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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, October 11, 2017

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

In attendance:

David Ludlam
Craig Springer
John Justman
Chris McAnany
Dusti Reimer
Scott Olsen
Lance Stewart
Benita Phillips
Victoria Hightower
Jeremy Duckworth

Meeting Minutes:

- I. Call to order at 2:00 p.m. by David Ludlam.
- II. General Public Comment.
 - a. No Comment. D. Ludlam closed public comment.
- III. Adoption of the September meeting and workshop minutes.
 - a. J. Justman motion to approve meeting minutes. C. Springer second. Voted. Approved.
- IV. Consent Agenda:
 - a. Dufford, Waldeck, Milburn, Krohn Invoice
 - b. Dusti Reimer Invoice
 - c. Eide Bailly Invoice
 - d. Motus Invoice
 - e. C. Springer motion to approve. J. Justman second. Voted. Approved.
- V. Staff Report.
 - a. D. Reimer said social media posting were about the RFP for Financial Advisors and Board meetings.
 - b. D. Reimer said there was no media. No grants requesting payment at this time.

- c. D. Reimer said the following invoices were approved for payment:
 - i. Dufford, Waldeck, Milburn, Krohn Invoice for \$615
 - ii. Dusti Reimer Invoice for \$2,514.99
 - iii. Eide Bailly Invoice for services through September for \$2,380
 - iv. Motus Invoice for \$79.60
 - d. D. Reimer personally reached out to the following list of companies and individuals and emailed the RFP for Investment Advisors to them:
 - i. Kenneth Johnson – Merrill Lynch
 - ii. Dennis Hall – Wellsfargo
 - iii. Matthew Rosenberg – RoseCap Investments
 - iv. Seth Ashton – Bank of the West
 - v. Erin Blue – WR Advisors
 - vi. Terri Hickman –LPL
 - vii. Jason – HCCN
 - viii. Mathew Higgins – Ameriprise Financial Services
 - e. D. Reimer said out of these people she personally talked with, and did follow up emails to, only two responded back-RoseCap Investments returned an RFP and Ken Johnson said their legal department would not allow them to touch public funds.
- VI. 2018 Proposed Budget Draft.
- a. S. Olsen presented the draft budget for the estimated amount for 2018. S. Olsen estimated about \$100,000 to go into a permanent fund. If everything follows the estimates between 5-10% of this year, we still have tat \$80,000 cushion moving forward. This shouldn't change dramatically. We should hopefully have an updated estimate for what the distributions would be. This is the first draft of the budget.
 - b. D. Ludlam asked when the DOLA deadline is for submittal.
 - c. S. Olsen said the budget is for Jan. 31, 2018. It needs to be approved by December.
 - d. D. Ludlam said we will get an updated one at the next meeting with the correct numbers.
 - e. S. Olsen said correct.
 - f. D. Ludlam said we will review this in November with all the correct information added from today.
- VII. 2016-FT-04 City of Fruita Aspen Alley Improvement Extension Request.
- a. D. Reimer said the staff recommendation is to approve the request. The ground workers that were working on the project were called away to help with hurricane relief.
 - b. J. Justman said this seemed like a logical thing, considering the circumstances. He made a motion to approve. C. Springer second. Voted. Approved the grant extension.
- VIII. 2016-FT-03 Western Colorado College Grant Contract Revision.

- a. C. McAnany said he did not have an update. He exchanged email communications with Derek Wagner at the college regarding funding for next year. He said he will have this updated for next time.
- b. D. Ludlam asked what we were waiting on.
- c. C. McAnany said the direction he received from the Board at the last meeting was that they did not want to advance any funding unless/until the college had secured a final funding source from the project. C. McAnany said he has not been made aware of any changes on their end. He said he may have to amend the agreement with that explicated stated and hope for the best. He just did not have an update.
- d. C. Springer stated that we needed to have a sunset on this agreement. We would not leave this opened ended.
- e. C. McAnany said correct. That was the direction you gave me at the last meeting. As soon as I get more to report, I will circulate an email. I will get this wrapped, I know this has been deferred for a long period of time now.
- f. D. Ludlam said the Board would defer any action items on this, until the next meeting.

IX. Investment Policy Resolution.

- a. D. Ludlam asked what action needed to be taken on the Investment Policy Resolution.
- b. C. McAnany said he didn't think anything needed to be done.
- c. D. Reimer said that at the last meeting, C. McAnany had advised that before the Board could adopt this, it needed to be posted on the Agenda for the public. Now you can make it an action item and approve it.
- d. C. Springer made a motion for the formal approve of the Investment Policy Resolution. J. Justman second. Voted. Approved.

