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## BOARD OF DIRECTORS MEETING

**Date and Time:** 3:00 PM on Wednesday, August 19, 2020

**Location:** Zoom Meeting (Replay on our YouTube Channel and our Facebook Page)

### Attendees:

Matt Rosenberg  
Charles Balke  
Dusti Reimer  
Chris McAnany  
John Justman  
Quint Shear  
Christine Madsen

### Agenda:

- I. Call to Order by John Justman at 3pm.
- II. General Public Comment.
  - a. No public comment.
- III. Adoption of the Regular July Meeting Minutes and July Special Meeting Minutes.
  - a. Q. Shear made a motion to approve meeting minutes. J. Justman second. Voted. Approved.
- IV. Staff Report.
  - a. D. Reimer said the August staff report included the postings to our social media pages on Facebook and Twitter. The meeting minutes were posted, the meeting agenda was posted, we shared the Daily Sentinel News Brief on the grant cycle being open, we shared the Zoom meeting details and have live streamed both July Meetings via Zoom onto Facebook. We have also posted these two meetings onto our YouTube Channel for public viewing.
  - b. D. Reimer said we received media from the daily Sentinel regarding the Fall Grant Cycle Opening. We have \$200,000 available in this grant cycle with applications due on September 4<sup>th</sup>.
  - c. July Invoices for the month are from Dusti Reimer Invoice #149 for services and supplies of \$3,789.97, Dufford Waldeck Invoice #21268 for \$1,897, and Eide Bailly Invoice #E101021461 for \$3,896.04.
  - d. D. Reimer said the upcoming events include grant application deadline of September 4<sup>th</sup>, the monthly board meeting with grant presentations on September 16, board meeting with grant awards on October 21 and we will be starting our budgeting process for 2021 no later than October.

- e. Q. Shear made a motion to approve staff report and invoices. J. Justman second. Voted. Approved.

V. Review of Financials for July.

- a. C. Madsen said the balance sheet as of July 31<sup>st</sup> had a fund balance of \$641,484.19. The permanent fund had a balance of \$1,706,199.72. The grants payable fund has \$200,000 and we are showing a net loss of \$193,214.85. The profit and loss statement for July has \$852.00 in legal fees, contract services of \$3,750 and dues and memberships of \$39.97 and unrealized gain of \$62,782.43, interest earned \$0.09, and dividend income of \$574.87 and investment fees of \$3,268.96. That gives us a net income of \$55,453.46.
- b. C. Madsen said the A/P aging summary has \$50,000 for the City of Fruita and \$150,000 for the Grand Junction Police Department.
- c. C. Madsen said for the Budget to Actual we are still under budget for outside services by \$39,227.46 and Auditing Expenses, Insurance and Advertising expenses. Everything else is pretty much the same as the prior month.
- d. J. Justman asked if Q. Shear had any questions.
- e. Q. Shear said no.
- f. Q. Shear made a motion to approve financials. J. Justman second. Voted. Approved.

VI. Review of Investment Account for July.

- a. M. Rosenberg said the balance of the account today is actually \$1.75 million. A gain of \$263,712 since its inception. The markets have bounced back nicely. He did a rebalance of the portfolio on Monday. The allocation on March 9<sup>th</sup>, right before we started doing the rebalance, markets had already started to go down. Equity allocation is about 53.9%. Also, if you remember our target, or max amount of equity we can have is 65%. We were up there in the 60's and when the markets started selling off, is when the equity pieces started to shrink. So, over the next week, by March 17<sup>th</sup>, we did a rebalance. We wanted to buy more stock and sell more bonds. We went back up to 61.4% equity. That worked out well because and was really good timing, because March 23<sup>rd</sup> was the absolute bottom and from that date it has come roaring back. As off last week, last Friday on August 14<sup>th</sup>, our equity value was at 66.4%, we are actually above our investment policy statement, which was ok, because we have talked about before we can give it a quarter to correct. On Monday, I did a rebalance and put us back down in the investment allocation, of 60%. If you're wondering about the value of the trades, if you look at the dates on the bottom left, you'll see the value. The value of all those stocks and bonds were about \$122,000 shift from bonds to stock. The prices circled in red are the total market stock funds. When we sold out of bonds and bought into that the price was \$30.11 a share. When we reduced that allocation to \$41.36. To summarize the value of the securities we bought on 8/17 were \$168,189 and the value of the securities sold on 8/17 \$127,104 created a value of \$41,085. If nothing else, its worth showing these rebalances have created a lot of value. Now we have shifted back, if markets keep going up great we can keep riding that out in equities and if not we have already scaled back the equities allocation so there shouldn't be a lot of risk in the portfolio. I have market updates, if anyone has any questions.
- b. Q. Shear asked what he thinks will happen between now and the elections?

