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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, September 18, 2019

Location: Home Loan State Bank Community Room, 205 N. 4th Street, Grand Junction, CO 81501

Attendees:

Dusti Reimer
Benita Phillips
Nancy Harward
John Justman
Quint Shear
Craig Springer
Chris McAnany
Matt Rosenberg
Karen Kllanxhja

Agenda:

- I. Call to Order.
 - a. C. Springer called to order.
 - b. Q. Shear made motion to accept agenda. J. Justman second. Voted. Approved.
- II. General Public Comment.
 - a. None.
- III. Adoption of the August Meeting Minutes.
 - a. Q. Shear made motion to accept meeting minutes. J. Justman second. Voted. Approved.
- IV. Consent Agenda:
 - a. Dufford, Waldeck, Milburn, & Krohn Invoice
 - b. Dusti Reimer Invoice
 - c. Harland Clarke Payment
 - d. Mesa County Government Final Payment for Jail Expansion Project
 - e. J. Justman made motion to approve consent agenda. Q. Shear second. Voted. Approved.
- V. Staff Report.

- a. D. Reimer said postings to our social media pages were for the meeting minutes being posted, the meeting agenda was posted, the Presentation to the Palisade Irrigation District and the location of our meeting for today.
- b. D. Reimer said her presentation to the Palisade Irrigation District went well. She said they seemed interested in our grant program and there was a question about, and I'm not sure if this is a Chris question, if he would know, but they get their money based on assessments. Is that an issue for us at all, because they are a special district?
- c. C. McAnany said there was a case that came down from the Colorado Supreme Court a few years ago that essentially said that Irrigation Districts like PID and OMID (Orchard Mesa Irrigation District) are not true governmental entities, because they live off the assessments of irrigators off their boundaries. So PID and OMID are not subject to TABOR because they aren't true governmental agencies. There is a question as to whether or not they would be eligible for grants from this district, because of their status. They are kind of neither fish, nor fowl. We'd have to look at that carefully before we consider them for a grant, because they may not be eligible.
- d. C. Springer asked what the difference is between them (PID) and Clifton Sanitation District?
- e. C. McAnany said Clifton Sanitation is a true title 32 special district with taxing authorities as organized pursuant to state statute. A few years ago, there was an Orchard Mesa case, where a group of landowners sued the Orchard Mesa Irrigation District saying they were subject to TABOR and the supreme court, which applies to governmental entities, said no they aren't. They are different. They are a special purpose entity that's formed explicated for the purpose of serving the irrigators within their boundaries. It's one of those technical decisions under local governmental law. But on the surface, they don't appear to be much different, because for example, Clifton Sanitation is funded entirely from user fees for sanitation services. How is that different that an irrigation district that is funded by assessments from irrigators within their boundaries. It would be something we would have to look into if they wanted to apply.
- f. D. Reimer said they are interested in applying.
- g. J. Justman said Redlands Power and Water would be the same thing then.
- h. D. Reimer said and the same would be true for the Mosquito District, because they have assessments.
- i. C. McAnany said the mosquito district is a true district, but just to be clear they have more money than they need, they do not need any grants from us.
- j. D. Reimer said they told me that when I did the presentation to them. They said they don't need it and would rather have other Districts apply for it. He told me they decreased their assessment levy because they were doing so well.
- k. C. McAnany said they did decrease their assessment levy. Their boundaries expanded a few years ago, they got a huge influx of tax money. Relative to their service obligations they are not as needy as others. That's a fair question, Craig, and one we'd have to look at carefully.

