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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, December 19, 2018

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
Richard Rupp
Chris McAnany
Brian Lurvey
Gus Hendricks
Mark Quick
Jason Clark
Chris McCoy
Matthew Cranson

Meeting Minutes:

- I. Call to order at 2:00 p.m. by Craig Springer.
- II. General Public Comment.
 - a. Benita Phillips asked the Board if to their knowledge, are there anything in the regulations that speak to the entities that apply for grants, if they have past experience where they have not been in full support of oil and gas, and does that have any effect on their application?
 - b. Chris McAnany said it is committed to Board discretion. The eligible entities are the governmental entities within the geographical boundaries of the district.
 - c. Benita Phillips said that did not answer her question. She said there was a comment last meeting by the new board member and I asked him what he meant by what he said, and I can't remember the words that he said, but I just want to make sure that there are no entities that apply that if they have been against oil and gas, for some prior time, for example Palisade was against the leases out by Cameo, so that, that should not have any

affect on their ability to receive money from the Federal Mineral Lease District. I couldn't find any information on it.

- d. Craig Springer said in our scoring of the applications there are questions that reflect on energy development, and how involved they are with it, and impacted by it. Based on their answers of those questions is how we score. There is nothing, that I am aware of, that has the word "support," in it. There are questions that relate to that entity and mineral extraction.
- e. Quint Shear said to expand on his comment, if we are granting money from leases, if while filling out those questions, if the entity is not allowing that activity, for an impact I would think that is something we need to know, in answering those questions. If you don't want that activity, then my feelings are, then you don't want the money either. But, no, at looking at the scoring, there are questions about activity and the affect on the entities. It just affects the score, it doesn't knock anyone out of contention.
- f. Benita Phillips said right, because we don't know why a governmental entity finally comes to the conclusion, they don't want to have oil and gas in their back yard or parks or something.
- g. Quint Shear said, correct, and that's why I asked for clarification.
- h. Benita Phillips said thank you, that answers my question.
- i. C. Springer closed public comment.

III. Adoption of the October Meeting and Workshop Minutes.

- a. Q. Shear motion to approve. J. Justman second. Voted. Approved.

IV. Consent Agenda:

- a. Dufford, Waldeck – \$320 for services for October/November;
- b. Dusti Reimer - \$3,989.37 for services and supplies for October;
- c. Dusti Reimer - \$3,774.98 for services, supplies for November;
- d. Networks Unlimited - \$120 for email services for 2019;
- e. Eide Bailly – \$3,989.00 for services for April-September 2018;
- f. 2017-FM-06 Town of Collbran Patrol Vehicle Final Grant Payment for \$48,731.67
- g. 2018-ST-01 Clifton Sanitation District Sewer Line Rehab Final Grant Payment for \$75,000
- h. Q. Shear motion to approve. J. Justman second. Voted. Approved.

V. Staff Report.

- a. Dusti Reimer said she posted to the social media pages (Facebook & Twitter) about the Monthly Board Meeting Cancelled, Monthly Board Meeting December Dates, Meeting Minutes Posted, Public Comment Period for Budget, Seeking RFP for Banking Services and a photo from the Community Presentation at– Mesa Water & Sanitation District.
- b. D. Reimer said they published a legal notice in the Daily Sentinel for the public comments for the 2019 budget.

- c. D. Reimer said the RFP for banking services was published on the website and social media, but that she personally contacted and emailed the RFP out to Community Banks of Colorado, Grand Valley Bank, US Bank, Alpine Bank, Timberline Bank, Vectra Bank, Bank of Colorado, ANB Bank, Wells Fargo and Bank of the San Juans.
 - a. D. Reimer said the final grant payments for Town of Collbran 2017-FM-06 Patrol Vehicle for \$48,731.67. They came in under budget. Clifton Sanitation District 2018-ST-01 Sewer Line Rehab for \$75,000. The invoices for the last two months were for Dufford, Waldeck – \$320 for services for October/November; Dusti Reimer - \$3,989.37 for services and supplies for October; Dusti Reimer - \$3,774.98 for services, supplies for November; Networks Unlimited - \$120 for email services for 2019; and Eide Bailly – \$3,989.00 for services for April-September 2018;
 - d. D. Reimer said the upcoming events are December 20th the De Beque School Board presentation, January 16th Board Meeting, January 22nd the Lands End Fire Protection District Board presentation, and January 31st the State Filing of the 2019 Budget is due.