- c. M. Rosenberg said that's a good question and probably the one I get several times a day is the election. I can't say for sure; no one knows. Everyone, democrats and republicans alike are asking. If taxes go up will the market go down and yet the market has gone up pretty consistently. If there is a point, I want to drive home, the stock market is a long-term investment vehicle. If I look at the P/E right now is 22 times earnings. If you flip that and look at earnings yield, the inverse of 22 is 4-5%. If I buy a stock today, I'm paying 4-5% of that price for the next years earnings. That means 95% of the price I'm paying is for the earnings I'll get over the next 20 years or so. I think the market is really discounting over the next six months. There could be some pull back from election or corona virus, but that's such a small piece of the cash flows of the stock. You have to look at what the next 19 years looks like. That's where the government is putting 2-3 trillion dollars of stimulus in the economy, is going to have a huge effect. I think that's why the market has come back so quickly and that's why people keep asking if there a potential for a sell off again and I Think the answer is yes, but I wouldn't want to gamble on that. I think the long-term upside of getting left behind would be more painful than what we want. Long term answer, but is that what you were looking for?
- d. Q. Shear said yes.
- e. M. Rosenberg said the next chart was showing the money supply that has just shot up. The things that are different from the 2008-2009 stimulus is this is liquid funds going straight into the hands of the consumers and businesses. If you look at most of the bailout funds that went into the banks and they just sat on it. And now we're having cash injections into people who can go out and spend more. I think the big concern is how do we pay this off, with an increase in taxes? I don't think taxes have a chance to pay this off. You'd have to tax everything and everyone. I think inflation is the way this will get paid off in the years to come. I think stocks are the way to go.

VII. Review and Possible Approval of Bylaws.

- a. J. Justman asked if we wanted to wait until Craig is back to review and approve this?
- b. C. McAnany asked if we were going to do grant awards in September, correct Dusti?
- c. D. Reimer said no, just presentations.
- d. C. McAnany said if you're not doing grant awards until October, you can table this until September and wait until the board as a whole has time to review and approve them.
- e. Q. Shear asked if this would make any changes that would affect the applications?
- f. C. McAnany said I don't think so. The main changes are, you've already approved the changes to the grant applications. A lot of this is backfilling how you've been doing things. How you score and applications as to the discretion as the board. I don't see. Dusti, grants are awarded in October?
- g. D. Reimer said yes, sire.
- h. C. McAnany said you can approve this in September. I don't see this being a problem. A lot of this is just housekeeping stuff about scoring methodology and complete applications. Ideally it would be good to get this done ahead of time, but it probably is good to have all three board members present.

- i. J. Justman said I think that's a good idea. Mr. Springer usually has good input and ideas on these also. You ok with that Quint?
- j. Q. Shear said that's fine with me. I make a motion to table this until all three board members are present. J. Justman second. Voted. Approved.

VIII. Unscheduled Business.

- a. None.
- b. Q. Shear made a motion to adjourn. J. Justman second. Voted. Approved.

Meeting ended at 3:22 pm.