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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, March 27, 2019

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

In attendance:

Quint Shear
Craig Springer
John Justman
Dusti Reimer
Nancy Harward
Matt Rosenberg
Benita Phillips
Janet Johnson
Karen Kllanxhja
Patrick Coleman

Meeting Minutes:

- I. Call to Order at 2:00 pm by Craig Springer.
 - a. C. Springer asked for legal counsel advice from Chris McAnany. He stated that on numerous occasions the board has asked that the financial information be submitted to the Board well in advance-the Friday before the meeting. This particular meeting has been extended out by a week. I was here on the very first meeting of the district, and I've been at every meeting since for the past 8 years, in my opinion this meeting today is one of the most important ones that we've had. And yet, we're being asked to do this without any financial information at all. So I want an agenda item where this Board can discuss with our Executive Director, our Accountant, and our Investment Manager why it is, that we don't seem to get timely financial information before these meetings. If, in your legal opinion, that needs to be handled in an Executive Session, as much as I dislike executive sessions and I've only been in one in the twenty some years I've been volunteering, if it is your advise that we have that in an executive session, I'll acquiesce to that, depending on what my fellow Board members think. Other than that, we can add that as an agenda item and deal with it under new item 11.
 - b. C. McAnany said my suggestion would be if you want to talk about Board direction on financial information I think we can talk about that under unscheduled business.
 - c. C. Springer said this Board has given that direction. And that direction has been ignored.
 - d. C. McAnany said ok. What I would suggest is if we are going to closed session and we certainly can on personnel issues.

- e. C. Springer said I don't want to embarrass anyone in a public meeting or create a legal liability. In my opinion we have a problem with these three people understanding our desire for timely information and I want it dealt with today.
 - f. C. McAnany said my suggestion would be to do a closed session at the conclusion of a meeting.
 - g. C. Springers said so we would finish up with item 11 and then have a new item 12 to have an executive session to discuss.
 - h. C. McAnany said I would call it an executive session to discuss personnel matters. And we'll need a vote to have to go into closed session.
 - i. Q. Shear asked if we do that now.
 - j. C. McAnany said we'll do that when it comes time for the closed session.
 - k. C. Springers said thank you. And I apologize for putting you on the spot. With that. I'll entertain a motion for the amended agenda.
 - l. Motion to approve the agenda Q. Shear. Second J. Justman. Voted. Approved.
- II. General Public Comment.
- a. None.
- III. Adoption of the February Meeting Minutes.
- a. Motion to approve by Q. Shear. Second J. Justman. Voted. Approved.
- IV. Consent Agenda:
- a. Dufford, Waldeck, Milburn, & Krohn Invoice
 - b. Dusti Reimer Invoice
 - c. Motion to approve by J. Justman. Second by Q. Shear. Voted. Approved.
- V. Staff Report.
- a. D. Reimer said she posted to our social media pages (Facebook & Twitter) for notices on Monthly Board Meeting, Meeting Minutes Posted, Community Presentation –Plateau Valley Fire Protection District and KAFM Radio Show Connecting the Dots, and the Meeting Agenda Posted.
 - b. D. Reimer said there were no media mentions during the previous month.
 - c. D. Reimer said there are no grants payable at this time, but we do have one coming up in May-2018-SM-04 City of Fruita Cedar Way Improvements for \$50,000.
 - d. D. Reimer said the invoices for the previous month were for Dufford, Waldeck, Milburn, & Krohn Invoice for \$2,203, Dusti Reimer Invoice for services and supplies for \$3,774.98.
 - e. D. Reimer said the upcoming events were March 28th Presentation to the CMU Senior Energy Class and the April 17th Board Meeting.
- VI. Review of Financials.
- a. N. Harward said we received the \$120,402.20 from the Anvil Points disbursement in Feb. Paid regular bills that cleared the bank. We had an unrealized gain of \$19,663.48,

interest earned \$0.33, and in dividends we earned \$1,503.03. I did discuss with our auditors regarding the reporting of unrealized gains and losses and you're still seeing them where you have been in the past because I was told that was the correct way to report those. Any questions?