VI. Review of Financials.

- a. Nancy Harward said we have two months' worth of records to review, but October is the only month with activity. There are two months of P/Ls, all the checks that were written in October cleared the bank. The current fund balance is \$2,411,959 and the permanent fund was \$1,362,259 at the end of October. The end of November the current fund balance was unchanged at \$2,411,959, but the permanent fund was \$1,377,975.
- b. C. Springer said he would have questions for her when they reviewed the budget.
- c. The Board had no further questions.
- d. Matt Rosenberg said the permanent fund account is down 4%. We started at market peak when we started investing. You're down about \$40,000, which is actually less than about 3%. We aren't doing bad-we're not heroes or goats. We're doing our job giving you efficient market returns. We've had a little discretion, but not much. You're in short duration in fixed income. The Fed raised rates today, and they gave guidance on only two hikes now, instead of three next year. This is the most there has ever been a decline in the stock market, without the weakness in the economy to justify it. So, looking at it, you say stocks are on sale. This is a good opportunity right now. This is a long-term fund and we don't have any concern. These are things that take time, investing is a marathon, not a sprint. I wouldn't be discouraged at all, and I hope you wouldn't want to hold off because of these numbers.
- e. Q. Shear asked how long he anticipated this window would be open.
- f. M. Rosenberg said that they don't anticipate a financial crisis, but these are things I don't know. All we can do is be efficient with the investments. There is no reason to say companies are going to make less money this next year than this last year. But I wouldn't rush.
- g. Benita Phillips asked how fluid the transfer of the money from one fund to another?
- h. M. Rosenberg said we don't have a lot of discretion to change the funds, because of the Investment Policy. Its not a good idea to do that anyway. You don't want to keep moving money around that much. Having higher interest rates would be better for you guys long term. There really is no way to lose when you start doing this stuff. If at some

point interest rates took a significant jump, we could move those to a longer duration, but right now you see everything is in short term, short term, short term, on the yield curve.

VII. Fall 2018 Grant Awards.

- a. D. Reimer reviewed the scoring for the attendees. The Board does not know how the others score. She collects all the scores and tabulates them into the spreadsheet and it ranks the scores from highest to lowest. The Town of Palisade scored the highest in both the mini grant and traditional grant categories, however, if the Board awards the grant in the traditional category to the Town of Palisade, then they are ineligible to receive the mini grant. Unless the Board decides otherwise. They have discretion. We have \$220,000 set aside for the awards, and all the scoring options presented are just suggested to get the discussion going for the Board.
- b. C. Springer said because of the left-over Anvil Points money that we did not put in the permanent fund and some of the residual money left over from grants that came in under budget, we do have extra to fund this.
- c. D. Reimer said yes, this is just working off the money that was preset at the beginning of the year.
- d. C. Springer said if we funded the 75-73% scoring grants, we'd be funding the top 4 projects. How much would that put us over?
- e. D. Reimer said \$309,343. We would dip into the Anvil Points money.
- f. C. Springer asked if it would be the Anvil Points money, or is there enough left over from previous cycles?
- g. N. Harward said there was some forfeited funds from grants and I can get that number for you. The amount is \$29,550.
- h. C. Springer asked if the City of Grand Junction said they could take a partial funding in their application?
- i. Gus Hendricks said I believe we said yes, we could take a partial in the application. D. Reimer reviewed the application and it did in fact say they could take a partial funding for their grant.
- j. C. Springer said if we did partial funding, then we would not be dipping into the Anvil Points money, and that we could fund these four grants.
- k. J. Justman said he liked the idea of not dipping into the Anvil Points money right off the bat.
- l. J. Justman asked what the additional money is.
- m. N. Harward said the November is the remaining, this doesn't include the Town of Collbran.
- n. D. Reimer said it's now a little over \$30,000 with the Town of Collbran coming under for their grant.
- o. C. Springer said this is money that was already agreed to be granted, it's just sitting there, and we've already agreed to use it. And we appreciate the City of Grand Junction agreeing to take a partial, if we can make this work.

- p. Gus Hendricks said absolutely.
- q. C. Springer asked for specific dollar amounts for a motion from D. Reimer.
- r. D. Reimer said you have a total of \$30,818.55 left over from all the unused grants. The total amount you have to grant out would be \$250,819.
- s. J. Justman made a motion to approve grant funding for Town of Palisade for \$63,000, City of Grand Junction Fire Department for \$126,476, East Orchard Mesa Fire Protection District for \$41,995 and Lands End Fire Protection District for \$19,348. Q. Shear second. Voted. Approved.
- t. The awards in the Traditional Grant Program totaled \$189,476 and went to the Town of Palisade for a Brush Truck in the amount of \$63,000; and Grand Junction Fire Department for Infrastructure for Fire Department Training Facility Project for the partial funding amount of \$126,476.
- u. The awards in the Mini Grant Program totaled \$61,343 and were made to East Orchard Mesa Fire Protection District for Firefighter Safety Gear Upgrades in the amount of \$41,995; and Lands End Fire Protection District for Extrication Equipment in the amount of \$19,348.