X. RFP Responses for Investment Advisor.

- a. D. Ludlam said that the overview presented by D. Reimer for the request for proposals for investment advisors was good. The only RFP received was by RoseCap Investments by Matt Rosenberg. Has the Board had a chance to review the proposal.
- b. C. Springer said he felt comfortable. C. Springer said his proposal was straight forward with the fees, the cycle of the investments and how it would be done.
- c. D. Ludlam asked for public comment.
- d. Benita Phillips, community member, said she was concerned there was only one RFP that was received. I don't know Rosenberg, was he here in town? You wanted someone local for a reason?
- e. C. Springer said we wanted someone to be local so they could come to these Board meetings and present. C. Springer said that when he first spoke with Matt Rosenberg to see if he would be interested in this, he kind of warned me that there wouldn't be a lot of interest, because the numbers were small.
- f. B. Phillips said you mean the initial investment?

- g. C. Springer said correct. He said that if we were not guaranteeing a certain amount and you don't know how much money would be consistently put in, it was going to be a not-profitable account for someone to take on, for quite awhile.
 - h. D. Ludlam asked that for a bigger firm to be interested in the account, we would need to have a considerably sizeable investment amount?
 - i. C. Springer said yes. He said M. Rosenberg didn't give him an exact number, but his estimate was a sizeable account with maybe \$10 million for investment.
 - j. Benita Phillips asked what the District was starting with.
 - k. C. Springer said we don't know yet.
 - l. D. Reimer said she wanted to add that the RFP was also posted online and that the number listed in the RFP was from \$50,000 and up.
 - m. C. Springer said the two constraints would be the public money and the low investment.
 - n. D. Ludlam said public comment is closed, hearing no further comments.
 - o. C. Springer said he was comfortable with RoseCap. They know what our goals are, how to get there, and he helped with giving us information to get started. We need to get this established. We need an investment advisor to get this started and we received one response. The other thing is that if we start with RoseCap and we feel this isn't working out, we can change.
 - p. J. Justman said this could potentially grow with the next 7-10 years into something sizeable, but I agree with Craig. We need to start somewhere.
 - q. C. Springer made a motion to approve the proposal of RoseCap Investments as the Districts Investment Advisor, subject to the approval of the contract from the Districts legal counsel. J. Justman second. Voted. Approved.
- XI. Fall Grant Awards.
- a. D. Reimer presented the median scores for the fall grant awards. Showed the rankings for highest scoring to lowest. The scoring percentage is listed next to each grant. D. Reimer said these funding options being presented were only to be taken as suggestions to get conversation started for the award process. The Board has the sole responsibility in choosing the grant award recipients.
 - b. D. Reimer said Funding Option A would be just to award the traditional grant to the Clifton Fire Department. They scored 75%.
 - c. D. Reimer said Funding Option B would be to award all the mini grants.
 - d. D. Reimer said Funding Option C would be to award the Clifton Fire Department in the traditional and the top five mini grants. The lowest awarded grant would be a 71%.
 - e. D. Reimer said Funding Option D & E are options for awards with having money saved for investing into the permanent fund. Funding Option D has about a 10% savings of \$35,000 and Funding E would have a savings of about 50% which would be about \$100,000. After speaking with S. Olsen, we actually have some hold over funds not restricted. We have about \$400,000 for awards.

- f. D. Ludlam said that when we initially went into the grant cycle, we thought we had about \$350,000.
- g. C. Springer asked if we had received our funding for next year.
- h. D. Reimer said she had called and hadn't received a call back from DOLA.
- i. D. Ludlam asked how late this was.
- j. S. Olsen said about three weeks. He said he was going to call his contact at DOLA to find out where it is.
- k. D. Ludlam asked if there was any public comment on the grant award section of the agenda today.
- l. Benita Phillips said the original intent of the district was to mitigate oil and gas issues, the East Orchard Mesa is going to be the closest fire department to the FRAM area of drilling and personal protection equipment from past experience, should be replaced every three to five years. When I spoke with them after last month's meeting their equipment is really, really old. I kind of wonder if they didn't know how to make themselves clear with their grant and presentation. Caprock is not getting locks on their doors is not an impact from oil and gas and they have already had an award. So, I am concerned that East Orchard Mesa is way down on the list, when they are looking at being the fire department for FRAM.
- m. Lance Stewart, manager for Town of De Beque, said that the grant cycle beginning we believed there would be \$350,000 for the grant cycle. We also knew that there would possibly be a portion of that saved for use for the investment of the permanent fund. Now we are finding out we have about \$400,000, my suggestion would be to use that extra \$50,000 for the investment fund, and saving a possible 10% out of the \$350,000. Or, as a suggested icing on the cake grant out the entire \$350,000 and save just that \$50,000.
- n. D. Ludlam thanked everyone for their public comment and closed public comment.
- o. D. Ludlam turned the discussion back to the Board and reviewed funding Option A, B, C, D and E.
- p. C. Springer said Option B does not award Clifton Fire.
- q. D. Reimer said correct.
- r. D. Ludlam asked if the total award was \$303,000 we would still have the \$50,000 in addition to what we would save. This would still allow for coverage of overhead and projected expenses for the rest of the year.
- s. D. Reimer and S. Olsen said correct.
- t. D. Ludlam said what he doesn't like about D is that there is only 1 point of difference between the cut off between the Fire Department and the School District. And if we do funding option C, it only leaves that left over \$50,000.
- u. C. Springer asked how we had that extra.
- v. S. Olsen said that after we paid out all grants, and based on the estimated expenses for the rest of the year, we have that additional \$50,000 left over that we can add for using.

