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BOARD OF DIRECTORS WORKSHOP

2017 Grant Applicant Workshop and Investment Policy Public Comment

Date and Time: 1:00 PM on Wednesday, July 12, 2017

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

In attendance:

Craig Springer
John Justman
Chris McAnany
Dusti Reimer
Lance Stewart
Benita Phillips
Janet Johnson

Meeting was called to order at 1:02 p.m.

- I. Call to order by David Ludlam.
- II. Open general public comment on Grant Cycle Application and Process.
 - a. D. Ludlam asked Dusti Reimer to review any feedback the District had received prior to meeting about the grant cycle application and process.
 - b. D. Reimer said she hasn't received any feedback on the application, other than the applicants really like being able to submit online via email.
 - c. D. Ludlam thanked D. Reimer and opened it up for public comment.
 - d. Benita Phillips said she had a comment and wanted to make the District aware that the turf company that is being used to replace the turf at Stocker Stadium currently has 14 outstanding lawsuits in 14 states. They found their turf gives off more VOC than it is supposed to, but also their turf lasts less than 5 years. She said would send the website and she would send it to Rob Schoeber with the City of Grand Junction also. She feels there was no due diligence done for this process and she believes that this does put the District at risk, and she does not want to see this group put at risk.
 - e. D. Ludlam thanked B. Phillips, from Palisade, for her comments.
 - f. D. Ludlam thanked Lance Stewart for joining the group discussion and invited him to give any feedback or comment on the grant process.
 - g. L. Stewart said he had no feedback to give.

- h. D. Ludlam thanked everyone for their public comment and closed public comment for Board review.
- III. Open Board review and Discussion on Grant application and cycle.
- a. John Justman said he personally didn't have any comments or changes he felt needed to be made.
 - b. C. Springer said there has been a question that has come up recently with the recent CMU grant, that gives us an opportunity to strengthen the language in the questions that the applicants are answering. We have had this come up a lot, where people are using MCFMLD as a match for a DOLA grant in their applications, or something similar, and so far, it has always worked out. But, like anything else it always works until it doesn't, and clearly this didn't work with the CMU grant. I think we need to reconsider the language moving forward.
 - c. D. Ludlam asked if we could look at the question that addresses funding to possibly change it to ask, are you a shovel ready project and do you have cash-in hand? This doesn't necessarily mean you will get funded over other projects that are waiting on other sources of funding, but it might mean you are prepared and ready to go and might fair better in that category in the scoring process.
 - d. C. Springer said this would mean we would go into with our eyes open, knowing that the other side of that is the project might not get funding and it might not go forward, at the expense of a project that is shovel ready.
 - e. D. Ludlman asked if Staff had, had an opportunity to review the questions discussed during the Staff meeting.
 - f. D. Reimer said she was waiting to hear back from Chris McAnany for his review. D. Reimer's question to the Board was-do they want this to be an additional question for scoring, both the application and scoring, or change the current scoring question.
 - g. C. Springer said he is not sure he wants it to be a scoring question. If one application has an 80% cash match and one is 90% cash match, does that make the 90% a better project, no. It just means the 90% is a better position to fund. He would not like to see us scoring based on the amount of funding available.
 - h. D. Ludlam asked Lance Stewart of De Beque his thoughts, being a grant applicant.
 - i. Lance Stewart said he would need to look at the application questions again, but he does think that an applicant should be upfront and required to list all their forms of funding. He isn't sure if they should have to put a probability of getting additional funding, but that the Board should have a clear understanding of any funding. If that is fully contingent on any additional grant funding they are needing to come through he was not sure.
 - j. D. Ludlam asked L. Stewart if he were one point behind the awarded grant, and had all your finding lined up and in order and the project that was awarded the grant didn't get their funding, how would you and your Board feel about that?
 - k. L. Stewart said that if they didn't get awarded a grant, that wouldn't necessarily affect them, but that they would like to know if there is a procedure in place where if the other applicant that was awarded the grant, and didn't get their additional funding from the

other sources they were counting on, they have a set period of time to get the remaining funding within 90 days or that the next recipient in line would be eligible, or that the awarded funding would go back into the award pool for an even bigger grant cycle the next time.

