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## BOARD OF DIRECTORS MEETING

**Date and Time:** 2:00 PM on Wednesday, January 16, 2019

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

In attendance:

Quint Shear  
Craig Springer  
John Justman  
Dusti Reimer  
Nancy Harward  
Matt Rosenberg  
Tom Phillips  
Patrick Coleman

### Meeting Minutes:

- I. Call to order at 2:00 p.m. by Craig Springer.
- II. Approval of Agenda.
  - a. C. Springer said prior to discussion item 12, we'll need to discuss this Anvil Points issue. I would entertain a motion to have a new item 12 be the discussion of the Anvil Points money, 13 be review grant funding, and 14 RFPs and unscheduled business. Is there a motion.
  - b. J. Justman made motion. Q. Shear second. Voted. Approved.
- III. General Public Comment.
  - a. No comment.
- IV. Election of Board Officers.
  - a. C. Springer entertained a motion for Board President and a Secretary.
  - b. J. Justman nominated Craig Springer for Board President. Q. Shear second. Voted. Approved.
  - c. Q. Shear nominated J. Justman for Secretary. C. Springer second. Voted. Approved.
- V. Adoption of the December Meeting Minutes.
  - a. Q. Shear made a motion to approve the meeting minutes.
  - b. J. Justman said there was one word that he underlined that he thought wasn't quite right, but it didn't change anything with the minutes.

c. J. Justman second. Voted. Approved.

VI. Consent Agenda:

- a. Dufford, Waldeck, Milburn, & Krohn Invoice
- b. Dusti Reimer Invoice
- c. Lightbulb Media Invoice
- d. Special District Association Invoice
- e. Q. Shear motion to accept consent agenda. J. Justman second. Voted. Approved.

VII. Staff Report.

- a. We posted to our social media pages (Facebook & Twitter) about our Monthly Board Meeting, Meeting Minutes Posted, Community Presentation – De Beque School Board, Video on MCFMLD, Meeting Agenda Posted
- b. Photo of the De Beque School Board presentation photo from our December community presentation
- c. Our media came from the Daily Sentinel and KJCT News 8. The Daily Sentinel article was incorrect on several statements. The City of Grand Junction Fire Chief even wrote a letter requesting a correction due to several inaccurate items in the article.
- d. There are no grants requesting payment at this time.
- e. Consent agenda items were for the following invoices:
  - a. Dufford, Waldeck, Milburn & Krohn – for \$535 for services in December
  - b. Dusti Reimer - \$3,802.73 for services, ads and supplies in December
  - c. Lightbulb Media – \$1,840 for Informational Video
  - d. Special District Association - \$1,237.50 for renewal membership with 25% discount for early renewal
- f. Upcoming Events:
  - a. January 22 – Lands End Fire Protection District Board Presentation
  - b. January 31 - State Budget Due
  - c. February 1 – Spring Grant Cycle Opens
  - d. February 20 – February Board Meeting
- g. J. Justman asked if the \$1,237.50 was after the 25% early renewal discount.
- h. D. Reimer said yes, that is correct.

VIII. Review of Financials.

- a. Nancy Harward said all of the checks that were written in December cleared the account. There is forfeited unused grant total that has been updated to \$30,818.55. We had discussed this total last meeting. Other than that, it's pretty straight forward. Any questions?
- b. C. Springer asked if there were any questions for Nancy.

c. There were none from the Board.