- b. C. Springer said according to our attorney that when the Board approved a grant request that was a legal liability of this entity.
- c. N. Harward said the grant request, so those were moved on the December financials. Those were posted in February and now they are posted as December.
- d. C. Springer said I guess we are looking up here.
- e. N. Harward so this is the February, I also sent the revises December over to show.
- f. C. Springer said going back to that last page. So, as we are evaluating this matter today, we have \$682,743.76 in grants that have been approved, but not funded. That's the legal liability we're looking at.
- g. N. Harward said that is correct.
- h. C. Springer said ok. Keep going.
- i. N. Harward said if you look at the balance sheet shows our fund balance as of 2/28 the \$2,370,680.73. The permanent fund balance is \$1,413,811.50. Are there any questions?
- j. Q. Shear said so the fund balance is the total of the bank accounts, right?
- k. N. Harward said the fund balance is -there is one bank account. The permanent fund is the investment account.
- l. Q. Shear said we don't have anything in cash?
- m. N. Harward said no, we just have the one account.
- n. C. Springer asked if there was anything else?
- o. N. Harward said there is nothing else.

VII. Review of Investment Account.

- a. M. Rosenberg said current balance as of yesterday is \$1.424 million and this is as of market close yesterday. The account is basically flat. The duration is 3.5.
- b. C. Springer asked if there are any questions.

VIII. Review and consideration of a formal written request from Mesa County for disbursement of Anvil Points mineral lease funds deposited into the MCFMLD Permanent Fund to and for the benefit of Mesa County.

- a. C. Springer said in our previous meeting last month, Patrick was here and we requested a written request from Mesa County, if you will, what is exactly it was that the county commissioners wanted from this board regarding the Anvil Points money. We have received that letter from Patrick, thank you Patrick. Has that letter been posted to our website?
- b. D. Reimer it has not.
- c. C. Springer so the Board is in receipt of the letter. The date on it is.

- d. D. Reimer said the date is March 14, 2019.
- e. C. Springer said the letter is pretty straight forward, Chris would you like to opine.
- f. C. McAnany said yes. So we had an extensive discussion about the history of the Anvil Points fund and the county's request. So we now have their request. I've reviewed the draft agreement that has been submitted by the county attorney and as I've told Patrick Coleman at the start of the meeting, I think it would probably be workable for this board if the board was of a mind to make a disbursement to Mesa County. I would however think there are some, there would be a few technical changes I would want to make to the agreement specifically to deal with, satisfying the purposes of our mandate legislation. I would want some technical changes and as I told the County Attorney at the start of the meeting, I am not recommending you approve the agreement today, but I would like to make some changes to it and bring it back to you. The real issue is, does the Board want to go forward with this arrangement and if so, how much money does the Board want to contribute. There are a couple background facts that I Relayed to the Board, I think a week or so ago. And that is that the County has entered into a contract for design services with an architect firm, the Blythe Group, to the tune of about \$1 millions for design services for the jail expansion. As the board knows, mineral lease moneys can be spent for design, planning, construction, public facilities. In my opinion the jail expansion project, as the county proposes here, would be appropriate use for mineral district money. Within our mandate. The decision to fund the county is vested in the discretion of the board, and the amount that you decide to fund is also in the Boards discretion. As we said the monies legally came into the possession of the mineral lease, albeit through admittedly the efforts of a number of public officials including representatives in the congressional delegation and the county. That was noted in the law previously. So, how much of the Anvil Points fund the Board wishes to appropriate for this purpose is in your discretion. The issue of spending or expending from the permanent fund is a different issue all together. And if we are, or it is necessary to expend from the permanent fund or the Board elects to go that route in connection with that particular request, there is a process, that requires a public hearing, a notice to the public ahead of that public hearing and solicitation of public comment. We don't have that meeting noticed today. We don't have a public hearing scheduled to discussed expenditure from the permanent fund. What you have before you is the request from the County and beyond that I'm happy to answer questions and talk about what next steps the board would like to take if any.
- g. C. Springer said thank you. So, just to be absolutely crystal clear. The request letter from Patrick calls for \$1.7 million plus the subsequent funds received which was \$120,402.20.
- h. Q. Shear said a total of \$1,820,402.20?
- i. C. Springer said do you agree with that Patrick?
- j. Patrick Coleman said well, the \$1.7 million was approximately. I think the exact number was different. It is whatever the exact number is.
- k. C. Springer said do we have that exact number?
- l. N. Harward said it was \$1,703,873.62.
- m. C. Springer said so \$1,824,275.82. That's the amount of money this district has received from Anvil Points.

