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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, July 20, 2022

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

In attendance:

Matt Rosenberg

Craig Springer

Quint Shear

Dusti Reimer

Janet Rowland (via Zoom)

Willy Corey

Meeting Minutes

- I. Call to Order at 2:05 pm.
- II. General Public Comment.
 - a. None.
- III. Approval of the April Meeting Minutes.
 - a. C. Springer made a motion to approve meeting minutes. J. Rowland second. Voted. Approved.
- IV. Staff Report.
 - a. D. Reimer said the last few months have been quiet. We posted on our social media accounts the January meeting minutes, the July meeting agenda, we live streamed our April 20th meeting and shared East Orchard Mesa Fire Protection District Brush Truck Photos from their completed grant. They bought it from North Liberty Iowa. They picked it up and it broke down on the way back. They fixed a belt, and they were able to get it back.
 - b. D. Reimer said we had one grant requesting payment. East Orchard Mesa Fire Protection District Brush Truck, grant 2021-FM-01 for \$48,000. They came in \$2,000 under budget.
 - c. D. Reimer said the invoices for payment from April, May & June are Dusti Reimer Invoice #173 for services and supplies for June for \$2,691.47; Soronen, Donley &

Patterson Invoice #144645 for audit for \$3,500; Eide Bailly Invoice #Elo1351047 for services for \$1,188.20; Dusti Reimer Invoice #172 for services and supplies for May for \$2,691.47 (Paid); Dusti Reimer Invoice #171 for services and supplies for April for \$2,691.47 (Paid); Eide Bailly Invoice #Elo1318453 for services through March 2022 for \$729.42 (Paid); and Dufford Waldeck Invoice #31502 for services for \$390 (Paid).

- d. D. Reimer said that the City of Fruita is requesting a 12-month extension on their 2020-SM-02 City of Fruita 16 Rd grant. The request is because of the challenges in working with Union Pacific Railroad. They were told that UPRR can be out with in the next 6 months to complete the project, with City of Fruita finished up the project with a completion of May 2023.
- e. Q. Shear said we should act on that separately. We'll pull that out of the staff report and act on it separately.
- f. D. Reimer said the only thing up coming is the audit due to the state. Our fall grant cycle start August 1st and we have \$350,000 to award. Our next board meeting with grant presentations will be September 21, 2022. We will then continue the rest of the year, except December, with monthly meetings. That concludes the staff report.
- g. Q. Shear asked for a motion to approve the staff report, minus the City of Fruita Extension request.
- h. C. Springer made a motion to approve staff report, minus the City of Fruita Extension request. J. Rowland second. Voted. Approved.
- i. C. Springer asked if we missed something with the grant, because the letter states they just got the designs.
- j. D. Reimer said they had the design, but the design approval process with Union Pacific takes a long time. They knew that when they applied for the grant. They also said that the costs were a lot higher than when they started. They needed to come up with extra money to finish the project. And, in the original grant, because this is a mini grant from 2020, we typically only allow for one year. They had specifically asked for two years because they knew it would take a long time to work with the railroad.

- k. Q. Shear said Union Pacific has a reputation for not even looking at something for a year.
 - l. C. Springer asked looking back on it, there is nothing we could have done better.
 - m. D. Reimer said no. And they did give us a heads up and said they're working with the railroad as much as we can.
 - n. Q. Shear asked if Janet had any additional comments on the extension. He said he has no objections giving them the extension. Do we have a motion to extend?
 - o. C. Springer made a motion to approve the request for the one-year extension 16 Rd Improvement project. J. Rowland second. Voted. Approved.
- V. Presentation and Approval of 2021 Audit from Soronen, Donley, Patterson CPAs.
- a. W. Corey said he wanted to go over the governance letter to the board saying if we had any difficulties, any uncorrected misstatements, or disagreements we would relay that to you. We didn't have any of that. It goes over definitions and other things. This is where we would share any issues. I thought I'd skip over the MD&A, which is what we'll go through the individual financial statements. It gives the definitions of each financial statement and what you'll find on pages 3,4 and 5 on the audit report. We move into the government wide financial statement and the statement of net position in page six. This shows all the assets. Total assets are \$3,484,462 and then broken into non extendable permanent fund, extendable permanent fund and unrestricted.
 - b. W. Corey said the statement of activities on page 7, shows the government wide expenses and revenues. This is mainly from the Federal Mineral Lease Distribution, which for 2021 was \$493,000. We have an investment loss of which \$201,000 for the year. Which gives us a change in net position of \$542,645. The next page is governmental fund which is split between the general fund and the permanent fund that was separated last year. The permanent fund is going to be expendable and non-expendable. There is also the committed funds and unassigned funds. The next page is the statement of revenues and expenditures. As you can see, for 2021, there was a favorable budget of \$423,000. May be an investment gain over budget and grants was below budget. The notes of the financial statements describe in detail the accounts and P & L. It will go through how different things were presented and definitions. High level that's the financial statements in a nutshell, but if you have any questions, please let me know.
 - c. Q. Shear asked if there were any questions from the board. There were none.
 - d. W. Corey said the final steps are for the signature on the rep paper.