IX. Review of Investment Account.

- a. Matt Rosenberg said there was a rough start to the year. The update I sent out last week is a little different from the one I have. Mine is a little more current. The account dropped down and seems to be coming back. Is there any specific portfolio questions, if not I can give an economic update? The return number for year to date is going to be accurate, the 2018 is the first the cash came in so that isn't. You're not down 7.9% that year. You can see there is \$58,000.
- b. C. Springer asked if there were questions for Matt. Board had none.
- c. M. Rosenberg asked if they wanted his economic certainty for 2019? All said yes.
- d. M. Rosenberg said 2.7% GDP growth, down from 3%, 8% S & P growth, 1.8% inflation and no rate hikes in 2019. Those are my 5 certainties, my 6<sup>th</sup> is that everything I just said will probably be off. 2019 is looking good, if I were to do anything different on your portfolio it would be to extend the duration on that blue piece of pie right there. We are in mostly short duration and intermediate duration with bonds. With rates peaking at 3.25 and coming back down quite a bit and easing back up. I don't think there is the fear that they are going to shoot up to 5%. Even the feds are saying they want to ease up.
- e. C. Springer asked what the duration of the portfolio is?
- f. M. Rosenberg said I can look that up for you, but it will be below 5. I can guess 3.5-4. I think we can extend that out. See that yield of 2.4 on the portfolio, that's low for having that much fixed income in a portfolio, but that's because we're in short duration. It's worked out well. Now I think we can extend that out and get that yield up somewhat. That's my goal for 2019. I don't think I can go back to my office and do it today, but we'll be doing it throughout the year.
- g. C. Springer asked what's the max duration for that?
- h. M. Rosenberg said he doesn't believe you have a max duration in our investment policy.
- i. C. Springer said I know that. How high would you go?
- j. M. Rosenberg said it depends on if you keep contributing. Last meeting it sounded like there could be a decent amount that could be coming in, in the next few months. If there is, then let's go. Because we'll have that other money coming in at new levels. If we don't think we'll have money coming in, then I would take a little more time. You don't see much duration above 10. This is meant to be permanent capital. I'm fine moving this out over time. If you think about it-going out on 20 years for a duration seems risky, but if you don't plan on digging in to that, you might as well get the higher yield off of it. Are you ok with that?
- k. C. Springer said am I ok with ten-no.
- l. M. Rosenberg said what you would like?
- m. C. Springer said the portfolio I manage at the bank is at 3, but that's other people's money it's a bank. I understand. The concept of duration is, it's a measurement of the interest rate risk in a portfolio, because of the maturity in a portfolio, so the rule of thumb is every 100 basis points, change in rates, your percent change is going to be what

your duration is. If we are at 10% duration and we have a 300-basis point move in interest rates. There will be a 30% unrealized loss in that portfolio.

- n. M. Rosenberg said in the fixed income piece.
  - o. C. Springer said yes, in the fixed income. That's what I'm talking about is just fixed income.
  - p. M. Rosenberg said yes, and that sounds horrific. I would note a few things, the fixed income piece if you see that type of interest rate increase, in all likelihood those stocks are through the roof. I don't think the bank can invest in stocks, right?
  - q. C. Springer said no. We used to be able to buy preferred from Fannie and Freddie.
  - r. M. Rosenberg said the thing is the value of that principal doesn't mean much to this group, because the goal of this group is to not touch that. That yield is what is going to fund the grants going forward. If we're looking 20 years out for now and we're in a 30-year duration and we got 5% instead of 2% all along the way, it's not as bad as a potential 30% loss of portfolio. That said as long as we're staying with where you're comfortable with too.
  - s. Q. Shear said we're not concerned about the liquidity risk.
  - t. M. Rosenberg said the long-term bond fund is not a 20-year duration. Do you want me to propose some stuff before we do?
  - u. C. Springer said no, thankfully you're here every month giving us a report. I would say before we make a major philosophical change in that, I'd like to have that reported.
  - v. M. Rosenberg asked if the Board thought there would be a contribution in the next six months?
  - w. C. Springer said yes, at a minimum we'll take the percent of the money that came in, notwithstanding the Anvil Points money. Our goal includes taking that percentage of grant money that we got in. That money we got in 2018, we'll contribute what that percent is- what is that?
  - x. D. Reimer said we got \$737,00 and it would be 50% of that.
  - y. C. Springer said that 50% is the potential. Without the Anvil Points money.
- X. Review and Approval of 2018-FM-02 East Orchard Mesa Fire Protection District Grant Update Request.
- a. D. Reimer said in December they were awarded their grant. In the time they had applied for their grant and got a quote, they had to get new bids with Motorola, that falls under the same grant request for 8 radios. Except Motorola gave them a better deal with the trade in of their broken radios and would give them 9 radios, with them paying an additional \$77 out of pocket. This would be a change to their grant request with the change of the kind of radios and how many.
  - b. C. Springer said the \$77 is on them.
  - c. D. Reimer said yes.
  - d. J. Justman said this is just a change to the quantity.
  - e. D. Reimer said yes, because they got a better bid.

- f. Q. Shear made a motion to approve the grant request change to the additional radios. J. Justman second. Voted. Approved.