- n. N. Harward said \$1,824,275.82.
- o. J. Justman asked Nancy Harward to repeat the number.
- p. C. Springer said the letter from the County also requests the earnings that have been received on that money, correct?
- q. P. Coleman said yes. Actually, we said accrued interest. So technically I suppose that's different than on the investment account interest.
- r. C. Springer said for verification, the FML District checking account at Alpine Bank is non-interest bearing.
- s. P. Coleman said so then that would be zero.
- t. C. Springer said there is no interest there. The investment account there would be earnings.
- u. Matt Rosenberg said there is \$36,938 on the account.
- v. C. Springer said ok, any other facts before we.
- w. Q. Shear asked what the total amount was we put into the permanent fund?
- x. C. Springer said \$1,824,000
- y. Q. Shear said no, I mean in that we put in that permanent fund.
- z. C. Springer said we put half of that \$1.7 million into that fund, right Matt?
- aa. M. Rosenberg said I believe so.
- bb. C. Springer said it wasn't exactly \$850,000, but it was exactly half.
- cc. C. McAnany said it was half plus some of the unencumbered funds of the district that went in.
- dd. J. Justman asked what the actual was.
- ee. M. Rosenberg said the total basis, \$1.387 million.
- ff. J. Justman asked how much of that was the Anvil Points money?
- gg. M. Rosenberg said I don't know that.
- hh. Q. Shear said half of that \$1.7.
- ii. C. McAnany said one other thing, as you're getting the numbers down, what you decide to fund that is vested in the discretion of the Board. As I'm sure you know.
- jj. C. Springer said understood. Thank you. Alright, gentleman I think we have all the information in front of us that we are going to get.
- kk. Q. Shear said I am the new guy on the Board Craig but here is my understanding. You know, my opinion was there was a lot of effort to put this permanent fund. Yuelin Willet at the state house. There was people here-there were many workshops about putting that together. Tell me if I'm wrong but there was a lot of public input. Municipalities involved and when I got on this Board I understood from the first meeting we talked about some money still being in the checking account roughly \$900,000 or a portion of that money was still sitting in cash funds not invested in the permanent fund. So, there is

money set aside. My feeling to take money out of this permanent fund with all this public input was put into. And that money was put aside and put in the permanent fund, was that everyone was at the table and to pull that money out would be a great disservice. My recommendation would be we don't touch that money. We set it aside so we wouldn't touch that money, so this type of thing wouldn't happen. However, the money we have set aside in the cash account, John asked us to not invest it so that if the County got the letter from the Interior. But that money was set aside and that money is fair game. I feel we would be doing a disservice to pull that out.

- ll. J. Justman said that Anvil Points was completely different money than this was set up to preserve for future use. It came about from things that happened long before the mineral lease district came into existence. So, my feeling is that is probably shouldn't have been put in there, but we did put it in. Personally, I don't see anything really wrong with it, we're not entitled to take more than that amount out of that permanent fund, but this is a completely different money stream than, than the permanent fund was really set up to do. That's my opinion It was created because of oil shale clean up and the government sat on it for however many years until they got it done and raided that fund how many times and the public was fortunate to get what they did get, but it is a different pot of money than getting money from DOLA. I certainly don't have, I can't see why those particular dollars that are in there couldn't come back out and go to the jail project.
- mm. Q. Shear asked said Chris, in my research there was a house bill that directed what we could put from Anvil Points money into the permanent fund, there was a house bill specifically addressing the Anvil Points funds.
- nn. C. McAnany said there was. It was House Bill 1182. And it basically said – it was kind of funny it recounted the history of the release of the Anvil Points funds and I've recited that to you in previous memos. It directed specifically, the bottom line, the Anvil Points money, 10% of the total was to be directed to the Mesa County Federal Mineral Lease District, because we have a mineral lease district in existence.
- oo. Q. Shear said there was also a house bill allowing us to put those funds into a permanent fund.
- pp. C. McAnany said that's right. Separate legislation. That's the legislation that was sponsored by Rep. Willet that the district spearheaded-this District spearheaded to establish a permanent fund. Establish the legal authority for us to invest mineral lease monies and earn a return on them that we didn't have before. At least not to the extent that we wanted. So separate legislation, but that's the crux.
- qq. Q. Shear said so then putting together the permanent fund and the money from Anvil Points going into that was well documented throughout state law.
- rr. C. McAnany oh yea, and I realize Quint this preceded your time on the Board. And I realize that's not fair to you because a lot of these decisions were made by a previous board, but last May we held a series of workshops. We developed policies to implement the permanent fund process and it was all specifically driven by the fact that the legislature had given this district and all districts the authority to invest mineral lease funds to seek further returns. We developed a series of policies, held some public meetings, and then some money essentially fell into the districts lap, representing the excess of the Anvil Points clean up. The suspended royalties, held in suspense, pending

