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BOARD OF DIRECTORS MEETING

Date and Time: 2:00 PM on Wednesday, January 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
Benita Phillips
Richard Rupp

Meeting Minutes:

- I. Call to order at 2:00 p.m.
- II. General Public Comment.
 - a. Benita Phillips, community member, said Dusti Reimer has done a good job of putting up all the meeting minutes on the website from the years 2011, 2012, 2013 meetings. There are meeting minutes missing from 2011-the November meeting minutes said they approved the meeting minutes from August 12 and September 14, 2011.
 - b. D. Reimer said she was going through all the meeting minutes from the previous files to find them, but she was having trouble locating the minutes. She would continue to work on locating those meeting minutes to get them up on the website.
 - c. Public Comment Closed.
- III. Adoption of the November and December Board Meeting Minutes.
 - a. C. Springer has a correction, first paragraph on page 4, where it says, "C. Springer and J. Justman denied having additional comment." C. Spring said he and J. Justman either have a comment or they don't. This need to say deferred having comment.
 - b. Motion to approved by C. Springer, second by J. Justman. Voted. Approved.
- IV. Review and adoption of Spring 2017 Grant Application.
 - a. D. Reimer presented the updated application for the Spring 2017 Grant Cycle. The only change made to the forms, besides when applications are due, is the included text about accepting applications via email. Applications available Feb. 1, and due in hand or in email In-Box by March 3rd at 3:00 p.m.

- b. D. Ludlam said the feedback from the applicants was overwhelming in regards to having the application be allowed to be submitted electronically. D. Ludlam asked if there was a way we could submit through an electronic portal through the MCFMLD website.
 - c. D. Reimer said she thought the website portal could be done but not sure if this is something that could be done by the fall grant cycle. Emailing the applications was the first step.
 - d. D. Ludlam closed the board discussion and opened it for public comment.
 - e. B. Phillips, community member, asked what program are they using to do the application forms.
 - f. D. Reimer said the forms are downloaded from the website and are either PDF or Word documents. They can fill out the application, save and email it back, or print it.
 - g. B. Phillips said, with the Adobe program, it sounds like it is almost immediate.
 - h. D. Reimer said I believe what D. Ludlam was saying was to have a fillable online form template, like the contact us page on our website. Currently, the applicants still have the process of downloading the forms, filling them out and submitting them. With doing an online portal, you would fill it all out online right there and hit submit.
 - i. B. Phillips asked why there would be any delay, if they are already using the Adobe program.
 - j. S. Olsen commented that what D. Ludlam is saying currently the basic Adobe programs don't send the forms to a Dropbox location for the board to review. They still need to save the filled-out forms and take the extra steps to submit them.
 - k. D. Ludlam closed public comment.
 - l. Motion to approve Spring 2017 Grant application by J. Justman. C. Springer second. Voted. Approved.
- V. Consent agenda and Staff Updates:
- a. D. Reimer shared a presentation of the consent agenda which included the final grant payment for two grants; 2015-FT-03 Plateau Valley School District 50 Heating and Cooling Upgrades for \$296,603.00; 2016-FM-04 Palisade Rural Fire Protection District for Two Cardiac Monitors for \$49,950.74
 - b. D. Reimer shared the MCFMLD had great media coverage with the local newspaper, and two television stations covering the Palisade Rural Fire Protection District receiving their two new cardiac monitors with the MCFMLD grant money.
 - c. D. Reimer presented the three current bills needing approval for payment were: Eide Bailly - \$5,201.09 for accounting services May through November; Dufford, Waldeck, Milburn & Krohn - \$2,500 for legal services in December; Dusti Reimer - \$2,531.98 for services, advertising and supplies for December.
 - d. D. Reimer also noted that the board needed to approve the November grant payments and bills. Upon doing the meeting minutes for the December meeting, they Consent Agenda was discussed and everything was agreed that it looked good for payment, however, there was no formal board approval.

- e. D. Reimer pointed out the upcoming events: February 1st the Spring Grant Cycle opens, February 8th is the Board Meeting, and February 24th D. Reimer will be doing a community presentation to the Mesa County Communication Officers Association. She stated that some of the public comments made at the Mesa County Commissioners meeting, she noted there are two challenges facing the MCFMLD at this moment. The first is letting the community know who we are and the second is letting people know what we are doing with the grant money that is awarded and how it is being distributed throughout all of Mesa County communities for use.
- f. Motion to approve the staff report and the action items from the previous month by C. Springer, second by J. Justman. Voted. Approved.

