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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, July 26, 2023

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

In attendance:

Quint Shear
Dusti Reimer
Bobbie Daniel
Kathy Cantu
Chris McAnany
Craig Springer
Matt Rosenberg
Willy Corey

Meeting Minutes

- I. Call to Order at 2:01 pm.
- II. General Public Comment.
 - a. None.
- III. Approval of the April, May Workshop and July Meeting Minutes.
 - a. C. Springer made a motion to approve the meeting and workshop minutes. B. Daniel second. Voted. Approved.
- IV. Staff Report.
 - a. D. Reimer said the social media postings for Facebook, Twitter and YouTube were the posting for the agendas for the meetings, the workshops, we live streamed our July meeting and uploaded our meetings to YouTube, we posted about Plateau Valley School District grant, we shared about the grant cycles and how they have benefited Mesa County and we shared about the Land's End Grants.
 - b. D. Reimer said we didn't have any media at this time; however, we did draft up the op ed for the Daily Sentinel.
 - c. D. Reimer said we did not have any grants requesting payments at this time.

- d. D. Reimer said our invoices that were paid for April and May were for Dusti Reimer Invoice #183 for services and supplies for April for \$3,775.47, Dufford Waldeck Invoice #38015 for services in April for \$292.50, Soronen, Donley, Patterson Invoice #149869 for Audit Services in April for \$2,610.00 and Dusti Reimer Invoice #184 for services and supplies for May for \$3,775.47.
- e. Invoices for June are for Dusti Reimer Invoice #185 for services and supplies for June for \$3,775.47, Soronen, Donley, Patterson Invoice #150706 for audit services for \$1,125.00 and EideBailly Invoice# E101532410 for services from April to June 2023 for \$1,414.87.
- f. D. Reimer said upcoming events are the due date for the approved audit to the State of Colorado which is July 31, 2023. Our fall grant cycle opens on August 1st, the fall grant applications due date will be September 8th and our next board meeting will include grant presentation which will be on September 20th.
- g. B. Daniel made a motion to approve the staff report with invoices. C. Springer second. Voted. Approved.

V. Review of Financials.

- a. Kathy Cantu introduced herself from EideBailly. She is filling in for Christine Madsen. The fund balance is \$1,469,346.62. The permanent fund balance is \$2,336,386.30. The profit and loss statement shows the invoices that have been paid that Dusti just mentioned. You'll see the \$3,750 for contract services, \$25.47 for memberships and dues. There is unrealized gain/loss of \$78,491.50 in the permanent fund with a realized gain/loss of -\$6,064.05. Earned interest of \$2.41 and dividend income of \$10,535.70. For outstanding grants, we have \$50,000 to the City of Fruita, Mesa County Public Library for \$286,184.00, Plateau Valley Fire for \$63,816.00 and the Town of Collbran for \$300,000.
- b. C. Springer made a motion to approve the financials as presented. B. Daniel second. Voted. Approved.

VI. Review and Approval of the 2022 Audit by Soronen, Donley, Patterson.

- a. Willy Corey said he would be going over the high-level overview. Things don't change much year to year. The actual financials and the auditor's report say everything was presented and accounted for fairly. On page 6, this shows your assets and net positions of \$3,646,211. Page 7 is your profit and loss. Overall change in net position of \$161,749 with an end of year net position of \$3,646,211. The next page is the balance sheet with it split out between the general fund, permanent fund and the total government funds. The statement of revenues for the next page, page 9, shows you overall the big differences in

the investment gain or loss are under budget and the grants are under budget as well with a difference of \$196,613. There isn't a whole lot more I need to go over unless you have questions.

- b. The board had no questions.
- c. B. Daniel made a motion to approve the audit. C. Springer second. Voted. Approved.

VII. Review of Investment Account.

- a. M. Rosenberg said I have one page from my firm's outline for changes for the Investment Policy Statement. The second packet is the portfolio review. A client's IPS is what we take and create framework around it. This section shows we were in moderate and had a 1-year target for the portfolio with a certain amount of risk. You'll see if we were to be more aggressive or less aggressive on the risk return trade off on the chart and graph presented. We do a risk assessment to make sure we're right where we should be. You'll also see our funding fees on this. We are at 0.81% for an advisory fee and at 0.08% for fund fees. This would grow as the portfolio grows. You'll see that we have to keep our risk to 65% equities. A few times since we've created this fund, we've had to rebalance the portfolio because they've gotten a little higher than that.
- b. If there are any questions, we can move to the IPS.