the cleanup of the Anvil Points site. As I opined before this Board previously, the decision to put that portion of the Anvil Points money into the permanent fund was entire within the District's legal authority and entirely appropriate in my opinion. That's unquestioned at least in my opinion. Others might disagree with me. But the question is, what this Board wants to do, given this request now. And every request that is fulfilled means other requests may not be granted. This is a pretty heavy ask on the part of Mesa County. Means other needs are going to go unmet, which means you'll have to weight that as well.

- ss. J. Justman said so Chris you're saying that the legislation that was passed addressed the Anvil Points money for the permanent fund? I thought it was just the money we got, I'm not saying we're limited to that, but I thought it was that money we got from DOLA, I thought what we got our money from that was going to go into the permanent fund.
- tt. C. McAnany said we're confusing two separate issues, John. And if I was unclear on that I apologize. No, the legislation authorizing the creation of a permanent fund or an investment fund is completely separate from the Anvil Points issue. They just happened to coincide at the same time. But the Anvil Points money was directed to Mesa County Federal Mineral Lease District.
- uu. J Justman said I understand that.
- vv. C. McAnany said we didn't have to invest it, but the past Boards made the decision to invest half of it. Pursuant to that authority.
- ww. Patrick Coleman said I'm not sure if you're taking public comment yet, but I guess I would point out that under CRS 34.63.102 that's the statute that creates the mineral leasing fund and also creates the permanent fund it specifically states that on or after July 1, 2008 all monies including any interest and income derived there from received from the state treasurer pursuant to the provisions of the federal mineral leasing act, of Feb. 25, 1920 as amended, except those monies described in section 34.63.104-that's the Anvil Points money. So it specifically excepts those and it says the rest of the money shall be deposited into the state treasure in the mineral leasing fund. The fund hereby created for use by state agencies, public schools and political subdivisions of the state as described in subsection 5.03 and 5.04 of this section and for transfer to higher education federal mineral lease revenues funds, created in sections 2319.9.102 A and the local government permanent fund created in subparagraph A of subparagraph I of paragraph A of subsection 5.3 of this section. So I read that statute to say that all of the federal mineral leasing act monies that are derived from the 1920 federal mineral leasing act, except Anvil Points money, it specifically excepts those out, are to be deposited at the state level and distributed to the political subdivisions and including the local government permanent fund created in subparagraph A. I mean I guess I would respectfully disagree with Chris' interpretation that the Board had the statutory authority to put that Anvil Points money into the permanent fund to begin with.
- xx. Q. Shear said but Patrick I read a later bill that gave us that authority explicitly.
- yy. Benita Phillips asked Patrick when was that bill actually written?
- zz. P. Coleman said I don't have the history, but its after the Anvil Points money was received. Because it specifically describes the Anvil Points money and it goes into detail about Garfield, Rio Blanco, Moffat and Mesa County's and all the expenditures they

made to the operation of the Anvil Points site and so on. I believe this is the most current version of the statute.

aaa. C. McAnany said I didn't come here to litigate that question here today. I've previously provided legal memorandum to the Board. As I mentioned previously HB1249, which is the Anvil Points Statute, specifically said Districts are empowered to allocate funding they received from DOLA to grants and communities for Mineral development. The statutes that directed the Anvil Points money to the district also amended the word funding to include not only the DOLA payments we get every year, but also the payments we received under 34.63.104 which is the Anvil Points distribution statute. I understand the argument, but I would respectfully disagree with the County Attorney's interpretation of that. If you would like a more detailed analysis of that, I opined on this previously, but I think we would have to agree to disagree at least for today's purposes as to whether or not the district had the authority to do what it did. I'll go to court and argue that issue if I have to.