VIII. Review and Approval of Proposed Budget for 2019.

- a. C. Springer said the big question we have to deal with is the Anvil Points money, because according to Chris McAnany's interpretation we could take a portion of that money we received this year and put it into the permanent fund that could be back filled by the Anvil Points.
- b. C. McAnany said you can invest in the permanent fund up to 50% of your funding in any given year.
- c. C. Springer said so the Anvil Points money counts for the next year.
- d. C. McAnany said correct. If memory serves when we got the Anvil Points money, we already maxed out our 2018 contribution to the permanent fund. The remainder of the Anvil Points money in 2019 you can spend or not as you see fit. The appropriation that you get from DOLA for 2019 you can spend or not, as well. But that smaller sum of \$800,000 you could also invest in the permanent fund.
- e. C. Springer said so we can invest \$750,000 of that Anvil Points money and \$400,000 and some of the DOLA money, if the Board decided to do it.
- f. J. Justman said he thought the Anvil Points was more than \$800,000.
- g. C. Springer said we did, but we invested that this past year. This is the meeting we need to decide what we're doing with it, correct?
- h. C. McAnany said the budget needs to be approved today and submitted to the state by Jan. 31, 2019. You can always change the budget and make revisions throughout the year. It's best to be generous. The other thing to remember is when you budget, you're appropriating money for a specific purpose, but you don't necessarily have to spend it for that purpose. If you decide over the course of the year that you would like to spend less, than you can.

- i. C. Springer asked if there was a legal requirement to take from the permanent fund every year?
- j. C. McAnany not there isn't. But the permanent fund, from what you've expressed in District policy, is to let that sit and let that interest grow and accrue so you can draw off it when it has matured. Since it is so new, there is not a lot and there might not be a whole lot of appreciate to throw off from the permanent fund anyway.
- k. C. Springer said so what we could do is take the \$1.7 plus \$800,000 is \$2.5 million, we could put \$1.2 million in the permanent fund.
- l. C. McAnany said yes.
- m. C. Springer said, if we do that we would have effectively, put all that Anvil Points money away.
- n. C. McAnany said yes, you're saving it for a rainy day.
- o. C. Springer said this wouldn't affect our grants for the next year, Right?
- p. C. McAnany said well, anything you put in the permanent fund wouldn't be available for grants, so it could affect grants.
- q. C. Springer said what I mean is, what we've always done is we get \$827,000. We give half away in the spring and half away in the fall. That's what we've always done. And we could still do that and move that money to the permanent fund.
- r. C. McAnany said yes.
- s. C. McAnany asked if that \$737,000 was the DOLA disbursement.
- t. D. Reimer said that was the disbursement for 2019.
- u. C. McAnany said the \$1.7 is the remainder of the Anvil Points money.
- v. C. Springer said we understand the question right-when the Anvil Points money came, and the county didn't challenge that, the hope was we would put that away and do something good with it.
- w. J. Justman said the one thing the county was waiting for was an answer from Interior on whether or not the Anvil Points would affect our PILT deduction. So, I'm not ready to jump in any direction at the moment. I'd like to get an answer from them before we move on this money.
- x. C. Springer said he feels that this is a windfall to this community and I don't want to leave it in a checking account, when our fiduciary responsibility is to do something permanent with the money. But I'll defer to what you think on that. I don't want to be having this discussion a year from now.
- y. J. Justman asked if it would be harmful for us to wait another 30 days?
- z. C. McAnany said you have to approve it by the end of the year, but if you need to move line items around you can. John, as you know, you can adjust your budgets throughout the year. We do it less because our finances are less. If you aren't ready to make a decision on Anvil Points right now, we can make that decision two months from now and amend the budget.

