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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, April 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
Christine Madsen
Chris McAnany
Bill Baker
Crystal Madrigal
Janet Rowland

Meeting Minutes

- I. Call to Order at 2:04 pm.
- II. General Public Comment.
 - a. None.
- III. Approval of the January Meeting Minutes.
 - a. C. Springer made a motion to approve. J. Rowland second. Voted. Approved.
- IV. Staff Report.
 - a. D. Reimer said the last quarter has had social media postings on November meeting minutes posted, April meeting agenda was posted, and we live streamed our January 19th meeting. D. Reimer posted photos of the completed Grand Junction Police Department Firing Range and did community posts on who had received grant money from the FMLD and what the money went to for Fruita, Lower Valley, Whitewater, Clifton, Palisade, De Beque, Collbran and the permanent fund.
 - b. D. Reimer said we had no media at this time. The grant requesting payment is 2020-ST-03 from City of Grand Junction Police Department for the Firing Range Improvements grant. The final payment amount is for \$150,000-the full award of the grant.

- c. Bill Baker, with the Grand Junction Police Department, and Mike Nordeen were in charge of the project. This was his final project before retiring from the police department. With the increase with issues that the department has had with crime increasing they have put a lot of time and energy into training. The facility at the range is used by a lot of agencies in the valley. At one point, every agency -state, federal and local, used the range. With the existing 10 lane range it didn't fit their needs. With scheduling, there was a lot of times the police department couldn't get out to use their own range. This has been a project the police department has been looking forward to completing to offer an additional range, but also to add the ability for the rifle range. All this ties into the guiding principles of what we were trying to do. We wanted to reduce the amount of money for lead remediation. IT was a fairly regular nightmare to do that. This facility allows us to capture all lead fired at the range and allows for it to be recycled. We added the automotive turning target system. This adds capabilities we didn't have before. The photos you see are the shoot house, where you can do training for windows, doors and tactics for the Swat Team and Mesa County Sheriff's Department. We hadn't had one before. The grant money allowed us to do that. It was a necessity for the training department. We wanted to come and thank you for the funding for the department and our project. It will make a difference for our department and other departments for years to come. Thank you.
- d. D. Reimer said there were some modifications that had to be made to the grant due to pricing. They weren't able to do everything that was originally listed in the grant because of the cost. I just wanted to make sure everyone was aware there were items they cut back on, due to cost.
- e. B. Baker said to speak to that, COVID had an impact on the price of steel. All that we shoot on that are AR500s, by the time we did the initial bid and went to do the purchase, the final price had increased by \$100,000. We had other things that we looked at doing, but during the lumber time, it went through the roof with price. We were able to off set that price by using some of the city resources to do cost mitigation. Our initial budget and COVID became unfeasible to complete everything. The plus is we got everything we needed, it was the wants we had to cut back on a little bit.
- f. C. Springer said I appreciate the fact that you guys share it. With having 3-5 agencies in Mesa County, and sharing it, it makes us feel good to know that it is a shared resource.
- g. D. Reimer said for invoices for the past quarter have been paid. They were Dusti Reimer Invoice #168 for services and supplies for January for \$2,691.47 (Paid), Dufford Waldeck Invoice #29425 for January services for \$300 (Paid), Philadelphia Insurance Policy #PHSD1689946 for \$2,539.00 for 2022 (Paid), Dusti Reimer Invoice #169 for services and supplies for February for \$2,691.47

(Paid), Eide Bailly Invoice #Elo1275866 for service for December-January 2022 for \$1,013.26 (Paid), and Dusti Reimer Invoice #170 for services and supplies for March for \$2,691.47. The Philadelphia insurance invoice was actually lower than budgeted.