XI. Review, Approve and Sign Fall 2018 Grant Contracts.

- a. C. McAnany said he circulated the grant contracts in the past day. If there aren't any questions you are in order to entertain a motion to approve. There is one change I wanted to alert you to, from the copies that were sent to you electronically. That was for the City of Grand Junction. We did extend their grant agreement from one year to two, because it wasn't clear if they would have it completed in the one year. Dusti was good to remind me that with the larger grants we do a two-year term. That's the only change.
- b. Q. Shear move to approve the follow grant agreements for the federal mineral lease district: City of Grand Junction \$126,476; Town of Palisade \$63,000; East Orchard Mesa Fire Protection District \$41,994.50; Lands End Fire Protection District \$19,348.25. J. Justman second. Voted. Approved.

XII. Review and Discussion of the US Department of Interior PILT Letter.

- a. C. Springer asked J. Justman to start and give the back ground on how and why the County requested that letter and then Chris can weigh in on it.
- b. J. Justman said the County Commissioners asked the Department of Interior to give us something in writing because we were very concerned the way to get the money to go the MCFMLD, and if we didn't do that, we were at risk of having the offset. After that happened, we put in a request to Interior if they could clarify that. We did get the letter and now I think I'll let Patrick Coleman the County Attorney present it to you legally better than I can.
- c. Patrick Coleman, County Attorney, we met with counsel for Interior Department and actually spoke with, I don't recall the individual's name, but it wasn't David Bernhardt it was some body directly below him. A fairly high up person in the Interior Department. We did this I conjunction with Garfield County with their Commissioners and County Attorney. We expressed our concern that this money, that number 1, this money was long past due, and then we didn't want them to do further offsets with the PILT funding the County receives. We were able to convince them that this was not the case and their counsel with our assistance prepared the draft letter. We actually saw the draft before she had the higher ups sign it. It took them about 3 months to circulate it around to the powers at be, before it got all the signatures on it. The primary goal was to ensure that, in the event the County received 100% or some lesser portion of that money, it wouldn't be offset by PILT payments. What you have in front of you is obviously the result of that request.
- d. J. Justman said it was meant for all four counties.
- e. P. Coleman said yes, Moffat and Rio Blanco don't have mineral lease districts, so the money was sent directly to them. They did not participate with our conference call or meetings with the Dept. of Interior. So, we specifically said we cannot speak for them, we want your office to address Garfield and Mesa Counties. They accommodated that request. That's how we got the letter and I guess we're comfortable and confident that we don't see a PILT offset. The County would be free to receive money from this source and not be required offset on their PILT payments. I have some other thoughts on the

nature of the funds and who should get it, but I'm not sure we're at that point on the agenda. That's pretty much all I had to say.

- f. C. Springer asked J. Justman if he had anything to add.
- g. J. Justman said he didn't have anything other to say, other than this goes back to Black Sunday when they had to clean up the oil shale up there. One of the sad parts, as far as I am concerned they had money left over and it kept dwindling because someone kept getting their hands in that money pie. It has been worked on for years and years and Ryan Zinke came in and was much more ready to listen than anyone else was in the past, as far as recovering that money. I think Commissioner McInnis was in congress when that Oil Shale trust fund was set and it should have been returned to the West Slope a long time ago. I don't remember was it \$18 million or \$15 million left over when it started, Patrick? It was a pretty good amount of money. I know all the West Slope counties that were involved were very happy to see it get returned. I know when we did it, we had the discussion that I didn't want to run the risk of it going directly to Mesa County and then next year or two years from now it's off set against PILT. None the less, the county is in a situation that they have some excellent places to use that money if they can have it. I really think that money was started long before the Mineral Lease District was set up, for that matter.
- h. Q. Shear said John and Patrick in this is says through an award grant or a contract, what is the County proposing we do? Anything at this point? Or is this just saying that we can now give contracts, Patrick?
- i. P. Coleman yea, and we have talked about this and I'll back up this a little more in detail to what John was saying. Essentially, in 1997 Transfer Act that was implemented in 1998. It required the Federal Government to hold on to the money that it was accruing starting in 1998, until they had sufficient funds to cover the cost of the environmental clean up from the Anvil Points operation. In 2008, both the Secretary of Interior and Secretary of Energy both certified to Congress they had sufficient monies to cover the clean up costs. At that point, the county kind of considers that any money going beyond that, should have been paid out. The prerequisite for paying the money had been met. Which was the certification that the cleanup costs were covered. For some reason it took them another ten years to do it. In the interim in 2011, was the federal mineral leasing act was adopted that created the mineral leasing districts in Colorado. So a good portion, if not all of this money accrued prior to the creation of this district. I guess if you look at how funding is defined in the state statute it would seem to include money that is distributed by DOLA from the mineral leasing fund, is accrued in that fiscal year from federal mineral leasing payments. DOLA isn't allowed to keep it from year to year, they have to distribute it every year. So, I think that there is certainly an argument that this money doesn't qualify as funding in the traditional sense and would not be subject to the district distribution requirements that you all are subject to, to your traditional leasing money. I know what Garfield County is doing with their money, they are going to enter into a contract, they are going to confirm next week, but their county attorney believed they would enter into a contract with the mineral leasing district to have all the money paid to the county, rather than have it go through the grant application process and have the county be one of the competitive grant applicants.
- j. J. Justman said the other thing is that Mesa and Garfield counties worked with our legislators to get some agreement and sign off so that when Interior sent the money it