- l. D. Reimer said we did not have any media at this time. We did receive our DOLA payment for \$925,022.53 and it has been deposited.
- m. D. Reimer said grants requesting payment were the remaining payment to Mesa County Jail contract for \$324,000 and we are anticipating the final grant payments for East Orchard Mesa Fire Protection District and Western Colorado Community College.
- n. D. Reimer said invoices for payment were for Dufford, Waldeck, Milburn, & Krohn Invoice #16189 for \$4,600 and Dusti Reimer Invoice #138 for services and supplies for \$3,774.98.
- o. D. Reimer said for upcoming events she has a special request. Her sister is getting married next month and wondered if we could move the Board meeting date to a different date.
- p. C. Springer asked if there was a conflict with before or after?
- q. J. Justman said I have AGC meetings today. Are we on the 3rd Wednesday? AGNC is the 3rd Wednesday also.
- r. Q. Shear said he would be out of town on that day.
- s. D. Reimer said we could maybe do the Tuesday before as well.
- t. B. Phillips asked if the wedding was out of town?
- u. D. Reimer said yes, I'm not from here, I'm from Iowa.
- v. Q. Shear said the 9th I'll be in town and the 23rd and 30th I'm available.
- w. J. Justman said the AGC meeting is in Fruita, so that would be doable.
- x. C. McAnany said you're suggesting the 23rd?
- y. C. Springer said the 23rd or the 30th?
- z. D. Reimer said or that morning-possibly 9 in the morning would work.
- aa. J. Justman asked if the 23rd was good, because that would be better than the 30th for me.
- bb. C. Springer said ok, we will move it to the 23rd of October.
- cc. D. Reimer said thank you.
- dd. C. Springer asked if we need formal action on that.
- ee. C. McAnany said no, as long as you publish the meeting that's fine.

VI. Review of Financials.

- a. N. Harward said the cash balance at the end of August was \$689,847.84; our permanent fund is at \$1,466,222.87; our grants payable as of August 31st is \$493,395.35; we had accounting fees, legal fees and contract services, dues and memberships. Nothing out of the ordinary. All checks written have cleared the bank. Although we are down for the month of August as far as unrealized gains/losses, overall for the year we're still up \$121,320.26. We do have some realized gains; a little bit of interest and dividends were

up almost \$20,000 for the year. Some investment fees. As you can see the \$1.5 million from last month also cleared the bank. As far as grants still outstanding, we have East Orchard Mesa Fire Protection District, Grand Junction Fire Department, Town of Palisade and WCCC. Any questions?

- b. Q. Shear made a motion to approve financial report. J. Justman second. Voted. Approved.

VII. Discussion of 2020 Budget.

- a. N. Harward said in order to finish up 2019, I did some estimates of what the actuals will end up being. Most of them are based on pretty close to what the budget it. The discussion is what do we want to contribute to the permanent fund for 2019 and do we want to do any grants still for the year?
- b. C. Springer said the question you just asked, do we want to do grants for this year? The answer to that is no.
- c. N. Harward said if we stick with the \$100,000 that we put in on the amended budget for the permanent fund, that still leaves an estimated \$675,000 in cash, after paying out any grants we have currently.
- d. C. Springer asked is all our advertising, contract fees, legal, everything is about \$85,000 correct?
- e. N. Harward said that budgeted for 2020 we're at about \$85,500.
- f. C. Springer said so that \$671,000 is available for grants is available after budgeting for administrative costs?
- g. N. Harward said no, that's prior. Originally, I plugged in a \$250,000 grant for this fall, and that still left us with about \$400-\$450,000. Assuming we kept \$100-\$200,000 reserve for cost, it's still some what conservative. And on the amended 2019 budget, we had left it in there, under budget grants and available, the \$513,504 we had in there as budgeted that would be available for grants. As long as we don't go above that amount, we don't need to revise it.
- h. C. Springer said if we deposit \$100,000, well, first we pay the \$324,000 we owe to Mesa County and then we put \$100,000 in the permanent fund, and how much do we hold back for administration?
- i. N. Harward said this is what we have for Anvil points and this is what we actually deposited in September; these are showing actuals. This shows the \$100,000 going into the permanent fund, then here is the \$1.5 we paid out with the \$324,000 that comes out this month, and here are the grant items we are still paying, and this \$250,000 is what I plugged in to do as a grant cycle that would leave an estimated \$425,000 after that.
- j. C. Springer said that is actually \$625,000 total, before any admin.
- k. N. Harward said that's correct. So then, if you plug that in, it's \$85,500 right here. Does that make sense?