bbb. P. Coleman said I think from the County's perspective, even for argument purposes, assume the district had the authority to distribute the funds and deposit half of the money into the permanent fund, the county's position is there is no legal impediment to removing 100% of the portion that was put into the permanent fund. That would be more of a policy decision and I think the comments reflect that up here. I don't think there is any legal impediment that prevents you from doing so.

ccc. Q. Shear said I don't mean to go back in history.

ddd. C. Springer said I think that particular issue was discussed to a great degree in our last meeting. The fact that with the benefit of history knowing, if we would have known then what we know now, I don't know that we would have voted. If we would have known that the County at some point would have asked us for that money, with a legitimate request, I don't know that I would have voted to put that into the permanent fund. Having said that, again, I'm not, nor will I ever be a county commissioner and the people of Mesa County are better off because of that, so I'm not going to take issue with their request. I don't particularly care for the way they've gone about this. I'll be very honest with you, but I don't take issue with the request at all. They've got a big job to do and big numbers to look at and I don't take umbrage from their request. There was a lot of blood sweat and tears and a great deal of reflection and consideration by a lot smarter people than me about this permanent fund and what it meant for Mesa County, what it could mean for Mesa County, if and the biggest if with the permanent fund, was if future boards could have the strength and commitment to continue to put money aside and keep their hand out of the cookie jar, this could be something very, very good for Mesa County. That was the intent behind doing it, that's why we've gone to all the trouble to get it up and going, taking some risks and been very vocal with the commissioners and met with the Editorial Board of the Daily Sentinel on this issue, we've been very, very upfront about what we were trying to accomplish with this permanent fund and what we hoped it would be. That being said, I think the most dangerous thing that could happen today is for us to reach into that permanent fund and pull that money out, just because we can, I understand your argument that we can, my argument is I don't want to. I don't want that to be precedent. I want that to be a locked box. I want people to look upon that and say no we don't touch that. We add to it and watch those earnings, but we are savings for a rainy day here. I'm willing to work with the County to the fullest extent that

I can possibly come up with, I'm going to be creative with them and do everything we can do to get them what they need. But I am not willing to do is reach into the permanent fund. I will not vote to do that. No not yet.

eee. Benita Phillips said you took a question from Patrick.

fff. C. Springer said he's the attorney for the County and I wanted to know where the county is legally on this. Thank you. But, we'll get to you.

ggg. J. Justman said I can agree with it to some extent, but on the other hand, this isn't the same type of money that the permanent fund was created for, and in that respect I think we should be allowed to take that money back out, because it wasn't the normal DOLA severance tax dollars that was coming in and looking back that was probably not the correct place to put it, and I don't want to touch a penny more than that, that's in the permanent fund, but I can certainly see taking back out that money to go forward I guess. I don't know what else to say.

hhh. C. Springer asked if Quint had changed his mind from his speech.

iii. Q. Shear said no.

jjj. C. Springer said there are two of us that are not wiling at this time at least to reach into that permanent fund and pull money out. So let's deal with this problem. So, with the money we have received, our cash, subtracting out accounts payable with grants awarded, is \$1,687,864.97. We do not have the funds to pay the county the \$1,824,275.82 that they are requesting. We also have to be mindful of the fact that we have monthly expenses of, well it depends on of course of what Chris is doing but those can run into \$15,000 a month or \$20,000 a month.

kkk. C. McAnany said not usually that much, but in a busy month.

lll. C. Springer said it would be irresponsible if this Board returned to the County, however you want to put it, for us to not be able to run this Federal Mineral Leasing District for the rest of the year until the rest of the funds coming in August or September for that next round. So, it seems to me that the question is, and I'm just one person here trying to solve a problem, do we give as much as we can to the County, keeping enough back to run the district for the year, not having any grant cycles for the year and call that good, or do we cut back on that and have some kind of a minor grant cycle or do we do number one, which is give them what we can, hold back enough to run the district for the rest of the year with the idea that we would give them the rest of it when we receive the grant money in August or September. I guess option four is we tell Patrick thank you, but no. Do we have another option?

mmm. Q. Shear said I can't think of anything else we can do other than those four options. And I think that's clear is now that they have received a letter from Interior office, they can apply for future grants.

nnn. C. Springer said I don't think that's been clarified. Have we even asked that question?

ooo. C. McAnany said I think the Interior Solicitors letter that we got in January said that if money comes to the district and it is granted to the county for purposes that are within the districts mandate that they would not treat that as triggering a PILT offset. That was the big new development that made all of this discussion even possible.