didn't go to the state of Colorado, it went straight to the counties. We had to work with legislators to get that to happen, I believe. I think the Governor or congressional delegation was in agreement to do this, or we probably never would have gotten it done.

- k. Q. Shear said, so you're proposing that we contract and turn this entire amount over to the county?
- l. P. Coleman said yes. The statute says you can do this by contract, I mean I think it could be by a resolution of this Board. It probably should contain some references as to why this funding is different than the regular payments you receive on an annual basis. Just so that there is clarity in 10-20 years when none of us are around that people will understand what happened and how it was done, but that certainly the request of the county. Obviously, you're a separate legal entity and the County Commissioners can't dictate to you what you should do and I'm not your legal counsel, so. I'll defer, and let you all figure out if you agree with our position or not. I know I can speak on behalf of the other two commissioners that this is the position of the county.
- m. J. Justman said like Patrick said, one of the concerns is it goes through DOLA and I think the other two commissioners have the same idea. If the state of Colorado got their hands on that money, we would get very little out of it. By talking behind the scenes they agreed to do what they did, or the money wouldn't have never been delivered like it is.
- n. C. McAnany said when we talked about this last year when it came into the districts hands, we regarded this as sort of an inheritance. It was a found money, money that had been accruing in this account from Anvil Points for a long time. It was a one time event. This is unusual, and not going to happen again. That's the first thing. The second thing, Patrick is right, the money is mineral lease money from leasing around the Anvil Points facility that was held in suspense while the clean up was going on. So if it had not been sequestered this would have been money that would have been passed onto the state and then the counties as proceeds under the mineral lease act. It was held up because of that clean up. I'm not sure I can make the factual statement that all the money that accrued in that account, accrued prior to the creation of the district, but it's clearly it's mineral leasing proceeds that accrued to the federal government that was not distributed to DOLA. I was encouraged by the letter from the solicitor, as you recall, we had a discussion of this when the money came in, that was is this subject to the PILT offset statute or not. It was unclear. It says certain types of monies, if they are received directly by the county, and there is a list of them, if the county receives them directly, it generates an offset or deduction against their PILT payment. This was the whole reason this district was created to avoid that. This board's conclusion was we don't want to take any chances because the mineral lease act is one of those statutes that if you receive money County, it can generate an offset. We kicked the can down the road. We got that money and held on to it. They've answered that question, at least the Solicitor's opinion is that they don't believe that if the district either through grant or contract transfers some of that money to the county that it would generate an offset. Which is good for the County. The question is, this district as a separate body politic, can make a decision with what it wants to do with those funds and how you want them to be allocated. Your statutory mandate is to distribute them to communities that are impacted by mineral development, Mesa County is clearly one of those counties. You'll have a decision to make as to how much to distribute, if any, or to hold that money for some other purpose

or some other period of time. Those are the discretionary things that are going to rest with this board. We've historically we've tried to treat the distributions are grant monies, which are all mineral lease monies that come to us from the state, to be distributed for grants within our statutory purpose. It's up to the Board if you want to follow that procedure or whether because of the unique nature of this money, if you want to do something different with it, visa vie the county. I don't have an opinion as to whether the county is entitled to that money or should have gotten it. If it would have, if you think back on where the money came from, if it would have been released at the time it was generated it would have gone through Interior, it would have been distributed by DOLA, some of it would have gone to counties, but not necessarily. So, that's sort of a black box on how money gets distributed to the counties. It's cryptic. I'm not sure if you've worked through it.