- l. C. Springer said what is the comfort level for the board for cash that we should budget for, for admin and unforeseen circumstances and stuff like that?
- m. Q. Shear has there been a number traditionally?
- n. C. Springer said no, not a hard number. We probably spent a little bit more in 2019 than we will in 2020, because of legal with the county.
- o. C. McAnany said you can spend up to 10% on administrative and overhead. That's typically what we've been aware of, to not go over that. The guardrail on your spending, is that you can only invest up to 50% of your funding into the permanent fund. Those are the main constraints the rest are discretionary based on what you want to prioritize and what the district needs will be.
- p. C. Springer said thank you, Nancy. This seems to me that we have two decisions to make: #1) How much to put in the permanent fund and #2) How much to hold back for reserve and what's left is what we can give out in grants next year. If we give out \$100,000 to the permanent fund and did double of our \$85,000-say that number is \$170,00 that we would save back and put \$100,000 in the permanent fund how much would be available?
- q. N. Harward said that would be \$500,000.
- r. C. Springer said that would be two \$250,000 grant cycles for 2020?
- s. N. Harward said yes.
- t. C. Springer said I'm ok with that. We're not going to generate a lot of excitement with \$250,000 but it is what it is. That way we can still maintain a commitment to the permanent fund.
- u. N. Harward said to make sure I understand, I'll keep the \$100,000 estimate on 2019 because we still going to go ahead and put in \$100,000 for 2019, for the current year. And next year, in 2020, we're going to put in another \$100,000 for the permanent fund.
- v. C. Springer said no, we're going to do \$100,000 this year. You can budget that, but it will be off of what we get.
- w. N. Harward said right, but this is to show for 2020. For 2019, we're estimating what it's going to look like for the end of the next year.
- x. Q. Shear said you're estimating \$100,000 for 2019, and then you're estimating \$250,000 continuing this fall.
- y. N. Harward said correct.
- z. Q. Shear said I think you're better off zeroing that out \$250,000 for this fall.
- aa. N. Harward said ok. Then in 2020-we're going to submit this to the state and saying, "State this is how much we are estimating that we will put in the permanent fund for 2020." We are estimating that in 2020 we are going to get in approximately \$971,000. According to DOLA and the estimates for Colorado they are estimating the mineral lease monies to be 5% higher. This year was like a 20% jump. With that, we're turning this in saying this is how much we want to contribute in 2020. My question is what number do we want to put in there for 2020?

- bb. Q. Shear said and you put in the budget at \$100,000?
- cc. N. Harward said right. The goal of this is to be as accurately as possible, but without knowing the exact income number we kind of want to go a little high, because if we come in under that amount we don't have to amend the budget, but if we come in at a higher amount then we will have to amend the budget and resubmit in 2020. That's why typically we'll put in all the cash available as grants that could be granted as 2020. So, it sounds like this year no grants.
- dd. B. Phillips asked a question. If you are stuck at 10% of the overhead, is that 10% of the overhead you just got?
- ee. C. Springer said of that \$971,000 yes.
- ff. Q. Shear said I'm sorry Nancy, where is this number?
- gg. D. Reimer said I'm having her plug in so you can see her updates on the screen.
- hh. N. Harward said that number, that \$230,000 is cash we would have after we have received the money paid out.
- ii. Q. Shear said if we paid out all the \$971,000.
- jj. N. Harward said and if we granted out all that money.
- kk. Q. Shear said if we don't do any grant this year, we will end with \$676,000.
- ll. N. Harward said right. Currently what I'm estimating is that we will have that \$324,000 paid out, this is what we have as no payments going in and also, we would give out \$100,000 for the permanent fund. That's what the activity will look like for 2019. For 2020 would really be this number. This number would be high.
- mm. Q. Shear said even with this number, being a higher number, we're still at \$489,000, except operating. I see what you're saying. Sorry, the \$250,000 was confusing. Now this is easier.
- nn. C. Springer said it's not \$500,000 it's \$480,000.
- oo. N. Harward said to me it's a little confusing, because this comes in the fall, so we have to fund whatever grants we have right now, plus any spring grants we have to fund those before we get this cash. This is why this number is helpful, because this shows what we have to work with until this funding comes in.
- pp. Q. Shear said this is what will have to carry us over until we get our money in the fall, the \$489,000?
- qq. N. Harward said right, so once we get to this time next year, after we deposit this check, this is what we will have to carry us over until we receive the fall check in 2020, for 2021. That's only if we have a huge grant cycle like that, but typically we don't max that out.
- rr. D. Reimer said it's like a year and half budget.
- ss. C. Springer said so that contemplates granting out the whole \$971,374.
- tt. N. Harward said correct.
- uu. Q. Shear said which is the way you're suggesting we propose it to the state.