- ppp. C. Springer said yea, but it's a maybe development. There is no clarification if they were just referring to the Anvil Points money or money in general.
- qqq. C. McAnany said as I read the letter they sent they seemed to be saying if money is distributed to the District and disbursed by the district for legitimate purposes they would not view that as triggering an offset. That was kind of the bomb shell development that precipitates this discussion. Again they qualified the letter by saying we're not giving you legal advice, you may or may not be able to rely on this, our opinion could change.
- rrr. C. Springer said the thing that bothers me about that is that it's such a big bet. Because it's a 200% bet. Because if we're wrong we get a PILT deduction. If the people of Mesa County get a PILT deduction and everyone loses when that happens. To me, I wish that was clarified.
- sss. C. McAnany said historically this board has said we don't want to go there and we don't want to risk it. That's why this district was created was to allow the maximum amount of mineral lease money to flow through to Mesa County entities without risking collateral consequences for Mesa County itself, so we've steering clear of that issue completely in order to avoid a possible offset.
- ttt. Benita Phillips asked if she could ask a question now?
- uuu. C. Springer said not yet, please. Thoughts on those four options or do we have another one?
- vvv. Q. Shear said my thoughts would be that we maintain some type of grant cycle and we give the county as much as we can. And enough money for operation costs. That would be my initial thoughts.
- www. C. Springer said my concern there Quint is what is a meaningful enough to matter? If we hold back \$100,000 is that really going to, are we going to be, and I'm not saying anything against sidewalks, but are just going to be putting a sidewalk in somewhere or can we help the county with this problem they've got and make sure that the FML district survives it.
- xxx.Q. Shear asked what his thoughts were on it?
- yyy. J. Justman asked if it would be out of line to take a break to talk with my counsel? Is that out of line Chris?
- zzz. C. McAnany said John you're wearing multiple hats, I realize that and you have certain hats when you're sitting there and you have certain hats when you're going somewhere else.
- aaaa. J. Justman said maybe it's not permissible.
- bbbb. P. Coleman said I would suggest that currently you're sitting as a Federal Mineral Lease District Board member so Chris is your counsel.
- cccc. J. Justman said cancel my question.
- dddd. C. McAnany said my thought is, the other part of this is, you've received a request, if you need to deliberate, my experience is quick decisions are poor decision and if you need time to deliberate on this further there is no harm in my opinion. I realized the county has their own exogenesis they have already awarded certain contracts and

they know what they are on the hook for and moreover I was not recommending that you would approve an agreement today. The draft before you has some blanks, and needs some changes in my opinion.

eeee. J. Justman said I may have a question for Dusti then. What kind of revenue will we get in August or September, whenever it is?

ffff. D. Reimer said from what she said it looks like it would go down from the things I saw. Drilling was down this last year. I'm not sure if Nancy saw a different forecast, but the payment we got this last year was \$737,000 and so with it being down, I anticipated it being a lower check again.

gggg. C. Springer said Benita, you've been patient.

hhhh. Benita Phillips said well I see is that you might have another alternative and you just need time. After the elections. It's my understanding the county is asking for a tax increase for this project, are they not?

iiii. J. Justman said we haven't don't anything at this point.

jjjj. B. Phillips said ok, I got this through the grapevine that there was going to be a possible tax increase.

kkkk. J. Justman said you can hear all the gossip you want, but I personally haven't worked on any tax increase.

llll. B. Phillips said ok, but if there is a tax increase it's not something the county should have to worry about paying out right now. I wouldn't think you would go into any contract that you couldn't cover it on the front end. I wouldn't go into a contract I couldn't cover and I can't see that the county would do that. So wait until after you figure out how you're going to pay for the totality and then let the federal mineral lease district come up from behind with a grant. And then not bother the money at all and just make it a grant.