- e. Q. Shear said we'll sign that now and send that back with you.
- f. Q. Shear asked for a motion to approve the audit.
- g. C. Springer made a motion to approve the audit as presented. J. Rowland second. Voted. Approved.

VI. Review of Financials.

- a. D. Reimer said she included the end of April, end of May and end of June. I can go through all of them or just June.
- b. Q. Shear said just go through the end of June.
- c. D. Reimer said the fund balance at the end of June was \$924,817.51. The Permanent fund balance was \$2,434,043. Total assets were \$2,004,438.43. The total balance was \$2,929,255.94. Grants payable \$352,000, but \$2,000 is left over from the Brush Truck that was left in there. For profit and loss, we had contract services for \$2,666, dues and memberships for \$25.47, unrealized gain and loss of -\$123,688.66, with dividend income of \$9,388.74 for a net loss of -\$123,688.66.
- d. D. Reimer said outstanding grants are for the City of Fruita for \$50,000 and Town of Collbran for \$300,000. The extra \$2,000 left over is the remaining from the East Orchard Mesa Fire Protection grant. They came in under budget.
- e. C. Springer asked if we were going to move that.
- f. D. Reimer said yes, it will get moved. But she wasn't sure where that got moved to.
- g. D. Reimer said we look good on budget to actual. We budgeted \$3,800 for auditing expenses, and I'm not sure if we'll get another invoice from you.
- h. W. Corey said no, that's the only invoice.
- i. D. Reimer said then we will be under budget with the audit and the insurance for the year.
- j. Q. Shear asked if there were any questions on the financials. There were none.
- k. Q. Shear asked to make a note to check with Christine on the left-over grant for the next financials.
- l. J. Rowland made a motion to approve the financials. C. Springer second. Voted. Approved.

VII. Review of Investment Account.

- a. M. Rosenberg said this has been a rough year with the stock market. The good news for the FML district. This just shows that the year-to-date portfolio and even though the portfolio is down 13% year to date, it's outperforming the class benchmark. It's good news, you've outperformed. The other good news is that oil is high right now. Given the nature of the mineral lease district, this group

would be excited to get money while stocks are down. This is long term money and we've done a good job mitigating the long term, while being responsible. The duration of the portfolio is a 2.2 Looking forward, we will look to extend duration now, towards the end of the year. We aren't rushing to do that. We'll let interest rates settle. There were rumors of a week ago of a 100-basis point increase. They have backed off of that, which is lead to the market bouncing back the last few days. We're looking at maybe a 75-point increase the next meeting. They have said they are going to do more this year. We've seen Europe back off their interest rates. I think that's smart. We're in low population growth, low unemployment. I think we'll see interest rates level off. We probably won't look to rebalance until the end of this year, and we'll stay the course and do responsible things. I don't have anything else significant.

- b. Q. Shear said we haven't seen a 75-point increase since the 80s, have we?
- c. C. Springer said 1994.
- d. M. Rosenberg said that graph M₁, or M₂ money supply in the last 20 years and it's been a steady increase, with a massive spike of 30% in the last few years. Tech is taking a bath this year, so the NASDAQ is down way more than the 17% you see here. A lot of that was overvalued to being with. I think 8-10% of this year was because things were over valued last year. The last 8-10% of that is pricing in economic slow down from last year. Prices are really high, and it takes time to adjust to that. Seeing things get way worse, I don't know. Unless there is a new geopolitical event.
- e. M. Rosenberg said he's really happy with where the portfolios are performing on a risk adjusted basis. I guess, where we could get tactical is on the bond equity side. We've kept it short term forever. With some point, with higher interest rates, lets invest in high-rate bonds, but let's see it settle first, before we dive in. It's really just managing the risk. We've also limited the exposures to treasuries in the portfolio. The organize line, that down almost 11% this year. It's about 40% treasuries and 20% agencies. Our portfolio is 15% treasuries and 2-3% agencies and the rest are corporates. We're getting more bang for our buck. Treasuries have been an awful thing to hold this year. Our portfolio is up \$350,000 since we started it. We're back to where we were last year in March/April of last year. Everyone should feel good about what we've been doing. This is a long-term investment goal.

VIII. Unscheduled Business.

- a. None

IX. Adjourn.

- a. J. Rowland made a motion to adjourn. C. Springer second. Voted. Approved. Adjourned at 2:36 pm.