- h. D. Reimer said she did a presentation to Colorado Mesa University's Senior Seminar Energy Class with an overview presentation of the FML District on April 7, 2022.
 - i. D. Reimer said that upcoming events are the beginning of the audit in May, with our July quarterly board meeting on July 20, 2022, and we'll need to approve the finished audit at that point. It will be due to the state on July 31, 2022. August 1st will be the start of our fall grant program. We have \$350,000 for our fall grant cycle.
 - j. C. Springer made a motion to approve the staff report. J. Rowland second. Voted. Approved.
- V. Review of Financials.
- a. C. Madsen said the balance sheet as of March 31, 2022 has a fund balance of \$1,132,011.34. \$2,246,106.78 for the permanent fund, \$550,000 for grants payable and \$2,934,461.92 for retained earnings with \$106,343.80 of net loss as of March 31. The P and L we have \$1,013.26 for accounting fees, \$2,666 for contract services, \$25.47 for dues and memberships, \$18,160.32 of unrealized gain, \$0.06 of interest income and \$4,687.23 of dividend income. Account Payable has City of Fruita \$50,000, East Orchard Mesa Fire Protection District for \$50,000, Grand Junction Police Department \$150,000 and \$300,000 for the Town of Collbran. For Budget to Actual we are under for all our expense accounts. For insurance we are under by \$161.

VI. Review of Investment Account.

- a. M. Rosenberg said the portfolio is down like the market is. The part I'm proud of is the whole portfolio is down even less than the fixed income portion of it. Barclays aggregate, which is a fixed income benchmark, is down 6.8% year to date. The whole portfolio is down just 5.7% as of today, year to date. We are beating the equity benchmarks. We're at 62% equity. WE are right in the middle of target allocation. We are short on duration, we have a duration of about 2.2 in the portfolio, which is good. We have underweight treasuries. Those things have really helped. Going forward, I don't know that I see interest rates going up too much more. The ten-year treasury is in the high 2.8s now, compared to thirty-year treasury which is just about 3, and that's your long term inflation expectation. Even though there are some scheduled rate hikes, they're trying to

decide if they're going to do 50 or 75, and I don't think they'll do 75. That's the news. They are talking about 6-8 rate hikes the rest of the year. We don't have long term growth prospects, there will be inflation for the next year, two or three. I think we'll fall back into a normal growth pattern in the US. At some point we'd extend looking at duration being back out, but let's take our time. I don't see rates going way back down again. I can always talk about this for hours, so I'll stop and see if you have questions.

- b. C. Springer said I think the portfolio is holding up well. It was a tough quarter everywhere.

VII. Unscheduled Business.

- a. D. Reimer said she checked in with the other grant awardees to see where they were at. Fruita may be asking for an extension. They finally just got approval from Union Pacific. Their grant is supposed to be completed in the next couple of months, so I think they will be asking for an extension on that. The EOMFPD will be getting their Brush Truck at the end of May and should have their grant submitted by June.
- b. Q. Shear said we expected the railroad to be a whole deal.
- c. Q. Shear said just a few comments on our futures. This morning, natural gas futures were above \$7 through the next year. This would be great. The good news is the federal government is releasing leases now. The unfortunate part about that is, it's at an 18% royalty, there won't be many takers, even at \$7 gas. There might be some leases some companies pick up and they will. The income will be higher off those leases, which should give us some better numbers next year.
- d. C. Springer asked for some perspective-would the money be double?
- e. Q. Shear said before February 2021 and the Texas crisis, natural gas was at \$2.25, now we are well over \$7. Yesterday we hit \$8. That's significant, we just need more production, because demand is there. Right now, last time crisis was like this, we had 40 rigs in the Piceances. We now have 3. Part of it is also, the rigs are more efficient, but based on current pricing, we should have 8 rigs. Eight rigs to the community is \$10 million a year, or \$10 million per rig. There is room for improvement, but it's looking good.
- f. M. Rosenberg asked the royalty?
- g. Q. Shear said traditional royalty for federal leases was 12.5% for production. You hear complaints they pay too little for the lease. The thing is, you pay a price for the lease, and if you produce off that lease they pay a royalty 12.5%. All production off federal lands have to pay 12.5% before deductions. Now that has jumped from 12.5% to 18%. That changes the picture. We had a lot of investors that were ready to jump, but now they are holding off. That was federal. We are still struggling in Colorado to get permits. Before 118, they averaged 30-35

permits a month. In 2021, they issued 5 permits for the whole year. The good news is they supposedly have all the rule making is under the bridge and they say they will be issuing more. Hopefully turning a big ship around. But, it's still brighter than it was two years ago.

h. Q. Shear thanked everyone for being there.

VIII. Adjourn.

a. C. Springer made a motion to adjourn. J. Rowland second. Voted. Approved. Adjourned at 2:27 pm.