

December 14, 2011

Mesa County FML District Board Meeting

Present: Craig Springer
 Craig Meis
 David Frankel
 David Ludlam
 Chris Reddin

Public Attendees: Steve Aquafresca

Meeting was called to order by Craig Springer.

1. Approval of amended agenda as follows:

- 1) Call to order
- 2) Approval of minutes for the 11/09/11 meeting
- 3) Public comment
- 4) Grant application scoring results
- 5) Additional business- Long View Invoice
- 6) Grant contract discussion

Craig M. motioned to approve modified agenda and David L. seconded. Motion carried.

2. Approval of the minutes from the November 9, 2011 meeting. Motion to approve the minutes as voiced by Craig M. and seconded by David L. Motion carried.

3. Public Comment- Mesa County Commissioner Steve Aquafresca discussed an annual meeting he attended in Colorado Springs for Colorado Counties Incorporated (CCI). The purpose of attending the meeting was to discuss with the other counties and CCI staff how respective counties were handling FML Districts and related monies. Commissioner Aquafresca voiced concern about the FML district moving forward and issuing funds but also expressed a reserved optimism going forward as it relates to recovering FML monies from the feds. Aquafresca noted most counties that have formed FML Districts like Mesa County do not plan on spending the FML dollars through their new districts as the

entities are not yet recognized by Department of Interior. Commissioner Aquafresca noted that there is a bill that will be introduced for 2012 to improve the state statutes to allow the new districts to be recognized by DOI and will help achieve the original goal of not having PILT payments deducted. He also had an opportunity to look at the legislative draft that is just about ready to submit, and it does change FML Districts dramatically.

There is a lot of conversation about it and when DIO is really set on withholding FML payments from counties. "This could be a fairly long running battle."

This discussion went on and the Commissioner Aquafresca expressed desire to see the FML District board exercise patience and restraint on awarding dollars just as the other counties are and get more certainty that Mesa County's FML dollars are backfilled.

Craig M. felt that the issues highlighted by Aquafresca should be discussed at the county commissioner level -not at an FML District meeting because there is nothing that this board can do to modify what we (Mesa County) are doing -which is reviewing the applications and "implementing the process that we have been tasked to do by way of the county commissioners."

Commissioner Aquafresca agreed that such matters should indeed be discussed with the county board.

Craig S. stated his position on this- We have accepted appointments to this FML District and have approved the necessary operating agreements and have worked very closely with the counties legal department (David Frankel) and it was his recommendation that we move forward and get the applications out there and score them during this calendar year. The interpretation was that this needed to be done in the same calendar year in which the money was received. In my mind we are complying exactly with the mandate from the county commissioners when they set up the FML District and David's recommendations that we move forward with the applications and the awards. Ludlam agreed with Craig S. The county created the FML District and if they want to un-create it that is certainly within their purview but we cannot do that in this room.

Commissioner Aquafresca agreed and reiterated his point that the conversation with the county board should be carried on right away.

Craig S. stated that from the beginning, his understanding of what the FML district's role was to strictly comply with the legislation so as to maximize the possibility that FML dollars are not going to be deducted next year, or in ensuing years, and also to have a very fair and public process in which to move forward on this and, "I am very proud of the fact that we have done that. But we are serving Mesa County and if the commissioners want us to do something differently, I will be fine with that."

Commissioner Aquafresca appreciated that both Craig S. and Craig M. recognized the goal -to get FML dollars back-filled and following the law on the distribution of the dollars.

David L. agreed that this discussion should be at the county level and is beyond the purview of this (the FML) board. Ludlam moved that the board move forward with the rest of the agenda and noted that these issues should be remanded to the county commissioners for further discussion while the board should move forward with their stated process.

Craig M. agreed.

Steve- Thank you for listening to my report and taking comments.

Craig S. - Any other comments? None.

4. Grant application scoring results: Craig S. - There were eleven applications received. Each of the three board members reviewed and scored the applications separately and individually and without discussion amongst each other. So with that in mind I will turn it over to Chris to talk about the results.

Chris Reddin- I would like to add to that as a reminder that the selection criteria in which the applications were evaluated was in the grant application, including specifics as to how much and how many points each criteria was and there was no modification between what was in the application and what the board scored. This has been designed to be as transparent as possible.

There was discussion on the different applicants and how they scored. There was also discussion by Craig M. on how to split and award the FML dollars (\$1.6mm).

Craig S. - Possibly call this the preliminary award. We do not have to write a check in December. Agreed by David F.

Craig S. stated that he was uncomfortable awarding the entire amount to one entity. We almost do a disservice to the folks in Mesa County by not attempting to spread the money around a little bit. I do not think we have to fund everyone but the question in my mind even before going thru these was what is the right mix? Do we fund the top two, the top three, the top four? What makes the most sense? What we are trying to do here, if it works, is to create something that is going to be good for Mesa County for many years to come and the way we handle the initial grant applications and awards now will have some bearing on where the FML District goes in the future, assuming the county commissioners want one after were are done here. I am not comfortable with awarding

the full amount just to CMU.