- aa. C. Springer asked if they run any risk by waiting 30-60 days to get clarity from the County, that we could put that money in the permanent fund, would we run the risk of someone looking at that and saying, you put all that money in the permanent fund and you were only supposed to put half in there, but you waited and took two years to do it?
- bb. C. McAnany said yes, I see what you're saying. Suppose that's an argument. Again, the statutory scheme said you can invest 50% of the funding, you can determine on a year to year basis. We put in 50% of our funding last year. We maxed out. We rolled over some more of this money we hold in reserve and that would be available for expenditure or investment on a year to year basis. Every year is a new budget year. Everything starts and ends on the first of the year. I feel pretty good that as we didn't expend the money this year and you retained it as the statute allows you to do. That other half rolled over for the next fiscal year is yours to spend and if you want to put 50% of your total budget into the permanent fund you can do that, and you can do 50% of what we have. The disbursement from DOLA and what you have left from the previous fiscal year.
- cc. C. Springer said let me follow this up with another legal question-let's say that Mesa County gets direction from the Interior that they won't get a PILT deduction if they receive what's left of that anvil points money from us. Do we have the legal ability to give mesa county money, because I thought that was the one legal no-no.
- dd. C. McAnany said he would need to go back and look at it, but that was the whole point the district was set up. If the County receives any of the mineral lease funds, it would result in a deduction of the County's PILT payment. That's why the Board is established the way it is. If we start making grants to the county, we start creating risk to the county for offsets. I've had those conversations with the people in Interior and they have said the law is what the law is, and if you're not careful the county could receive a PILT deduction. So, you should tread carefully.
- ee. Benita Phillips asked if there was another entity that you could put the money that you don't want to invest in the permanent fund that you can put it to grow a little interest?
- ff. Matt Rosenberg said you could do a short-term investment, but it takes about a month to get set up, so if this is something that could sit for a while, you'd be looking at probably \$3,000 a month on \$1.7 million. Is this a recurring problem?
- gg. C. Springer said it seems like we need to table this for January, correct?
- hh. D. Reimer said you have to approve the budget at this meeting.
- ii. C. Springer said I understand. We can table this until January, which brings us back to the budget as presented. Questions?
- jj. Q. Shear is there a restriction for how we can account for that money?
- kk. C. McAnany said essentially if it doesn't go into the permanent fund, it's just retained revenue or cash on hand, essentially. So, you can decide later how you want to spend that, or even if you want to spend that. Or if we want to appropriate it for the permanent fund-or some part of it.
- ll. C. Springer says if the County says go and doesn't instruct us to return it to you, then we'll invest it. But we'll table it.
- mm. Q. Shear said I would think to invest the 50% would be a good decision.

- nn. C. McAnany said I think we talked about this when we got the money, and we had a discussion about whether or not the County was going to request it.
- oo. C. Springer said is there a motion to approve the budget as is?
- pp. J. Justman said it seems like we'll be sitting on that money until at least next month anyways.
- qq. J. Justman made a motion to approve the budget as presented. Q. Shear second. Voted. Approved.
- rr. C. McAnany said he would prepare a resolution for the Board to sign and that there would be a note that the Board would consider the budget again, particularly in regard to the funds of Anvil Points.
- ss. C. Springer said thank you.

IX. Review and Approval of Updated Bylaws.

- a. C. McAnany said this is a carry over from the last meeting. There were a few updates to address basically the permanent fund a few other clean up items.
- b. C. Springer asked about page 10-the Board may act informally or by consensus. What does that mean?
- c. C. McAnany said that means governing Body often times have to give direction to staff that doesn't rise to the level of a major policy decision. For example, Dusti can break that report into two sections for next meeting, or I don't like those cookies you brought. You can say by consensus can you bring this issue back to our attention next week. More routine housekeeping items for administration.
- d. C. Springer said that was the only question I had.
- e. Q. Shear made a motion to approve the bylaws as presented. J. Justman second. Voted. Approved.

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

- a. C. Springer said we received four different proposals from four different local banks with over 406 pages to review. The first thing that popped up immediately is that all these banks are competitors of mine, so that eliminates me from reviewing these proposals. Sitting to my left, is a former banker, who is no longer employed by a bank. I believe we need to do this right. These are detailed, and good proposals and we need to have these evaluated by someone who knows what they are looking at. This is Quint's second meeting. My idea is to ask Quint to evaluate the proposals and we will pick one in our January meeting.
- b. J. Justman asked if you needed a motion for this?
- c. C. McAnany said just move to table it.
- d. Benita Phillips asked if that means he has to read all 406 pages?
- e. C. Springer said yes.
- f. J. Justman made a motion to table this until the January meeting. C. Springer second. Voted. Approved.

XI. Unscheduled Business.

 a. None.

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

 Meeting Adjourned at 3:05 p.m.