mmmm. C. Springer said in my opinion and this is just my opinion as a board member, we are not being tasked with giving the commissioners an opinion on whether or not that the money they are spending the jail is the right place for the money to go. That's not what we are doing today. This money came to the mineral lease district and the group of counties came together and asked the federal government if they got that money through a grant or a contract would there be a PILT deduction and miracle occurred in Washington DC and they got an opinion that said it would not be. They are not asking us to consider where they going to put that money, they're just asking for the money. And that's what we have to deal with in our opinion.

nnnn. J. Justman said I think our letter stated the jail, didn't we?

oooo. C. Springer said pardon me?

pppp. J. Justman said the letter talk about the jail?

qqqq. Q. Shear said yes.

rrrr. B. Phillips said the very first year this district was in existence \$1.6 million dollars went to CMU and there were a lot of hard feelings over that. And now you're going to ask this district to again to get rid of all the grant situation for better than a year, especially if Dusti is right and the money is going to go down. I totally support the investment project, because we totally have to plan for the future. And planning for more jail space

when other parts of the state are starting to drop the amount of people in the jails. And I that's what is going to happen here as well.

ssss. J. Justman said I don't know if we're here to discuss the operation of the jail today. I'm sorry, but that's not why we're here.

tttt. C. Springer said I appreciate the comment Benita.

uuuu. C. McAnany said sorry to interrupt, but one other thing I was going to suggest was that I would treat any disbursement to the county, if the Board authorizes it, as a grant, pursuant to a grant agreement. With strings that say it will be expended for purposes that we the district is authorized to grant money, because it is mineral lease money and we have a statutory mandate. That was one of the changes I was going to make to the draft that was submitted to us by the County Attorney.

vvvv. J. Justman said I'm more comfortable with a contract, but the fact that thing vaguely says we could get a contract, but that is says the Anvil Points money won't be offset. If we do a contract it can't come back and say you got a grant you got a contract.

wwww. C. McAnany said my feeling is that, we have as a district, we can only get money for certain things and we need certain commitments from the grantees that say, or the people we give it to the entities, that it is going to be spend on the things that we are authorized to spend money for. That's my feeling.

xxxx. B. Philips asked if there is less chance for the PILT to kick in if it's done as a grant?

yyyy. C. McAnany said I'm not sure if it's a difference between a contract and a grant. I'm not sure it's a distinction with a difference. I think the issue is, if money comes out of the district is should be spent for the appropriate purposes and a jail is certainly one of them, it's a public facility.

zzzz. Janet Johnson said I would just like to urge you to remind yourselves that the Federal Mineral Lease District or the Federal Mineral Lease Act was created to mitigate the impacts of the oil and gas industry in this instance. This is the over arching thing that you're supposed to be doing here. This business of creating permanent funds and withholding monies and giving grants, huge grants that have nothing to do with the impacts of oil and gas, have been a consistent, crystal clear history of this particular federal mineral lease district. As opposed to the federal mineral lease district in Weld County, which doesn't have Boards that pain over all sorts of technicalities that hasn't rewritten the federal mineral lease act. The monies go directly to roads and water well testing and they don't mess with all of it. They take the money and use it for the impacts of the oil and gas industry in Weld County. In Garfield County they've used it for libraries and roads, they declined the invitation to use the \$1.6 million that this district gave CMU to form an unconventional energy center. The first whole years grant of \$1.6 million-that is a fracking center. So we see at CMU Energy Expos for oil and gas, we see scholarships for oil and gas, we see the CMU Board of Trustees getting political and going against a proposed amendment last fall making a public statement, we see students going over to lobby, we see research being done. That \$1.6 million was given the first year that the federal mineral lease district was formed in Mesa County. Nothing happened for the impacts of the oil and gas industry for the people of this county or the roads of this county or for the jails of this county. Nothing happened for us. The next year CMU got