VIII. Review of the Proposed Changes to the Investment Policy by RoseCap Investment Advisors.

- a. M. Rosenberg said in his opinion, our institution has one of the best IPS's out there. He just had a few suggestions and comments, but some of this is good, but a little too legal. An IPS Statement should be a plain language document. We can leave this, but it would be nice if we could all read it. It's section C, D & E under governance. Process for Engaging and Discharging External Advisors and Responsibilities of the Board and Staff.
- b. C. McAnany said that's part of the statute. The investment advisor must be a fiduciary and that's mandated by statutes. This policy is designed to guide you, but also to make clear to the public that the district is still adhering to its statutory duties. The biggest one is that we have a diversified portfolio, and we aren't investing in risky securities and our investment vehicles are defined by the PERA statute.
- c. C. Springer said to Matt's point D should be under C. That second sentence from the last one "the investment advisor shall advise and provide investment recommendations, but this duty shall not preclude investment of the Trust in managed mutual funds or exchanged traded funds where appropriate."
- d. C. McAnany said we didn't want someone to manage mutual funds other than Matt.

- e. C. Springer said what you just interpreted, says that the investment advisor can advise, but he's not precluded from just investing in mutual funds. This should say this will not preclude the board. What you're saying is we don't have to listen to Matt, we can make our own decision, but I don't think that says this.
- f. C. McAnany said that was correct. You can decide not to use Matt's advice and you should be able to preserve that right. You need language in there that says that will not preclude the board from investment decisions.
- g. M. Rosenberg said I'm not sure I would do that. I've seen other boards where someone knew a little about markets and just starts dictating. Then it ends up with an investment advisor is just an order taker. You might want to be careful with that because this board does turn over.
- h. B. Daneil asked if the statutes say anything about that?
- i. C. McAnany said the statute says the board needs to be prudent investors. You could invest the money the way you see fit. I wouldn't advise that.
- j. Q. Shear said I don't think any one of us would get away with that.
- k. C. McAnany said you can give your direction to the advisor and staff about the things you'd like to see. We could end up with a board who is less tolerant of risk and wants to pull back from the 65% of equities and staff and the advisors would need to carry this out. This is part of the reason why we do this annually. If there are parts of this policy that need to be clarified, we can do that.
- l. M. Rosenberg said I think it's a good IPS, but I just needed it to be a little clearer, because we all had three different interpretations of that one section.
- m. C. McAnany said that's a good reason to make that clear.
- n. C. Springer said I don't think it's terrible to have it clear that the board has the ability to step in and say the board has the ability to say "no, we don't want to do that," for the investment advisor.
- o. Q. Shear said that's why there are three members on the board. If someone starts to go that direction, it's the job of the other two members to pull them back.
- p. C. Springer said yes, I agree. My recommendation is that the board still have the ability to make a decision.
- q. C. McAnany said yes, and this isn't set in stone, but if there are other inputs or concerns, think about it and we'll address it. I'll bring this back to you with revised language.
- r. M. Rosenberg said there were three in this section. There is no appendix X in this. I don't know if we need that attached to the IPS. There is a statement about the risk staying below 15% of unrealized losses. I think that's great.
- s. D. Reimer said appendix X is there.

- t. M. Rosenberg said our 65% equities is our state statute, but I don't think we need the 15% loss.
 - u. C. Springer and Q. Shear said they disagreed.
 - v. M. Rosenberg said the last part is the board resolution that authorizes the IPS, the Permanent Fund Resolution.
 - w. D. Reimer said yes that's what Chris and David wrote out to be attached to the resolution.
 - x. C. McAnany said this is the document that created the permanent fund.
 - y. M. Rosenberg said that David signed this, but we should update the IPS with the signor.
 - z. C. McAnany said these are two different documents. But we might need to update the signatories. Who are they?
 - aa. M. Rosenberg said it's just Quint right now. We could even add in the online log ins for the board.
 - bb. Q. Shear said we should have an alternative signatory in case something should happen to me.
 - cc. C. Springer said if we're going to do a second one for a signatory, we could just do all three of us.
 - dd. Q. Shear said he was fine with that.
- IX. Unscheduled Business.
- a. D. Reimer said the op ed. Is everyone ok with the edits?
 - b. Q. Shear said Dusti shortened that down and someone with the county will send it out?
 - c. D. Reimer said she spoke with Stephanie, and she said she can send it over, if you're ok with it.
 - d. C. Springer said there are some small grammatical edits he'd like to see fixed before it goes out. I think it's well done, but I'd like to get those little things fixed. I liked the total dollar amounts received, that was good.
 - e. B. Daniel said she has it in a google doc so we can all work on it at the same time to make edits.
 - f. C. Springer made a motion to approve the letter as amended. B. Daniel second. Voted. Approved.
- X. Adjourn.
- a. B. Daniel made a motion to adjourn. C. Springer second. Voted. Approved.
 - b. Adjourned at 3:04 pm.