VI. Staff Updates.

- a. C. McAnany drafted a bill and submitted it to the legislative counsel office with Rep. Willett. C. McAnany took the lead and drafted the initial bill. After submitting it to the legislative counsel, they reworked the drafted bill. The drafted bill was circulated to the board, and there were a few questions that were raised by the legislative counsel that need to be addressed and C. McAnany would help walk everyone through the drafted bill and the questions. Rep. Willett has been great to work with. C. McAnany said after he walks everyone through the bill, the board would be able to address any concerns or questions that might arise from the district standpoint or for the other districts as a whole.
- b. C. McAnany stated that the bill started in out in 1307 with language that said among the powers of the district, the board may elect to invest all or a portion of the funding they receive as specified in the statute. Language that says authorizing an investment program, provided the funds will be held in an established account, established by a resolution. The pre-requisite is that any district that would elect to participate, would be required to enact an investment policy, consistent with similar practices with investment authorities. The districts talk about their investment objects and what their risk tolerance would be, projected rates of return on plans and have a public process where the districts would review this annually, so it would stay current and the districts would be allowed to make changes and necessary to meet the goals set up by the districts. The districts would also be required to report annually on the funds and show the returns, investment costs, and so forth. The board would act as fiduciaries. This bill would require districts to retain investment advisors and would be pursuant to an open, public and competitive process with an RFP for investment advisors. The board is also forbidden to have invested interests with the funds. This bill is broadly worded. C. McAnany anticipates it would be self-policed by the individual counties. The bill also included that there must be funds on hand to cover all the current granted awards and budgeted services.
- c. C. McAnany said there was discussion about putting a cap on the amount to invest, but there hasn't been any wording put into the bill yet regarding that. It was discussed that the financial investment fees would not count towards the 10% cap in place for funds now.
- d. C. McAnany said the range for investments currently is very limited, and in looking at other public entities and their investments varied widely.
- e. D. Ludlam opened public comment.

- f. B. Phillips, community member, said that the MCFMLD has really worked hard to establish the district and make this a smooth process. Her question is if the board takes this extra responsibility on and something happens and the district loses money, if they knew that they would be the recipients of ill-will? She would hate to see that happen and it concerns her, because she knows the work they have all put in, to make the district go in the right direction.
- g. D. Ludlam thanked Benita for the concern, and then closed public comment.
- h. J. Justman said he didn't feel comfortable with any risky investments.
- i. C. Springer said there are certain interest rate risks in US Government investments and not all state bonds are created alike. The financial downturn taught everyone that you cannot rely on S & P's. If we decided that we would invest half of the funds we receive each year, and we get a minimal return on the funds, then it will be years before we are able to do any good with that money. This board understands, looking at the investment categories the risk, however, there might be another mineral lease district that has bad advice on investment funds.
- j. C. McAnany said the existing law allows us to invest in a public depository that allows minimal returns. The existing law says we are allowed to choose what funds we disperse year to year. If the existing board wanted to bank the money given to us for the next three years, they could. They wouldn't be allowed to get any returns on that money, except earned bank interest.
- k. C. Springer wanted to eliminate number two investment option-state or municipal bonds. Municipal bonds is tax-deferred status and we do not need that. From his understanding, that state doesn't issue bonds.
- l. C. McAnany said some state institutions do issue bonds, like Colorado Mesa University.
- m. C. Springer said the annual reporting is a question-does the board get one report a year, or the state needs one report?
- n. C. McAnany anything is public, because it's public money. His idea was that the investment advisor would give the district statements and at the end of the year we would evaluate the performance and revisit the strategy of investment. These would be adopted formally and available for public record.
- o. C. Springer said he agreed with visiting with the investment policy annual, but the reports need to be at least quarterly. An investment advisor needs to be on the hook with providing quarterly statements. Also the 10% restriction is an issue, if we are successful to build a fund these fees on this fund will overshadow the 10% annually. So, the investment related costs would be excluded from the 10% cap.
- p. J. Justman stated that presently we don't have huge amounts of money coming in. He understands the concept of wanting to invest, but we aren't handing out money to mediocre projects, and the projected forecasts for the next year or two don't look like we're going to have a significant increase in funds coming in. However, the grant requests for legitimate projects are increasing in our county. He wants to be able to hand out money now, because we do not have very much of it. Also, if it sounds like we are going to have a very small return, but more work, then is this really worth all of this to get a smaller amount of money over the next 10 to 20 years?

- q. C. Springer said if we got this fund up and going, then it would start to provide some flexibility. He wants to fund projects that matter. This last grant cycle, we funded a squad car. This is a depreciating item. He understands this was a valuable need, but the point is, how do we fund large items that matter, if we don't put the funding aside. The other point is we do not have to use this, but it would be nice to have it as an option.
- r. D. Ludlam stated that they started this process a year ago. Every state that has natural gas and oil has set up a permanent fund of some kind-except Colorado. Our legislation has become victim to spending all the money the moment it comes in every year, and the reality is these are one time royalties. Once the money is spent-that's it. If our state and our special district saved a little and created our special district funds, in 30 years we might have \$20 million saved to fund many projects. We have municipalities that came into our workshop that said this makes sense to do, and we are following through with this. We are trying to create a model to show the local level and state level governments, how a small amount invested over time can do larger impact.
- s. Benita Phillips interjected with a question about a specific percentage of funds designed to invest.
- t. D. Ludlam asked to hold public comments and questions until after the board discussion was over.
- u. D. Ludlam said that the current board might not see the total benefits of it, but 15 years from now that board might have significant funds to do major community impact with, and look back and thank them for getting this started now. We would be willing to accept the risk that the same PERA portfolios have. If we could start saving now for a rainy day. When natural gas is gone, we'll still have a pot of money paying for schools and infrastructure. And like it was stated before, we don't have to do this, but it would be nice to have the option.
- v. C. McAnany said you can start small. You don't have to invest it all at once. You may have community need that trumps an investment one year. I see this Board as being very responsible and flexible to continue to meet the needs of the community.
- w. D. