

MESA COUNTY FEDERAL MINERAL LEASE DISTRICT

RESOLUTION NO. 2025-01

A RESOLUTION SETTING A BUDGET FOR THE 2025 BUDGET YEAR

1. The Board of Directors of the Mesa County Federal Mineral Lease District adopted its annual budget in accordance with Colorado Revised Statutes § 29-1-113 at a duly noticed public meeting of the Board held on November 20, 2024, as evidenced by the Minutes of the Board, a true and correct copy of which is attached as Exhibit A.

3. Colorado Revised Statutes § 29-1-108 requires an enacting appropriation resolution for the ensuing fiscal year. Therefore, the Board hereby enacts this resolution, which confirms its actions.

4. The Board declares that no expenditures pursuant to this Budget shall exceed the appropriations authorized by the Board, except as may be adjusted by the Board from time to time pursuant to Colorado Revised Statutes § 29-1-109.

5. The Board appropriates the following monies for 2025:

Estimated Beginning Fund Balance: \$1,998,396

Estimated Beginning Permanent Fund Balance: \$3,055,711

Revenue

Federal Mineral Lease Direct Payments

Colorado Department of Local Affairs: \$ 689,065

Expenditures

Administrative: \$ 4,000

Audit: \$ 4,000

Contract Labor, Services: \$ 60,000

Insurance: \$ 3,500

Contribution to Permanent Fund: \$ 250,000

Grants-approved and paid: \$ 0

Grants-available for award in 2025: \$ 500,000

Total Expenditures (Appropriations): \$ 821,500

Other Income & Expenditures

Dividends & Cap. Gains/Losses: \$ 40,000

Investment Fees: \$ 21,000

Estimated Ending Fund Balance: \$1,865,961

Estimated Ending Permanent Fund Balance: \$3,324,711

The foregoing resolution was passed and adopted by action of the Board at a duly noticed public meeting of the Board at which quorum was present. Approved this 15th day of January 2025.

By: 
Quint Shear, Board President

Attachment: Exhibit A—Minutes of the Board

MESA COUNTY FEDERAL MINERAL LEASE DISTRICT

2025 ANNUAL BUDGET MESSAGE

Pursuant to C.R.S. § 29-1-103(1)(e), the following is the budget message for the Mesa County Federal Mineral Lease District (the District) for the 2025 fiscal year.

The District operates under the modified accrual basis of accounting. In 2025 revenues from the Colorado Department of Local Affairs (DOLA) are expected to be \$689,065, though that figure is subject to change depending on oil and gas production and royalty remittances. DOLA revenues are typically received in the third quarter of the fiscal year.

The Board anticipates a single grant cycle in the fall due to lower revenue projections (in past years the District awarded grants in both a spring and fall grant cycle). The District budgeted \$500,000 for grants to be awarded to eligible local government entities in 2025. A total of \$500,000 is appropriated for grants already approved by the District.

In 2025 the Board will continue to fund grants for local governments that fall within the District's statutory mandate of providing aid to communities impacted by minerals development. Those grants include payments for construction/upgrades to public facilities, acquisition of equipment used in public services, and provision of public services.

As provided by C.R.S. § 29-1-1307, the District maintains a Permanent Fund, which is invested in accordance with District policies. The Permanent Fund is intended to provide a continuing source of revenue to the people of Mesa County in future years after minerals are severed from the ground. The District typically contributes a portion of its revenues to the Permanent Fund in accordance with Colorado law. The Permanent Fund balance is \$3,056,227 as of December 31, 2024. The District has appropriated \$250,000 to be contributed to the Permanent Fund in 2025.

The District may adjust its budget (including total revenues to be awarded as grants) in the event of unforeseen changes in revenue or expenses, in conformity with applicable law.

Dated this 15th day of January, 2025.

Mesa County Federal Mineral Lease District

By: 

, Board President

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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, November 20, 2024

Location: Home Loan State Bank Community Room

In attendance:

Quint Shear
Dusti Reimer
Craig Springer
Bobbie Daniel
Matt Rosenberg
Vere Flores

Meeting Minutes

- I. Call to Order at 2:03pm.
- II. General Public Comment.
 - a. None.
- III. Approval of the October Meeting Minutes.
 - a. C. Springer made a motion to approve the meeting minutes. B. Daniel second. Voted. Approved.
- IV. Staff Report.
 - a. D. Reimer said we Livestreamed the October meeting and uploaded the meeting video to YouTube, Posted that our 2025 Draft Budget was available on the website for public comment, Shared the September meeting minutes were posted on the website, Shared all the news stories on the grant awards, Shared a post for Election Day, Shared a post for Veteran's Day, Shared about the 2013 Lower Valley Fire Department \$50,000 grant award for station remodel and posted the meeting agenda.
 - b. D. Reimer said we got a lot of media from the grant awards. Our media posts and shares were from The Business Times, KREX, AOL, KJCT and KKCO. They shared about the schools getting grant money as the highlight to most of the stories.

- c. Q. Shear said it was the most media he had ever seen on our grant cycles.
 - d. D. Reimer said we had one grant requesting final payment for Colorado Mesa University for the Theatre Orchestra Shell. The payment is \$175,000. We are listed on the donor's wall plaque, and they sent beautiful photos.
 - e. D. Reimer said our invoices for October were for Dusti Reimer Invoice #201 for services and supplies for September for \$3,780.66 and Dufford Waldeck Invoice #50173 for services for October for \$510.00.
 - f. D. Reimer said we did publish our public notice in the Daily Sentinel for our public review of the 2025 Draft Budget. I have not received any feedback from the public. Our upcoming events are the Dec. 10th Town of Palisade Board of Trustees meeting, the Proposed 2025 Budget needs to be approved by Dec. 31, 2024, and our first meeting of the new year will take place on Jan. 15th.
 - g. D. Reimer said we will also need to talk about re-appointments to the board. Craig Springer is up for re-appointment if he wants to stay.
 - h. B. Daniel made a motion to approve the staff report. C. Springer second. Voted. Approved.
- V. Review and Approval 2024 Grant Awards Contracts.
- a. D. Reimer sent over all the grant contracts. The grant recipients have all received them and signed their copies. If the board is agreeable to the contracts, you can approve them and sign them, and they will be fully executed. I looked over them and did not see anything wrong with them.
 - b. C. Springer made a motion to approve the grant contracts. B. Daniel second. Voted. Approved.
- VI. Review of Financials.
- a. V. Flores said for the end of October you have a fund balance of \$2,218,915.77. Grants payable still sit at \$350,000 and will get updated now that the contracts are signed. The Profit and Loss statement shows expenses of \$4,122.66, for accounts payable, this will be updated next month to show the new grants. We always show these are current, but is there a different way you'd like me to show these?
 - b. Q. Shear said that's fine.
 - c. There were no questions on the financials.

- d. B. Daniel made a motion to approve the financials. C. Springer second. Voted. Approved.

VII. Review of Approval of Draft 2025 Budget.

- a. D. Reimer said it was posted and available on the website. We shared it on social media and did the legal notice. We received no public comment, and we haven't made any changes to the draft budget that you approved for posting at the last meeting.
- b. Q. Shear asked if anyone could think of any changes?
- c. V. Flores said the only change I can see us making, based on the past, all the interest we've been getting had been going to the permanent fund. Now that we have bank interest, I can move that to the fund balance and that can get us closer to showing the exact amount.
- d. Q. Shear said we can't change it at this point?
- e. D. Reimer said we can.
- f. C. Springer said we do have an interest line, so we would need two lines of interest accounts.
- g. V. Flores said she was doing this the way it has been done and it has always been included in the permanent fund. But to better reflect what is happening with Alpine Bank, we could do a separate line for that.
- h. Q. Shear said with that change of adding the interest line item, do I hear a motion to approve?
- i. B. Daniel made a motion to approve with the interest line item change. C. Springer second. Voted. Approved.

VIII. Review of Permanent Fund Investment Account.

- a. M. Rosenberg said the market has been up since the election. This is a pro-business pro-growth agenda. We're about 60% equities. We're allowed up to 65% equities. There is good yield on bonds now, so it's not as penalizing to have another chunk of that. It's up 12.5% since inception. We're at 6.7% annualized. The actual balance is about \$3.02. Things are going well.
- b. Q. Shear asked if there is any reason to think it could go higher? Or do you think it will plateau?
- c. M. Rosenberg said I think, if we look back 5-10 years from now, I think it'll be a lot higher. I think the Fed was cutting planning on a continual down trend of inflation. I've heard talk of a December pause on a fed cut. Looking at the deficits and the balance of the government, future inflation ask for more money, I don't see that. Inflation and increased money supply will be here for 10-15 years. Equities are the new things for that. If you follow bitcoin, it hit all time high today. It's a little scary, because forever bitcoin was this thing to gamble

on. People thought it was cool. I Was surprised to hear president elects' endorsement of that. That threatens the sovereignty of the dollar. In my lifetime we've had low interest rates and a steady supply of money. If the dollar starts to get its placed threatened as a reserved currency, we're in for a different future. I didn't think that was a possibility with Bitcoin, but then to hear the president elect talk on it, there is just a lot going on with that and it's too early to say you have to buy bitcoin. And its more of a whatever happens to the us economy. Long-term stocks are the place to be. As an investor for the permanent fund, we're at where we are allowed to hold.

- d. Q. Shear said where are the mortgage rates? Did they come down?
 - e. C. Springer said they are 65-70 basis points high.
 - f. M. Rosenberg said the green dot in our market report shows the efficient frontier. That means, for the amount of risk we're taking, we're maximizing returns for the permanent fund.
 - g. The board had no questions.
- IX. Review of the Bylaws for the Permanent Fund.
- a. The board tabled this discussion for when C. McAnany is present.
- X. Unscheduled Business.
- a. Q. Shear wanted to talk about the upcoming meeting/presentation with the Town of Palisade Trustees. He was thinking about sharing two different fronts- the financial impact and social impacts. I would be happy to discuss the financial impact, if Dusti or Bobbie would talk about the social impacts. I would share the amount of money that comes in and how they receive their money. Make sure they are aware that when they dispute federal leases, or ask for them to be reduced, it reduces that pool of money.
 - b. D. Reimer said she has a power point that shows where all the grant money has gone. The Town of Palisade, and other entities within the area of Palisade, which have gotten funding that impacts their residents. I have included East Orchard Mesa, because it is in that area. They have received over \$1 million for that area. The Town got \$735,00 for the downtown beautification, police vehicle, and a brush truck.
 - c. Q. Shear said the letter said it was to protect their water shed, but since the 1930s, there haven't been any incident where any water shed has been damaged by oil and gas in Colorado. The regulations are much more stringent to deal with than that, too.
 - d. D. Reimer asked if we needed to address air contaminants?
 - e. Q. Shear said I don't think we need to push too hard. Maybe we just keep it educational. We can also recommend they attend our grant workshop.

- f. C. Springer said his suggestion would be to turn that around a little bit and from the board's perspective, it's difficult to support projects and scoring when they are against our revenue stream.
- g. Q. Shear asked if everyone wanted to talk? Quint asked how many minutes we would get.
- h. C. Springer said he didn't need to.
- i. D. Reimer said we get 5 minutes.
- j. C. Springer said we need to be careful with PowerPoints. Just looking at Matt's report, that pie chart is very useful, I think. To take a visual like that would be useful. If we could put a pie chart with the entities that have received money-the school, and infrastructure, and other places. Just have that slide up there while we are talking about it.
- k. D. Reimer said she could do that. I like the pie chart. I've always kept track of where everything has gone. We got hammered by it from the public when I first started, because everyone said all our money goes just to CMU. Most of it has gone to the fire departments. Since I've been here, for almost 9 years, and at least one if not more, fire departments have won grant awards every cycle.
- l. B. Daniel said I think that would be good. I do want to adjust our application where we can have some questioning and education in the application where we filter out this stuff along with the depreciation of the vehicles. Are we talking 5 years or 20 years of depreciation? Do you support oil and gas? Have you gone to any symposiums this year? Maybe the Mineral Lease Districts can buy tickets to support people to go. They're very educational. If people do have concerns, they can ask the experts. I think it would be good for a questionnaire in the application.
- m. C. Springer said that would be an interesting question on the application. Is your governing board on record for supporting oil and gas?
- n. B. Daniel said or asking what educational event you have been to for oil and gas. The big part of the equation is workers who work in oil and gas. If we don't have any workers, we don't get any money. I think this would be getting up stream a little bit. And if it doesn't align with their values, then they just don't apply.
- o. Q. Shear asked about the workshop dates?
- p. D. Reimer said I was thinking of doing it this summer.
- q. Q. Shear said doing it a few months before the grant cycle would be good.
- r. C. Springer said the qualifier questions would help with the score.
- s. B. Daniel said the depreciation application would be helpful, too.
- t. Q. Shear said they always take a stab at it. They hope it will last 20 years.

- u. B. Daniel said that helps them think about it. If this is going to wear out in 5 years or should be going for something that will last a little longer and sustainability. Maybe a building or something. This gets them thinking some more about their best ask.
- v. Q. Shear said we to pop up in your budget, we want the why.
- w. The board didn't have any other questions.
- x. C. Springer made a motion to adjourn the meeting. B. Daniel second. Voted. Approved. Meeting adjourned at 2:43 pm.

Mesa County Federal Mineral Lease District

	2022		2023		2024		2025
	Budget	Estimated Actuals	Budget	Estimated Actuals	Budget	Actuals	Budget
Estimated Beginning Fund Balance	307,059	307,059	337,933	337,933	588,337	1,982,781	1,998,396
Estimated Beginning Permanent Fund Balance	1,688,560	1,688,560	1,802,252	1,802,252	1,915,301	2,480,967	3,055,711
<i>Revenue</i>							
Federal Mineral Lease Receipt	583,630	725,630	858,635	1,133,116	730,458	600,083	689,065
Total Revenue	583,630	725,630	858,635	1,133,116	730,458	600,083	689,065
<i>Expenditures</i>							
Administrative	3,000	1,078	3,000	1,061	3,000	1,416	4,000
Audit	3,800	3,500	3,800	3,735	4,000	3,500	4,000
Contract labor	42,500	39,639	57,100	50,224	60,000	54,033	60,000
Insurance	2,500	2,539	2,500	2,692	2,900	2,855	3,500
Advertising	0	0	0	0	0	0	0
Contributions to Permanent Fund	100,000	100,000	125,000	125,000	250,000	250,000	250,000
Contract Payment to Mesa County	0	0	0	0	0	0	0
Contract Payment to Mesa County (Pymnt 2)	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0
Grants-approved and paid	200,000	200,000	350,000	0	0	338,816	0
Grants-approved but unpaid	0	350,000	0	700,000	0	893,498	0
Grants-Unused/Forfeited Grants	0	-2,000	0	0	0	0	0
Grants-To be awarded next year	0	0	350,000	0	700,000	0	500,000
Total Expenditures (Appropriations)	351,800	694,756	891,400	882,712	1,019,900	1,544,117	821,500
<i>Other Income & Expenditures</i>							
Permanent Fund Interest, Dividends, & Capital Gains	30,000	33,775	30,000	5,729	40,000	346,274	40,000
Investment Fees	(14,000)	(20,083)	(15,000)	(17,680)	(20,000)	(21,529)	(21,000)
Fund Balance Interest					-	66,151	-
Total Other Income & Expenditures	16,000	13,692	15,000	-11,951	20,000	390,896	19,000
Estimated Ending Fund Balance	<u>538,889</u>	<u>337,933</u>	<u>305,167</u>	<u>588,337</u>	<u>298,895</u>	<u>1,998,396</u>	<u>1,865,961</u>
Estimated Ending Permanent Fund Balance	<u>1,804,560</u>	<u>1,802,252</u>	<u>1,942,252</u>	<u>1,915,301</u>	<u>2,185,301</u>	<u>3,055,711</u>	<u>3,324,711</u>

Mesa County Federal Mineral Lease District																				
Cash Basis																				
	2017		2018		2019		2020		2021		2022		2023		2024		2025			
	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget	Estimated Actuals	Budget	Estimated Actuals	Draft	Estimated Actuals	Actuals (Updated 01.10.25)	Draft	Estimated Actuals	
Estimated Beginning Fund Balance	\$ 2,254,505.38	\$ 2,417,298.74	\$ 2,013,864.35	\$ 2,013,864.35	\$ 2,276,035.35	\$ 2,276,035.35	\$ 1,179,180.75	\$ 1,179,180.75	\$ 865,295.19	\$ 865,295.19	\$ 307,059.22	\$ 307,059.22	\$ 337,932.59	\$ 337,932.59	\$ 588,336.68	\$ 1,982,780.55	\$ 1,982,780.55	\$ 1,998,395.62	\$ 1,998,395.62	Beginning cash balance
Estimated Beginning Permanent Fund Balance					1,329,696.00	1,329,696.00	\$ 1,461,708.77	1,461,708.77	\$ 1,507,526.45	\$ 1,507,526.45	\$ 1,688,559.82	\$ 1,688,559.82	\$ 1,802,252.25	\$ 1,802,252.25	\$ 1,915,301.21	\$ 2,480,966.56	\$ 2,480,966.56	\$ 3,055,711.07	\$ 3,055,711.07	Beginning cash balance
Revenue																				
Anvil Points Disbursement			1,703,874.00	1,703,874.00	120,402.20	120,402.20														
Federal Mineral Lease Receipt	769,338.23	796,245.04	830,881.70	737,322.00	937,504.92	925,022.53	971,273.66	495,556.20	554,477.00	493,224.26	583,630.18	725,629.82	858,634.69	1,133,116.23	730,457.89	600,082.71	600,082.71	600,082.71	600,082.71	689,064.94
Total Revenue	769,338.23	796,245.04	830,881.70	2,441,196.00	1,057,907.12	1,045,424.73	971,273.66	495,556.20	554,477.00	493,224.26	583,630.18	725,629.82	858,634.69	1,133,116.23	730,457.89	600,082.71	600,082.71	600,082.71	600,082.71	689,064.94
Expenditures																				
Administrative	2,000.00	3,301.75	3,500.00	2,908.00	3,500.00	2,559.09	3,500.00	3,201.04	3,000.00	1,849.41	3,000.00	1,078.38	3,000.00	1,061.44	3,000.00	1,604.01	1,415.57			4,000.00
Audit	5,000.00	4,200.00	4,500.00	4,027.00	4,000.00	3,650.00	4,000.00	3,700.00	3,500.00	4,000.00	3,500.00	3,500.00	3,500.00	3,735.00	4,000.00	3,500.00	3,500.00			4,000.00
Contract Labor	58,000.00	55,857.80	58,000.00	51,639.00	72,500.00	69,810.49	72,500.00	63,455.62	42,500.00	43,009.82	42,500.00	39,639.07	57,100.00	50,223.70	60,000.00	56,439.02	54,032.50			60,000.00
Insurance	2,500.00	2,408.00	2,500.00	2,146.00	2,275.00	2,275.00	2,412.00	2,500.00	2,500.00	2,601.00	2,500.00	2,539.00	2,500.00	2,692.00	2,900.00	2,855.00				3,500.00
Advertising	200.00	88.58	3,000.00	2,671.00	3,000.00	1,969.00	3,000.00	23.10	-	-	-	-	-	-	-	-	-	-	-	-
Contributions to Permanent Fund			350,000.00	1,387,727.00	100,000.00	100,000.00	200,000.00	-	100,000.00	100,000.00	100,000.00	100,000.00	125,000.00	125,000.00	250,000.00	250,000.00	250,000.00			250,000.00