Craig M. I would like to address Craig's concern as it is one that I struggled with as well. You have to weigh the benefit somewhat of giving it to one entity that has a really strong application and also the endowment side of it. The 100% match applied to this and the longevity of these dollars and how long that could be working in this community beyond the one time capital infusion of these dollars. When you look at the strength of the other applicant in comparison with CMU that is where it makes it easier for me to feel more comfortable to award it to one entity based on the strength and weaknesses of all of the other applicants and what they are proposing. I have a hard time seeing the value whether it be a dollar contribution or a million dollar contribution out of those other applicants as we might from the strength of that same dollar investment in CMU.

David L. - My reaction was a little bit like Craig M's in that the other projects being one time capital infusion versus the endowment concept which would have the money available to the community annually. I found that attractive. Under the project sustainability section for the CMU application, the idea that this is a starting point for the endowment and it would presumably grow over time. I think about the communities that could apply for that money under what has been proposed I think that it could be good for the community and the possibilities are infinite. So like Craig M. -big picture long term benefit versus the other projects being one time fusions then CMU wins. The other part, and I do not know the answer to this: If the University created the endowment and the concept based on the 1.6, how far can you dilute the funding before the project doesn't make sense or can't be executed?

Craig S. -I have been struggling with this the last few days also. There was a lot more discussion on the applicants and their scoring with Colorado Mesa University scoring above and beyond all of the other applicants.

Craig S. -I think we need to make a decision here. Are we going to award all of the money to CMU or are we going to spread it around? I don't think we should consider the validity of the lesser applications if we are not going to spread it around.

Chris R. -I would like you to take a minute to think about it and write down what you're thinking the decision should be and then I will put it on the board.

Craig M. - CMU is my recommendation for all of it and the reason for that is largely because when I look at the next top three applications, which are Fruita, Grand Junction Baseball and Palisade water, and look at the dollar amounts associated with each of them and not knowing if any of them can take any less than applied for because it was not specified in any of the applications and so we have to presume that they are needing what they asked for so when I see the dollar amount associated with them , quite frankly, those dollars are better spent by what CMU provided.

David L. –I am making the same recommendation as Craig M with a bit of a qualification in front of it. I think that is not only how they scored but CMU has been a nucleus in our community and our economy for almost a century and that the proposal that they put forth and the criteria that we laid out they met far and above better than what anyone else was able to put forth. I feel that all of the projects are worthy in their own merit but not as it relates to the criteria established. Because of that I feel confident awarding the dollars to CMU as well.

Craig S. –Again, I still am not comfortable awarding all of the money to CMU. I would be advocating the top four were it not for the fact that I do not like the way I scored the Fruita application, not knowing the facts behind it. I do not think the FML District should be in the business of enhancing private property values. That changes the top four. The Palisade Fire application resonated with me. They are our first responders in that end of the valley along I-70, which includes a lot of traffic, so if we could put a little money and enhance their ability to do their jobs. That improves the infrastructure which to me fits with the epicenter of energy development. Nothing against CMU, as I scored it the highest as well, but it is not all about research. There are other aspects of this that we need to look at.

David L. –I do not disagree with anything Craig S. said except that if we are going to award money based on the criteria we laid out, personally I just can't get there on the others.

Craig S. - Discussed Grand Junction Baseball and the quality of life that it has brought Grand Junction.

Craig S. –But I can count and it is clear that both Craig M. and David L. would like to forward with the funding.

Craig M. –Yes, that is how I feel currently and if we can have the discussion and you can drive us there. I agree it is tough to think about giving it all to one entity. I am right there with you but like I said before it is the strength (or weakness) of the others that are right beneath CMU and the dollar amount that we would be putting there versus putting into a strong application. If we are doing it because we just don't want to give it all to one then I don't know if that is the right rationale to be using. If CMU is able to put that same dollar amount to better use and more long term use and really meet the mission goals of what we have established then I can get there.

Craig S.-I think the point that David was making is that fairness would dictate to me that we do not have the ability to just pick and choose. If we are going to fund down the list then we need to go down the list. The question is how far down the list. We all had the same information in front of us and the same scoring criteria to make these decisions.

Craig M. –If we are all over the board after CMU, then that really tells you something.

There really was not a strong number two.

Craig S. –I would propose the top four, but I am no longer comfortable with the City of Fruita’s application.

More discussion on the applicants and how some pull at your heartstrings, but there are specific criteria that must be met.

Craig S. –I am willing to defer to my two colleagues. Their arguments are good in stating the fact that no other applicant was even close and if you look at our original mandate, the CMU application is right there. The question now: Is this a preliminary award?