- o. P. Coleman said that's kind of the key point the County seized on, under the statue, it clearly says, your purpose is to distribute funding from federal mineral leasing. In the definition section of the statue, funding of the direction distribution of money from the local government mineral impact fund to counties as its described. So, it kind of clarifies what the statue determines what is funding. Obviously, it didn't anticipate money to distribute that didn't come from the local government mineral leasing impact fund. Which I believe is a state account, from what I understand it, that was created after the adoption of the federal mineral leasing act in 2011. We're not sure this funding meets the definition of funding for which you're obligated to go through your process and distribute through your grant process.
- p. C. McAnany said the one thing I would say to jump in on that is, the Transfer Act of 1997, and I don't have my copy of the statue with me today, but one of the things from the Transfer Act said these are mineral lease monies. It also said these monies are to be released to the mineral lease districts. It went from the federal government at interior to the state from the state to the mineral lease districts. As you pointed out there were some like Rio Blanco didn't have a mineral lease district so it went straight to the county. So it was earmarked to come to the district. It was not a mistake how it came to us, but how you proceed with that is really just a one-time deal and you can decide what's the best use for that.
- q. C. Springer said there are two lawyers in this room and I'm not one of them. But it seems to me, in reading this letter, I was struck by what you guys would call inartful language. It says for the reasons discussed in this memorandum, the department confirms it will not offset PILT payments to the counties if the mineral lease districts fund their respected counties through grants or contracts. That is one hell of a sentence, because for 8 years we've been told, and it never seemed fair to me, that the county is locked out of our grant process. That if we ever received a grant application from Mesa County and we granted that, that would blow the FML district up. We would be done as a district and the county would be back to get a PILT deduction every year. This says exactly the opposite.
- r. C. McAnany said we always thought if the county submitted a grant application to the district that it would sort of be money laundering. We would be taking mineral lease money through our hands and shoveling it back to the county and if ever challenged the interior would say no, that doesn't pass our PILT statue. They've now said we don't see a problem with that.



- s. C. Springer said so I'm reading this correctly, it's not just as it applies to the Anvil Points money, they're saying Mesa County can now apply for grants just like the City of Fruita and everyone else.
- t. C. McAnany said oh yea. It totally blows our minds. Changed our paradigm we operate under.
- u. P. Coleman said I think its important to point out they are making a distinction between this source of funding and the other funding. I think if next year the county submits a grant application I think, through the normal process and is funded, not with Anvil Points money, but general money, that it would create an offset under PILT.
- v. C. McAnany said that's not what they are saying here.
- w. P. Coleman said well, specifically only addressing the Anvil Points money because that's what we asked them to address.
- x. J. Justman said so they came back and said Patrick are you interpreting this, that we have resolved this, Mesa County won't have to apply for federal mineral lease grant to fix a bridge.
- y. P. Coleman said you could make that argument, but the whole tenure of the letter was to discuss the Anvil Points money, but you're right, that specific sentence that starts with "for the reasons discussed," doesn't specifically reference Anvil Points money.
- z. C. Springer said they actually say it twice.
- aa. Q. Shear said the conclusion says because federal mineral lease districts are by statute separate, independent from the county, have discretion granted by Colorado Federal Mineral Lease District Act, to the department does not consider mla payments made to the mineral lease district as payments made to the county.
- bb. C. Springer said wouldn't it be appropriate, given where we are, that Mesa County request a clarification of that and say would you please explain to us-that Mesa County can apply for a grant from the FML district, can Mesa County apply or not?
- cc. C. McAnany said I think it's clear enough in my mind.
- dd. C. Springer said, but certainly we give them a million-dollar grant, and they get a PILT deduction and it blows the district up, we're going to just wish we would have gotten clarification.
- ee. C. McAnany said first off, if we make a grant that generates a grant that generates a PILT offset that's not the Board's problem, that's the county problem. We're not going to make a grant for the county's Christmas party, we're going to make a grant for within the definitions we have of our statute, for public services, or construction of public facilities or that sort of thing. But there is nothing in our enabling statues that says counties are ineligible.
- ff. J. Justman said maybe that's why we talked about a contract.
- gg. C. McAnany said what they seem to be saying is, as my gloss on this as a third party, because the district is an independent body with its own statutory purpose, if its Board sees fit to transfer money to a county and it's within the districts enabling authority, which means it's for a public purpose that's within our enabling legislation, they view that as not a district grant or I mean a direct transfer. The reason we were set up

originally, were these monies by statute at the federal level if they were to pass directly to the counties would directly have this offset deduction. This is our statute for the mineral lease district is a legal structure that side steps that problem, under the federal law.