Contract Payment to Mesa County					1,500,000.00	1,500,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Payment to Mesa County					324,000.00	324,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants																				
Grants- approved and paid	1,174,626.28	1,133,823.30	972,851.00	727,907.00	481,120.00	-	400,000.00	-	350,000.00	200,000.00	200,000.00	200,000.00	350,000.00	-	-	113,816.00	338,816.00			338,816.00
Grants- approved but unpaid	917,129.72		439,513.35		208,824.00	189,476.00		338,400.00	550,000.00		350,000.00		700,000.00			350,000.00	893,498.00			893,498.00
Grants- unused/forfeited						(51,260.25)		(1,750.00)												
Grants-To be awarded next year	769,338.23		830,881.70		513,504.92		871,273.66		400,000.00				350,000.00		700,000.00					500,000.00
Total Expenditures (Appropriations)	2,928,794.23	1,199,679.43	2,664,746.05	2,179,025.00	3,212,723.92	2,142,279.33	1,156,773.66	809,441.76	551,800.00	1,051,460.23	351,800.00	694,756.45	891,400.00	882,712.14	1,019,900.00	778,214.03	1,544,117.07	821,500.00	821,500.00	821,500.00
Other Income & Expenditures																				
Permanent Fund Interest, Dividends, & Capital Gains				(52,765.00)	30,000.00	44,020.40	30,000.00	59,437.45	30,000.00	97,943.17	30,000.00	33,774.98	30,000.00	5,728.82	40,000.00	85,672.11	346,273.59			40,000.00
Investment Fees				(5,256.00)	(14,000.00)	(12,007.63)	(14,000.00)	(13,619.77)	(14,000.00)	(16,509.80)	(14,000.00)	(20,082.56)	(15,000.00)	(17,679.85)	(20,000.00)	(20,948.11)	(21,529.08)			(21,000.00)
Fund Balance Interest																				
Total Other Income & Expenditures				(58,031.00)	16,000.00	32,012.77	16,000.00	45,817.68	16,000.00	81,033.37	16,000.00	13,692.43	15,000.00	(11,951.04)	20,000.00	118,313.91	390,695.94			19,000.00
Estimated Ending Fund Balance	\$ 95,040.38	\$ 2,013,864.35	\$ 180,000.00	\$ 2,276,035.35	\$ 121,218.55	\$ 1,179,180.75	\$ 903,680.75	\$ 865,295.19	\$ 867,972.19	\$ 307,059.22	\$ 538,889.40	\$ 337,932.59	\$ 306,167.28	\$ 588,336.68	\$ 298,894.57	\$ 1,858,239.14	\$ 1,998,395.62	\$ 1,998,395.62	\$ 1,998,395.62	\$ 1,865,960.56
Estimated Ending Permanent Fund Balance			\$ 350,000.00	\$ 1,329,696.00	\$ 1,445,696.00	\$ 1,461,708.77	\$ 1,677,708.77	\$ 1,507,526.45	\$ 1,623,526.45	\$ 1,688,559.82	\$ 1,804,559.82	\$ 1,802,252.25	\$ 1,942,252.25	\$ 1,915,301.21	\$ 2,185,301.21	\$ 2,795,680.56	\$ 3,055,711.07	\$ 3,055,711.07	\$ 3,055,711.07	\$ 3,324,711.07
<i>Cash expected</i>																				