s. C. Springer said no, because of the calculation of the investment of the 50% at the time we've received it. Now, going forward, if we have that in reserve we can stick to that 50%. There might be some years where there is a board that could be anxious about investing the full 50%, and if that happens, because of the financial strength that this investment gives us, it makes it easier to make fewer investments. In his opinion.
- t. B. Phillips said that's great. It gives her chills.
- u. D. Ludlam said in theory you could start funding mini grants now, if we wanted to.
- v. C. Springer said if we have invested our cushion into the investment fund. Scott, can you put together a budget for us and analyze what cash flows are fairly stable with expenses and find what kind of cushion we need to operate comfortably. After that, I'd like to do an RFP for a PDPA in Colorado. This bank (Home Loan) will not respond to it, but other banks in this market will respond to it. Then in theory, this will benefit our community in future grant cycles by making it easier to put the money in the permanent fund or to reach in and fund additional grant applications with those funds.
- w. D. Ludlam said so you want to sequester whatever we want to reserve into an interest-bearing account and potentially invest the interest to the permanent fund, or use it for future grant funds?
- x. C. Springer said like we said earlier if in a future annual cycle, we got \$3 million and we place \$1.5 million into the permanent fund. But, with the grant applications we are

pretty sure coming, we may not have enough to fund them, but we can reach into our reserve fund. That's what I would call it. That way the Anvil Points money can still benefit the permanent fund, even though its not being done dollar for dollar. Does that make sense?

- y. D. Ludlam no. Try that again.
 - z. C. Springer said if for whatever reason a future board says 50% is a big number to invest, because they only have this \$85,000 reserve, they might not be ok with investing it. But, if they have \$8 or \$9 million dollars in a reserve account, that is not the permanent fund, then they can feel comfortable investing that 50% because they have the reserve account to fall back on.
 - aa. B. Phillips said so this would not be in the permanent fund that you would be using as your back up
 - bb. C. Springer said this could benefit the district in various ways because it's a cushion.
 - cc. B. Phillips asked if it is at Alpine Bank.
 - dd. C. Springer said yes.
 - ee. D. Reimer asked one question. The reserve account could be an interest-bearing account, because currently, our account is a non-interest-bearing account.
 - ff. C. Springer said yes, and that's something he's wanted to change for 7 years.
 - gg. S. Olsen said a follow up question to this is, if we were to get money into an interest-bearing account, is that something we can transfer the majority of our money into?
 - hh. C. Springer said that would be the next argument for the RFP – would we put that into CDs or a money market account?
 - ii. S. Olsen said if we could put 80% of our current checking balance and just transfer the money after its been approved monthly for the checks, then we might as well put as much money in it as we can.
 - jj. C. Springer said agreed.
 - kk. B. Phillips said that's why you need to know from him what you've done in the past to move forward with your future.
 - ll. D. Ludlam said to review S. Olsen will come back with answers to Craig's inquiry about getting an RFP set up.
 - mm. S. Olsen said he would come back with minimum operating expenses to keep in the account. Then the remaining to try and move to the interest-bearing account.
 - nn. C. Springer said in his mind this would be the best way to maximize the Anvil Points money to the fullest extent of the law.
- X. Sign 2018 Spring Grant Awards Contracts.
- a. D. Ludlam said this is resolution 2018-03 to approve the three 2018 spring grant contracts for Clifton Sanitation District, City of Fruita and the Mesa County Public Library District.
 - b. C. Springer made a motion to adopt the resolution. J. Justman second. Voted. Approved.

XI. Review and Approval of RFP for Audit Services.

- a. D. Reimer said she changed the date that was listed in application, so the applicants would be turned in for the Board to review at the next Board meeting. If there are not questions or items to add the Board can approve the RFP as is and it will be put out to the public for bids.
- b. J. Justman made motion to approve RFP. C. Springer second. Voted. Approved.

XII. Unscheduled business.

- a. 2017-SM-05 Town of Collbran & Plateau Valley School District Lift Station Replacement Final Grant Payment of \$50,000 is asking for a grant extension due to an issue with billing from a contractor. They would like a 60-day extension for filing their final grant payment paperwork.
- b. C. Springer made motion to approve the extension. J. Justman second. Voted. Approved.
- c. D. Ludlam also said that he wanted to review the additional hours that D. Reimer has been spending doing Board presentations to the community so that if the retainer isn't sufficiently covering the time, it can be taken care of.

XIII. Motion to adjourn from J. Justman, second by C. Springer. Voted. Approved.

Meeting Adjourned at 2:55 p.m.