\$557,000 for a heat exchange system on campus. That is not an impact of the federal mineral lease oil and gas impact. The next year the library go a library technology upgrade for \$557,000 that comes to the first three years comes to \$2,714,000 for things that had nothing to do with the impacts. That's not even half or that's more, the county is requesting half of that right now. I would say the permanent fund was not exactly set up with the best interest of the citizens. I think it was set up simply because they knew the Anvil Points money was coming. I don't know what the rainy day is, but I do know what the impacts are. And I've seen John when you've had to sit at a county commissioners meeting say we cannot fix the roads because we do not have enough money. I've seen that happen and you've seen that happen. And I see here that we have no way of perhaps answering a need of the county. Maybe it wasn't done all right, but I do know there were a couple of us signed up to remote testify on the bill in Denver on 192, and somehow it just didn't happen and it didn't materialize, but we do know that the federal mineral lease district guys got into the car and went to Denver and lobbied for it that day. I just don't understand what the permanent funding is, but I do have an intuitive fear that it is going to become a brick and mortar building on the CMU campus housing and unconventional energy center. Because there is such an over arching amount of money that has gone from this particular federal mineral lease district to CMU and I can just see that. I would recommend there would be a 5th thing you could consider. That would be to request those funds back-the \$1.6 million to create and unconventional energy center plus the money they accrued in interest and then give that to the county for an impact. We know there are a lot of drug problems and there are impacts from the oil and gas industry that would impact our county jail. I would just assume see some direct feedback to the county of the people here knowing. I don't like it when the county has to cut services and they have to cut personnel and they can't do things and you are investing money that was never intended to be invested it was meant to be used for an impact.

aaaaa. C. Springer said thank you.

bbbbb. D. Reimer said I'm sorry, what is your name for the record.

ccccc. Janet Johnson said Janet Johnson.

ddddd. C. Springer said ok, we're back to the question of recommendation of Chris is that we think about and table it and think about our options and the cost of all that and what we can do. The other option is that we just deal with it. What's the pleasure of the Board?

eeeee. J. Justman said the first option is table it and then think it over and meet a special meeting or next meeting or what?

fffff. C. Springer said he's open to either.

ggggg. Q. Shear said Craig, I feel that we probably need a little more detail whether we get it right now or look at running the numbers and get the implication of, find out what the results are given our choices what that will do to our grant cycles. I guess I would like to put different options to paper.

hhhhh. J. Justman said I am not ready to make a decision today.

iiii. C. Springer asked if there was a motion to table this matter?

jjjjj. Q. Shear said so moved.

kkkkk. C. Springer said to the next regular meeting or do you want a special meeting?

lllll. J Justman said the next meeting is in conflict with the Energy Expo in Garfield County.

mmmmm. Q. Shear said I would recommend a special meeting so we can get this taken care of so when the regular meeting comes we are ready to take action.

nnnnn. C. Springer said I'm alright with that, but let's pick today.

ooooo. Q. Shear asked if we want to stick with a Wednesday?

ppppp. C. Springer said sure.

qqqqq. Q. Shear said either the 3rd or the 10th?

rrrrr. C. Springer said the regular meeting is on the 17th, correct Dusti?

sssss. D. Reimer said that's correct.

ttttt. C. Springer said so it seems to be that we should do this in conjunction with our normal monthly meeting. Pick either the 10th or 24th for our regular meeting next month and get it done then.

uuuuu. Q. Shear said 10th. Does that work for you guys?

vvvvv. C. McAnany said that works for him.

wwwww. D. Reimer said that is two weeks from today.

xxxxx. C. McAnany said I'll circulate a revised draft of the agreement for the Board to consider well ahead of that time. I should have that available for you within a couple days.

yyyyy. J. Justman said the 10th seems better than the 24th.

zzzzz. C. Springer asked Quint to amend his motion to table this to our regular meeting in April, which will be April 10th.

aaaaa. Q. Shear made an amended motion to move this issue to April 10th, and also that we move our regular meeting to April 10th.

bbbbb. J. Justman second. Voted. Approved.

IX. Review Spring 2019 Grant Program.

a. Motion to table the Spring Grant program by Q. Shear. Second by J Justman. Voted. Approved.

X. Review and Award of Submitted RFPs for Banking Services.

a. Motion to table the RFPs for Banking Services by Q. Shear. Second by J. Justman. Voted. Approved.

XI. Unscheduled Business.

a. Hearing none, Craig Springer asked if we adjourn the meeting and then go into executive session.

- b. C. Springer said yes, adjourn the meeting and the someone will need to move to go into a closed executive session to discuss personnel issues. That will need to be moved and seconded and voted on by the board before we do that.

XII. Motion to adjourn from Q. Shear, second by J. Justman. Voted. Approved.

Meeting Adjourned at 3:03 p.m.

Q. Shear moved to convene an executive session to discuss personnel issues. J. Justman second. Voted. Approved at 3:03 pm on March 27th, 2019.