- l. C. Springer asked L. Stewart if contingent funding was a disqualifier. What if you knew you couldn't apply to the MCFMLD for funding for a project if you didn't have a cash match at the time you applied for it? How would it affect them?
- m. L. Stewart said that is pretty much the game they play with DOLA. You have to have your cash match certain and proved by a Board resolution. You have to have everything in order before you can submit to DOLA. So, I wouldn't see that as being a hindrance.
- n. C. Springer said but if you're using the District to apply to DOLA, it's the same thing.
- o. L. Stewart said he would think that an applicant is playing a dangerous game with DOLA if they are relying on more than one source of funding when they go into it.
- p. D. Ludlam said that there have been a few, if not most, grant applications that have done that. But, luckily their funding all came through.
- q. B. Phillips said there have been applicants that didn't have their DOLA funding approved before?
- r. D. Ludlam said they did not, but they did get a non-official confirmation that they would be approved.
- s. L. Stewart said the one drawback would be there is such a limited amount of funding and the capital building projects are so immense that it might result in funding less projects, but this last cycle there were 4-5 \$50,000 type projects, so this would be looked at as a funding possibility for smaller projects, not for larger capital funding. This would probably speed up the smaller projects for funding, instead of for large capital.
- t. D. Ludlam said that brings up another good point-that we want to fund more than all these little depreciating projects, but we could establish a permanent fund that would be a large cash match for permanent state funded grants. This would get us out of funding squad cars and other such smaller items.
- u. C. Springer this process of working the legislation to create the permanent fund, we had an opportunity to be around Garfield County. They take an entirely different approach to these than we do. Their approach is, they are going to do what is in the best interest of the Garfield Federal Mineral Leasing District where they are at. What we have done down here, is we have operated under the assumption that the money, in a non-interest-bearing checking account, is not doing any good, so let's get it out in the community. Where Garfield County they literally score applications, but on a much more rigorous way than we do. It is a totally different way of looking at it. They take the long view and we have been operating in the short view. Honestly, I'm not sure they don't have the better track that we do.
- v. J. Justman said they look for ten small projects rather than two big ones. He thought they liked helping to fund the smaller communities who were having troubles getting any funding from other sources for their projects.

- w. L. Stewart said that from an applicant's point of view what the attitude of the Board is going to be towards the grants, I would think there would be a pre-screening would be appropriate. So, if 25 applicants submit for a project and the Board feels only three of them have potential to receive funding from them, then they could say these three have a shot and the rest need to go home and not worrying about funding. It's just a personal bias, but after all these years of dealing with grants, I have never agreed with funding of defibrillators and police cars and garbage trucks and have always felt these should be local level decisions based on your organizations funding. Because nine times out of ten, it's like gravy or icing on the cake. If they get it, great, and if not, they can make do with what they have. I have always felt that mineral lease and tax dollars should be used for the projects you do not have the funding for.
- x. C. Springer said he believes the ideas and legislation of the permanent fund, would allow the District to build this fund, and that there is a case to be made for the best use of money. Put it away for a rainy day or fund these little projects. We get an opportunity to do what we've never done before. Even though Garfield County has been operating this way even before we knew it was right or not, they still did it.
- y. L. Stewart asked what is the set amount, percentage wise, for each grant cycle so everyone knows what the playing field is? Is it a question of 5% or 10%? I know there is some question about that right now. He said he knows the funding will grow over time, but he wanted to know.
- z. D. Reimer had put the funding question on the projector for the public and Board to review. Chris McAnany had just joined them with his suggested revisions of the question.
- aa. C. McAnany apologized for being late and handed out copies of the suggested re-write of the grant scoring question to the Board and public in attendance. C. McAnany said he modified it to read: Excluding the funds sought in this grant application, have all funds needed for the completion of the project been secured from other funding sources or funds held by the applicant? If the answer is no, please provide all details as to the source(s) of the funding requests, the amount of all other funding requests needed for the completion of the project, and the date(s) when the applicant will know if those funding requests are approved. Note: a "yes" answer would result in 10 points; a "no" answer would result in a score of something less, depending on the reviewer's assessment of the strength/weakness of the funding contingency. C. McAnany said how you score is entirely up to you, these are just suggestions.
- bb. D. Ludlam said he liked the suggested question and scoring. He said he sometimes struggles with how to score this question, because of all the variables, and this makes the scoring process for this question clear.
- cc. C. McAnany said he thinks this would be the better way of having to weigh through any speculation of funding for projects, and would leave the burden not on the Board to guess, but on the applicant to disclose.
- dd. B. Phillips asked why the Board would entertain any grant applicants who do not have their funding secure? If they don't have all their funding in place, having the Districts money, has that been a beneficial thing for receiving other grants?