- hh. P. Coleman said logically, PILT is not mineral leasing money. It's payment in lieu of taxes. There is nothing about this money or the money you distribute on an annual basis that has anything to do with payment in lieu of taxes.
- ii. J. Justman said it probably came as a creative way to cut down on the amount of money they pay in PILT.
- jj. C. McAnany said that's right and they've added to the list over the years, it's all kinds of crazy things like geothermal leases, sand and gravel extraction, royalties, there is a whole list of things that reduce your PILT.
- kk. J. Justman said when he first took office they had a couple of payments that David Frankel worked on one case and they actually reimbursed us for what they withheld that one year. And then I guess he was unsuccessful on the other one.
- ll. C. Springer said the first year we got the PILT deduction because they didn't agree that the legislation that enabled us, complied with the spirit of the statute, because we tried to improve the Utah legislation. And that's what he got back.
- mm. C. McAnany said what prompted a lot of this was happening, I know for a fact it was happening in Utah, they would have these special districts get this federal leasing money distributed by the state and then the counties would say hey that money you got, you'd better fork it over. That's what started prompting these offsets. So this structure was created to create the mineral lease district. I think your clearest course would be to earmark it for something that falls within our statutory scheme. If there is some project or some hole in your budget that is within the districts mandate.
- nn. J. Justman said you could have a bridge that if you have a lot of energy development that is in bad shape that doesn't belong to De Beque, Collbran or Fruita, I don't know of one off hand, but one that is badly worn out by the energy industry, that would be a place.
- oo. C. Springer said I guess my question is, again we need to get to Anvil Points, but I've spent 8 years on this Board volunteering to make sure Mesa County doesn't get a PILT deduction. For us to interpret this letter that way and then to get a PILT deduction goes against a lot of hard work by a lot of people.
- pp. P. Coleman said he would get a clarification. He said in respect to the Anvil Points money, when we don't need any clarification.
- qq. C. Springer said I understand that, but for future grant cycles we need that clarified because it seems to me they have opened that door.
- rr. P. Coleman said we were happy they took only three months to finally send this letter.
- ss. J. Justman said we'll probably ready by the 2020 grant cycle.
- tt. P. Coleman said we figured the money would probably be gone if we tried to get clarification.
- uu. C. McAnany said well, the district hasn't spent any of it.

- vv. C. Springer said ok, thank you. Staff How much was the Anvil Points money?
- ww. D. Reimer said it is in the letter \$1,703,873.62.
- xx. C. Springer asked how much we put in the permanent fund?
- yy. D. Reimer said half of that.
- zz. C. McAnany said that is the other interesting thing. We did put that money in the permanent fund, that is earmarked for very specific purposes under the district's policy now. So that presents another issue we'll have to work through.
- aaa. J. Justman said he thought we didn't put any of that money into the permanent fund.
- bbb. D. Reimer said we did.
- ccc. C. McAnany said your policy says that you're going to essentially treat the permanent fund as a trust corpus that you will not invade unless times of great need and on a showing of compelling interest. So, in a way you have tied your hands a little bit.
- ddd. Q. Shear said so with the remaining we could have a contract with the county, it would be unencumbered.
- eee. P. Coleman said the county's argument would be much like the requirement for competitive grant applications, since we don't believe this is funding as defined under the statute, its' not subject to a deposit of 50% in your permanent fund and it really is separate money not subject to any of those restrictions.
- fff. Q. Shear said I think you have competing fiduciary responsibilities here.
- ggg. P. Coleman said John has agreed to step down if you have to vote on that.
- hhh. C. McAnany said and just by way of background, when the Board set up the permanent fund, it created a policy that essentially said that anything that goes into the permanent fund wouldn't be spent, unless there was made a compelling reason that made it necessary to do that. And it was really just an attempt to impose the discipline as to how it would spend its endowment.
- iii. D. Reimer said the amount, not included the unencumbered funds that we included with it, was \$851,936 of the Anvil Points money.
- jjj. C. Springer said what?
- kkk. D. Reimer said \$851,936. We had a small amount of unencumbered funds that we did include with it.
- lll. C. Springer said we have \$851,936 of the Anvil Points money in the Districts checking account right now.
- mmm. N. Harward said yes.
- nnn. C. Springer said discussion. One more question, Is this all we're going to get, the request that we got, is nothing in writing from the County?
- ooo. P. Coleman said we are prepared to send a formal letter from the Board of County Commissioners, obviously if you're ready to vote on however you're going to spend that money today, our request would be 100%, including the amount that was placed in the