Craig M. –No, I do not want this to be a preliminary award. I want us to move forward with our mission until told otherwise not to.

David F. – You are an entity and if it is your will today to scribe CMU as the recipient of the preliminary award, then we will move forward and finalize the contract with CMU and get their signature and bring back to you for your final approval at your next meeting in January.

Craig M. –And that is how it should be reflected that it is a preliminary award pending negotiation of contract discussions or something to that effect.

David F. –We will need to understand the CMU application to see if this is going to be a reimbursement issue or if this was going to be more of a one-time disbursement and wording on fallback provisions and wording that there is no guarantee. So if it is the will of the board, by resolution today, direct staff to move forward to finalize the contract agreement designating CMU as the attended recipient of the grant and then at the next meeting we will present to you the contract for your consideration.

Craig S. –Ok I think we all know where we are at so I will entertain a motion...

David L. –I would move that the FML District board designate Colorado Mesa University as the successful grant award recipient for 2011 FML Grant process.

Craig M. seconded. Motion passed.

There was discussion about a possible public opinion article explaining the how and why process but it was agreed that it all is public and they followed everything to the letter.

5. The approval of the Long View Invoice which takes us through yesterday. Craig M.

moved to approve the invoice and David L. seconded. Motion passed.

It was also agreed that Chris will field all calls regarding the application process and will send letters to the other recipients along with any other admin duties that may arise. She will also get with David F. to draw up a contract.

6. Grant Contract; Chris handed out packets that included four separate documents.

- 1) Award Process
- 2) Copy of the Contract
- 3) Grant Expense Form
- 4) Final Report Form

These are all of the admin documentation that I have prepared going forward. I don't need comments on these, I just wanted to make sure you all had copies of them and if you had any questions or comments, please let me know.

There are specific questions that I wanted to discuss on the contract. Please turn to page 2- item #7- The vast bulk of this contract is a copy of the DOLA grant. When does the applicant have to come back before you guys for additional approvals? The question in my mind is what is a big enough change in the overall budget that it prompts something that this board needs to look at?

Craig M. –And this is where we are going to have to structure this contract to meet the application of CMU. The CMU application is different than most which are capital driven.

This contract will have to be modified to fit this applicant.

Chris- Which brings me to page 13- Reporting schedule which is another way that we can handle it. Do we want quarterly reporting?

It was discussed that they should be held accountable but not bogged down with paperwork. It was discussed that they should report and to whom they should report to if this FML District board didn't exist. It was discussed that this board would assign a successor if they are no longer here in a year.

It was discussed that bi-annually would be sufficient reporting.

Chris- The last thing I wanted to discuss is on pages 3 and 4- General Liability Insurance. GOCO did not put any insurance section in their contract and DOLA put a substantial amount of insurance in theirs and requires general liability insurance as shown. I just ask that Craig could run this by his insurance people and see if it is sufficient enough. Another question to ask them is if its required in here that the subcontractors have to

name the contractor as an additionally insured and list the district as an additionally insured. I ran it past David F. and he felt it was a good idea.

David F. - it is more in the building a bridge context but it would provide us with extra protection. For example if you were funding a bridge and there was an accident on the worksite you would want the assurance that you were named as an additional insured under the policy. The endowment model may well change that analysis and may not be applicable here.

David F. -Now that I know who the selected grant recipient is, I will re-look at this and see if it fits starting an endowment. The form contemplated building bridges and time specific projects that could potentially be extended another year if you hadn't built your bridge in time. The endowment is going to be ongoing so we will have to re-examine the term and the idea of extending it.

The discussion continued how to go about tweaking the document to better fit this type of grant recipient.

David L. -What I would like to see is that I want to make sure that these technical advisory committees are up and functional. I want to make sure that they have done all of the community outreach that they have promised to do. I want to see some of the projects that they fund in the first year, how they are structured and that they are meeting the criteria that they laid out, those kind of things. And on the other side of it I want to know how are they recruiting these kids, what departments are they going thru on the scholarships.

David F. -I think Chris and I have our work cut out for us. We will do some research on how endowments are managed and give you some options in January.

Chris -So what do we say when CMU asks when we are going to cut a check?

Craig M. -That won't be until after we get a contract and that won't be until after January.

Craig S. -That concludes item 6. Any other additional business?

Craig M. -One thing that I would like to suggest for consideration with some of the admin dollars that we have is to consider possibly reimbursing the county for some of David's time. Craig S. agreed. David to submit an invoice or statement to the board.

Craig S. -The second Wednesday in January is the next scheduled meeting. Is every one ok with this? Being that this is a bank and the front doors do not open until 9:00, let's change the meeting time to 9:15.

The next meeting will be at 9:15 on January 11th, 2012.

Craig S. -Okay, I will entertain a motion. Craig M. moved to adjourn and David L. seconded it.

So moved, meeting adjourned.