- ee. D. Ludlam, said he can paraphrase Rich Sales who explained the DOLA process. The smaller local governments, who are strapped for a lot of cash, need to show partnership and other grant funds in order to leverage the larger state grants.
- ff. B. Phillips asked what is the long term strategic plan for the District? She thought you wanted to invest and had talked to D. Ludlam after one of the meetings. At some point, you're going to have to set aside money so you can invest it. She would like to see the District set aside between 80-100% of the funds of one year to invest. You don't make a lot of money on small amounts investments. You need to have that money for the District to invest.
- gg. D. Ludlam said for the first time, he believes he and Ms. Phillips agree on something. He said that the Investment Policy would be discussed next. They are still trying to determine the grant application itself.
- hh. L. Stewart said he likes this more than what they have been working with now. This would tell the applicant right off the bat that the question/answer is pretty specific for the applicants. They would know very clearly how that question on the application would be scored.
- ii. C. Springer said it becomes incumbent upon them to score down, because if everything is an 8, 9, or a 10, then they didn't accomplish anything.
- jj. D. Ludlam asked if there would be a possibility to have an applicant submit a letter from DOLA saying they have unofficially be approved for a grant, to help boost the score of the applicant on that question? Are there other triggers with the DOLA process we can consider?
- kk. L. Stewart said usually the staff conducts recommendations, before the advisory committee, and is very important, because whatever the committee recommends is what the Advisory committee approves. The staff has studied those applications and they know them front ways and backways and a letter from them might be a better piece of information to support an application.
- ll. D. Ludlam asked, "That's not the Advisory Board, but the Staff Committee?"
- mm. L. Stewart said the staff makes a lot of those advisory decisions. They prioritize by cities and region throughout the state. They take a lot of the heat.
- nn. D. Ludlam asked for further public comment, and received none. Turned it back to the Board and asked about the new suggested language change.
- oo. C. Springer said he liked it.
- pp. J. Justman said he thinks it's better than what we currently have.
- qq. We will defer a decision to the Board meeting at 2 pm to take action.

IV. General public comment on Investment Policy draft.

- a. D. Ludlam said C. Springer introduced this Investment Policy last meeting for a preliminary public review period.
- b. D. Reimer said we received one public comment via email and it was from Lance Stewart, from De Beque.