permanent fund, should go to the county in a contract or resolution and no be part of any competitive grant application process.

ppp. C. McAnany said I have just one observation, I'm not sure we've noticed this as an action item today, whether or not you're going to make an appropriation for this purpose and I think if the board wants to entertain such a request, I think it makes sense to have something in writing and have that at a properly notice meeting as an action item that the Board is going to appropriate this much money for this agreed upon purpose.

qqq. Q. Shear said we would need an agree upon contract also.

rrr. C. McAnany said that's right. I think that would be wise. If that's the direction the Board wants to go, we can bring this back at a subsequent meeting.

sss. J Justman asked C. McAnany if the Board goes to a vote on this, am I going to have to abstain?

ttt. C. McAnany said I think you might have to abstain. You might be a little to close to this.

uuu. Q. Shear said his comment is unencumbered funds-I don't have any issues with that, but the cumbered funds that the Board before my time, set aside, might have a little more fiduciary obligation on that to the federal mineral lease district. I don't think that is so cut and dried that we can hand that over. The other \$851 whatever I don't see a problem with that. That's my view on that.

vvv. C. Springer said John you can't vote, but you can discuss.

www. J. Justman said I can discuss. Well, I agree with that, but the money that is in the savings account if you will, didn't come from normal channels. This Anvil Points refund, or whatever you want to call it, it would be a different situation if you had \$1.7 million from DOLA the county thought they had coming and this thing says yes you do have half of it coming. That's what I think. It was money that was owed Mesa County for ten years that we weren't able to collect.

xxx.Q. Shear asked would it have gone to Mesa County directly or would it have gone through DOLA?

yyy. J. Justman said that's what everyone worked on in the state of Colorado, that it had to go through the Federal Mineral Lease District to avoid having a PILT offset, and most of us were in agreement with that and I didn't want to take the chance of having an offset in a year or two or three. I know that's what Garfield and us were in the same situation and we both have federal mineral leasing district, and the other two counties didn't form one and I guess.

zzz.P. Coleman said we assume they'll be seeking a similar letter as this one from the solicitor's office.

aaaa. C. McAnany said I think they probably spent the money because it was always in their hands. I assume they just kind of closed their eyes to it. To be fair, the money that was generated from Anvil Points is all from the leasing of hydrocarbons and would have been distributed as leasing act monies that would have been distributed to the state and out through DOLA. The only reason it wasn't, because they had this big

environmental liability and the government said no, we're going hold that money until the cleanup is done.

bbbb. C. Springer asked for further discussion.

cccc.Q. Shear asked for Craig Springers thoughts.

dddd. C. Springer said nothing nefarious happened here. The money flowed through the FML district, we didn't ask for it. It flowed through it, and we were happy that there wasn't going to be a risk of a PILT deduction. We handled that money in a very public and in my opinion a responsible manner. Had we known that a letter like this could be issued at that time and a request would be made to get that money back, we would not have put that money into that permanent fund. But we did put that into the permanent fund, and everyone involved in this, knows that we did that. I feel the same way that you do, right now, Quint. That the Anvil Points money that is sitting in our unrestricted funds, I have no problem whatsoever returning that money or contractually giving that money to Mesa County. I am very hopeful that with this recommendation we can have Mesa County finally participate with grant requests with the FML district. It's always seemed unfair to me that they spent all that time and money and all the heart ache to put this district together and got zero benefit. All the rest of Mesa County benefited from the work that Mesa County did to get this FML district up and going and always struck me wrong that the entity did the most has been locked out of this process. If as a result of this, they are in the process, then hopefully they'll get way more money out of that in the ensuing years, then they would have gotten from the remaining money of the Anvil Points money. I'm very reluctant to pull that money out of the permanent fund. To me that defies the reason why we started that permanent fund. The ideology behind it was to put something back, as David Ludlam said very well, these are finite resources they are not going to be around forever and a portion of the money that comes in from the payment of royalties from the extraction of those resources should be put away to do good forever, instead of just the next ten years. For us, we've set a good precedent in how we've funded the permanent fund and Matt's here every month and we take it seriously. Not for any of us in this room, but for the folks that will be in here 50 years from now. And to have that precedent for a future board to say that's not a permanent fund, they put money in one year and took it out the next. We should take that money and do something with it over here. I just struggle with that.