- w. Lance Stewart said if it helps, the current grant they are finishing up with right now, they are looking to not seek reimbursement for \$8-\$10,000 of it that would stay in the fund, by the end of the year.
- x. C. Springer asked S. Olsen about receiving monthly financial statements. He said he is worried about not having reserves if we do not get our DOLA distribution check. He said it has happened before, and that if we spend it all and we don't get that check, then we do not have any funds to continue this District.
- y. D. Ludlam said DOLA has to legally distribute to us.
- z. C. Springer said that one year they withheld the PILT money. But, he's not comfortable wiping out all the resources.
- aa. S. Olsen said that if you distribute the \$400,000 and every grant somehow came through and we paid everything out, that would still leave that \$80,000 buffer in the bank account. So theoretically we'd have \$80,000. Our general annual administration expenses are between \$60,000-\$65,000. If we didn't get a DOLA grant, we would have little to no expenses because there would be nothing to do for accounting, or grants. We are not in jeopardy of getting to a zero balance.
- bb. Lance Stewart asked if the district distributed \$350,000 then you would still have that \$50,000 also to invest with your left-over funds, correct?
- cc. S. Olsen said correct.
- dd. D. Ludlam said that he leans more towards Option D. Even though it leaves more people upset, there is more a rationale dividing line between the highest scoring grants, and leaves seed money for getting our permanent fund created. I know for me, I know that some of the depreciating assets that would be covered under normal operations that we have funded in the past, I'm starting to view those grants differently now, as we move forward with investing for our future. For me, where it falls off on the minis with the scoring and philosophically and it creates this initial investment into the permanent fund is where I am. So, the total award would be \$203,000 but how much would be in the permanent fund?
- ee. D. Reimer I was trying to create an option with the top scoring grants at that 75% level or higher. And this was all done before Scott had let us know that we had that additional \$50,000.
- ff. J. Justman said his preference was for C.
- gg. D. Ludlam said his preference was for E.
- hh. C. Springer said the good thing about D or E is we are funding the top highest scores. We aren't funding anything that scored lower. These are the top 5 grant scores or the top 3 scores.
- ii. J. Justman said we would still have a fair amount for investment at this rate, but that he would like to see a fair amount of this money get out to the community too.
- jj. Benita Phillips said there are more grants out there for schools than there are for fire departments. Schools have more avenues for funding.
- kk. D. Ludlam said I think we need be careful not to get into rescoring on the fly. We need to go with what we have for percentages up there.

- ll. J. Justman said you're right.
- mm. D. Ludlam said he feels that Option C is the best one, but he would be willing to make concessions and go with D if Mr. Springer and Commissioner Justman agree with that one.
- nn. Benita Phillips asked to make a comment.
- oo. D. Ludlam approved her request.
- pp. Benita Phillips said that Mr. Springer brings up a good point about the possibility of not getting a payment that would potentially put the mineral lease district on hold. If you take Option A you will have a lot more seed money, you'd give the RoseCap investors something to work with. Even if you don't get a lot of funds next year, the market has been doing good. Now would be a great time to get that money into the market. We don't know what the market will be like 6 months from now. The thing is, I know you want to get that money into the community. But, you've been planning this investment planning for a long time. I don't think the community would fault you for holding back as much as possible at this point to get this started. It just seems logical to me. The traditional grant is a good one, but these minis are not things that have to be done tomorrow.
- qq. Lance Stewart said he would beg to differ on that comment of the minis.
- rr. Benita Phillips said if you invest this now, you can grant a lot more mini grants in the future.
- ss. C. Springer said he supports option E.
- tt. J. Justman said he can support D, but not E.
- uu. D. Ludlam said right now we have support for E for two to one, with consent from Commissioner Justman. Would the board like to continue discussion?
- vv. C. Springer said we can consent to Option D, if J. Justman said he could compromise on D.
- ww. J. Justman said he could support D.
- xx. C. Springer said he could live with D, it would leave \$100,000 to start the permanent fund.
- yy. D. Ludlam confirmed with S. Olsen that with this option we would still have \$100,000 for the permanent fund.
- zz. C. Springer made a motion to adopt funding option D. J. Justman second. D. Ludlam said he would support this as a compromise, but we need to stay away from situations that do not have as clear delineations as far as the scoring goes with this option. To answer L. Stewart the expectations of the grant cycle, that on the front of this application of the grant cycle that we would take the opportunity to invest the permanent fund if it presented itself, which would limit the amount available for this grant cycle. He apologized if that was not adamantly made clear.
- aaa. L. Stewart said he has no problems.
- bbb. Voted for the motion presented by C. Springer for funding option D, with an additional \$100,000 to be invested in the creation of the permanent fund. Approved.

XII. Unscheduled business.

XIII. Motion to adjourn from C. Springer, second by J. Justman. Voted. Approved.

Adjourned at 2:59 p.m.