- c. D. Ludlam said the one written public comment was how do you plan to fund the investment advisory fees? D. Ludlam said it would go out as an RFP we will see what we get back and select the firm that has the lowest cost.
- d. C. Springer said it would be a fee based advisor, not a commission base.
- e. L. Stewart said his concern was that if you only have x amount of dollars to work with that is invested in a certain investment that is giving back a small profit, and his fees are more than what you're getting out in the first place, negates the point of the investment. His thought would be the advisor would do it on a pro bono basis, which would be nice, and/or a flat fee. That gives you an idea of how much of a return to make to cover the advisor fee and make it worthwhile for the District. This was my only concern, based on personal experiences.
- f. J. Justman asked if there was a cap on the investment—didn't we set it at 50% of the funding?
- g. C. McAnany said that's correct, only 50% can be invested.
- h. B. Phillips said that might cap you.
- i. J. Justman said we didn't have to do the 50%, we could do less.
- j. D. Ludlam asked L. Stewart what kind of a response would you get from his town board knowing that up to 50% of the funding would be invested to create a larger fund so that maybe ten years down the road, that could really create larger funding opportunities to do something great for your community?
- k. L. Stewart said he would think that the administrators would just tell their boards that there is only a small amount of money to go after and they would be good with that. Most elected officials understand that. Most organizations have rainy day funds.
- l. B. Phillips asked what kind of treatment has the Board gotten in the past from grant applicants who were denied funding? She asked had anyone ever called and yelled at the Board?
- m. C. Springer said he has never had any bad experiences with anyone who did not get an approved application.
- n. B. Phillips said she had not either. But that most of the people that apply for the money understand that the funding is finite. She believes that the longer term is important because we do not know how long we can continue to benefit from these resources. While we have the funding, let's take control of it, which to her, would mean sit out some grant cycles and invest the funding now.
- o. Janet Johnson, a community member, said she struggles with permanent funding. She understands the long-range funding idea, but she thinks the Board needs to look at where they have been, through the years of the District's existence. She said she had looked extensively at Garfield County's District and Weld County and how they have saved money, but she thinks the struggle goes back to number three on your mission statement. That Mesa County take the federal mineral leasing money and know that we are different that Garfield and Weld county, and sat at a Board of Commissioners meeting in February 2016 and there was a request to repair a road, because there had been a fatality on that road. This road was also a heavy industrial use road and

Commissioner Justman said in his denial of that request, that the county just doesn't have the money. They were asking for a little over \$2 million dollars. To her, the District has gotten so far away from the 1928 Federal Mineral Leasing Act, you know what that is. To address the impacts to areas affected by federal mineral leasing areas by money. When we talked about addressing the positive social and economic impacts from Mesa County, as the expenditures of our money, we know that Garfield County respectfully declined the request by Colorado Mesa University to build that \$1.6 million Unconventional Energy Center. When I think about people asking for funds, in our Mesa County community, the only place that has enough funding to really have a shovel ready project is CMU. The City doesn't have any funding, the County doesn't have any funding, and I do think there needs to be a balance. I agree with you there needs to be some funding set aside. But, when you look at the expenditures of Garfield County, they haven't spent a lot to enhance the community. You all have said they have saved money back, so that they can help a group on this question of do you have enough funding to complete this whole project, Garfield County is really in the business of trying to really help projects happen in their County, for their County, for the impacts. I think we really need to take a sincere look at Mesa County at what happened. I understand what happened and how big of a role Craig Meis had in that decision. But, I cannot see, denying a little \$2 million road project, when you've given away \$5 million to CMU to things that were not impacted by the energy industry. I see the need for a balance there. Are you all familiar with what Weld County does with their federal mineral leasing district money? They put it right into their financial base, they do not have specific board meetings. Until recently, it went exclusively for roads. They said it was the only thing they felt they could do, because they did not have the money to resurface that. CMU has the money to provide for the school district. So, I would like you to look at how can you really help the City of Grand Junction and the County and these different agencies to accomplish goals. I think we need to look sharply, not at just trying to enhance something that is kind of a pie in the sky thing. I do struggle, I guess off the top of my head, I estimate that CMU is making \$100,000 interest, or has been, off that \$1.6 million investment. But you didn't invest anything like that in the City, you didn't invest anything like that in the County. How can you go forth and really rebalance this with the severe impacts that we have in our County? I hoped that's what you would be about. Rather than trying to just play games. I do resent, when I see that oil and gas industry has enjoyed a research project done by CMU, I do resent when you have an energy industry expo in Garfield County and CMU was one of the largest sponsors of that. CMU is a university should be educating its students, it shouldn't be a big player in the economics or impacts of the energy industry in this town or in our community. And I think you have an opportunity here to rebalance what happened and look at that sincerely, and I would suggest to just take that out and just go back to the federal mineral leasing district. When you look at the mission statements for both Weld County and Garfield County, they are both very direct about being actual federal mineral leasing law. It's not fancy wording about Grand Junction Economic Development Council or whatever and deciding how much is going where. The County is cutting staff, services, hours, because they have no monies, and how do we balance something to make something happen for them. I do not want to see a road denied where there has been fatality, where there has been industrial usage of that road. But then, why do we have money then, through the county, who really controls this group. And we all understand that. Why aren't you being an advocate for the roads in this

county? Instead of being an advocate for an investment for research and lobby of the legislature and CMU. I'm really asking you to look at that sincerely.