eeee. J. Justman said I struggle with that, but you could also make the case that this was a one time, unexpected, long planned effort that went through to get it and it isn't the same as it coming through the regular channels.

ffff.C. Springer said right, understood.

gggg. J. Justman said I think I Was kind of new, but it was already in place when I got here. But, in Garfield County they knew they were eligible to apply.

hhhh. C. McAnany said I think you guys played it safe here. You guys were trying to not take the risk of generating a negative consequence.

iiii. P. Coleman said we don't have \$140 million-dollar fund balance like they do. They can afford to make some errors on their side.

jjjj. C. Springer said the other thing is, they did put money aside, and there is an argument to the statutory ability to do that and they did it anyway. So, they had a permanent fund, before there were permanent funds.

kkkk. C. McAnany said it was our argument to do the heavy lifting to create the statutory authority to create permanent funds and invest and make that happen and they kind of rode along with us.

llll. Q. Shear said they started their permanent fund before us?

mmmm. C. Springer said yes, from the beginning. They didn't ever grant out all the money they received every year like we did. IF they didn't like the applications they just held it back for another year, and our interpretation was you couldn't do that under the statute. Once they figured that out, they sure jumped on board getting that bill passed. So, it seems like where we are is, we are amenable towards entertaining a contract request from Mesa County for all or part of the Anvil Points money.

nnnn. P. Coleman asked when the next Board meeting.

oooo. C. Springer said next month.

pppp. P. Coleman said we can get that to you before.

qqqq. C. McAnany said we will make sure that we have that properly listed on the agenda.

rrrr. C. Springer asked if we need a motion.

ssss. C. McAnany said no, we don't. There is no action item on the table.

tttt. C. Springer said I thought there was going to be, so that's why I amended the agenda. I apologize for that. So, we're good on Anvil Points?

uuuu. P. Coleman said with that I'll take my leave and let you guys figure the rest of this out.

vvvv. C. Springer said thank you.

### XIII. Review Grant Funding Amount for Spring/Fall 2019 Grants

a. D. Reimer said the spring grant cycle starts Feb. 1<sup>st</sup> and we've had interested applicants asking how much we have available for funding and it was never really decided what you were going to do for disbursement.

b. C. McAnany said I like that, what's in your wallet.

c. C. Springer asked if we need to table that. It would be the right thing to do, wouldn't it?

d. C. McAnany said it seems to him that your whole budget is up in the air right now.

e. Q. Shear said I think we need to set it aside until we know what we've got.

f. C. Springer asked if there was a motion to table.

g. Q. Shear said so moved. J. Justman second.

h. C. Springer said that we move to table the funding for the spring/fall 2019 grants.

i. Voted. Approved.

j. D. Reimer asked a question if the Board still wanted the Spring grant cycle to start on Feb. 1<sup>st</sup>?

k. C. Springer said I think we better move it back.

l. D. Reimer said start March 1<sup>st</sup>?

m. C. Springer said yes.

XIV. Review and Award of Submitted RFPs for Banking Services.

a. C. Springer said Quint was kind enough to run an analysis on the RFP responses.

b. Q. Shear said I was, but the problem is we're running into another problem is that we based this off a much larger bank balance, than we will have if we give away that money.

c. J. Justman asked if he could call and handle that for us.

d. C. Springer asked him if we need to circle back?

e. Q. Shear said I think we do, because they based all their work on a \$1.5 million-dollar balance. It won't make a difference with one of them, but the other three it will.

f. C. Springer asked if he was willing to do that for the Board.

g. Q. Shear said yes.

h. J. Justman made a motion to resubmit the RFP for Banking Services. Q. Shear second. Voted. Approved.

XV. Unscheduled Business.

a. None.

XVI. Motion to adjourn from J. Justman, second by Q. Shear. Voted. Approved.

Meeting Adjourned at 3:10 p.m.