- vv. N. Harward said right, because we can go up to that number, without having to submit an amended budget.
- ww. C. Springer said what we could do is lower that number and increase the permanent fund contribution.
- xx. N. Harward said we could. So, if you wanted to bump that up?
- yy. C. Springer said yes, let's do \$200,000 for the permanent fund.
- zz. Q. Shear said if we need more we can adjust.
- aaa. J. Justman said but by next year at this time, we'll be getting our DOLA money.
- bbb. N. Harward said correct, we'll be getting this money right here.
- ccc. J. Justman said that's what you're projecting?
- ddd. N. Harward said that's what I'm projecting.
- eee. Q. Shear said I think leaves us enough flexibility.
- fff. N. Harward said if you take that \$675,000 number and you take out the operating expenses. After you take out the \$100,000 for the permanent fund for 2019 and take out next year's operating expenses, this is how much cash we would have left, before receiving the DOLA money in the fall. I think that would work with the \$250,000 grant cycle you were talking about. And come fall, that's obviously when we get the money in and you can decide how much we have to grant out for fall.
- ggg. C. Springer said that basically gives us a year worth of operating expenses in reserve.
- hhh. N. Harward said yes.
- iii. C. Springer said I think I'm good with that, if you gentlemen are?
- jjj. Q. Shear said I feel comfortable with that.
- kkk. N. Harward said I'll leave it as such, with \$100,000 going in this year, and no grants for this fall, and 2020 will have \$200,000 in the permanent fund and the remainder going in as potential grants.
- lll. C. Springer said yes, once we get back to normal, we can start bumping that permanent fund back up more than that. But it will be nice to get those grants up to \$300,000 and \$400,000.
- mmm. Q. Shear said it will be nice to put some money out there that the people can use instead of just having enough for radios, not that, that's a bad thing.
- nnn. C. Springer said I'll entertain a motion to approve.
- ooo. D. Reimer said wait-we have to let it go to public comment period for 30 days. We have to publish it and allow for 30 days of public comments. But this is the approved draft for public.
- ppp. C. McAnany said you have until the end of the year to approve the budget.

qqq. C. Springer said do we have to formally approve the \$324,000 payment to Mesa County?

rrr. D. Reimer said you did already with the consent agenda.

VIII. Review of Investment Account.

- a. M. Rosenberg said the investment account is \$1.487 million as of yesterday close. Gain of \$157,000. We discussed some direct indexing, beta replicating as the fund grows. None of that is urgent, and I think you and I agree to connect on it and see if it makes sense.
- b. C. Springer said I apologize I have not connected with Matt to do that.
- c. M. Rosenberg said again, that's not urgent. Other than that, if there are questions, let me know.
- d. C. Springer asked if there was any issues or concerns?
- e. M. Rosenberg said no, the fed just lowered the rate a quarter point again. The market couldn't decide if it liked it. The market went down a bunch and up a bunch and then leveled. Some people said they should have gone half a point and some people said they shouldn't. That's how markets go.
- f. C. Springer asked for a motion to approve the Investment Account report.
- g. J. Justman made motion to approve. Q. Shear second. Voted. Approved.

IX. Review of and Possible Investment Changes with RoseCap Investment Advisors for the Permanent Fund.

- a. C. Springer asked to table with Board's approval.
- b. J. Justman made a motion to table. Q. Shear second. Voted. Approved.

X. Unscheduled Business.

- a. None.
- b. Motion to adjourn by J. Justman. Q. Shear second. Voted. Approved.
- c. Adjourned at 2:37 pm.