- p. D. Ludlam asked, for the purposes of the minutes, what her name and affiliation was.
- q. J. Johnson said her name was Janet Johnson and she resides at 2037 Wrangler Court. I'm a resident of Mesa County and supposed to be a recipient of whatever these federal mineral leasing act can be to my county.
- r. D. Ludlam thanked Ms. Johnson for her input and asked if the Board had a response. The Board members declined a response to Ms. Johnson.
- s. B. Phillips said she has spoken with several people within the city of Grand Junction and Palisade and said there is still resentment about that \$1.6 million going to CMU. That is a done deal, there is no getting it back, so how do you balance the future. If you're only going to get \$750,00 a year, how do you rebalance that to fund large projects which are road based, which you know we need to have done.
- t. D. Ludlam said he would like to respond just briefly to a part of the comment. Staff put together a really great presentation that what the MCFMLD has accomplished over the Districts years' of service. He said he thought she would be surprised at the diversity of how the funding has been spread throughout the entire county. He said the way that she inferred, the way she stated it was, "We were playing games," He takes exception to that. He would advise her to look at the report our staff put together and come back to the next board meeting.
- u. J. Johnson said she has studied what the MCFMLD has done extensively.
- v. D. Ludlam said that he needed to close public comment on this issue. He said that unless there is further public comment that pertains to the Investment Policy that we do only have 8 minutes left before we convene for the Board meeting and we need to get back to that public with that item of the Investment Policy. Is there any further comment on the Investment Policy draft that has been posted for review?
- w. There was no additional public comment on the investment policy.
- x. D. Ludlam said there would be an opportunity for additional public comment during the regularly scheduled Board meeting that takes place immediately following this Public Workshop meeting. Do we want to extended public review of the policy?
- y. C. McAnany said he was asked by C. Springer to make some adjustments. C. McAnany handed out copies of the new draft to the Board and public in attendance. Advised the Board not take action on the policy at this time, but wait to get as much public input as we can. C. McAnany added any specific legal requirements that were built into the legislation be added to the policy to make it compliant.
- z. B. Phillips asked what does that mean fiduciary?
- aa. D. Ludlam asked public comment to be held until we can get through the review and then we would go back and address questions.
- bb. C. McAnany said the legislation mandates that the board act in conformity with the statutory standard. This is a living document that needs to be updated and reviewed continually to manage the policy and funds. The changes were minor, but wanted to see everyone's thoughts overall.

- cc. D. Ludlam thanked C. McAnany for making the changes. D. Ludlam asked if the Board had any comment on the changes.
- dd. C. Springer said he liked the changes.
- ee. J. Justman also liked the changes made in the draft policy.
- ff. D. Ludlam asked if there was any public comment on the changes.
- gg. B. Phillips said this goes back to the by-laws that there is no statement that protects you guys personally. You guys are going to be responsible for the IPS, and making decision on the IPS. If something happens and all the money is lost, you need some statement in the bylaws that keep you and your personal life separate from the professional part of it. Did I miss that Chris?
- hh. C. McAnany said he was not aware that there is an indemnity clause.
- ii. D. Ludlam asked if the Board of Directors insurance policy covers that?
- jj. C. McAnany said he needed to look at the policy. He said they are standard to Boards working with their high standard and working consistence with your policies and you are not directing investments to your brother-in-law who has a hot stock tip. You would be covered by a policy. He will check the errors and omissions policy on this.
- kk. D. Ludlam we will come back to you, but would like to stay in line with what we have posted and would like to adjourn this session and come back to this for public comment with the Board meeting.

V. Motion to Adjourn.

J. Meeting adjourned at 2:04 p.m.

Notice of this meeting was posted on July 10, 2017, on our website at www.mesaFML.org and at Grand Junction City Hall, 250 N. 5th Street, and at the Mesa County offices, 544 Rood Ave, Grand Junction.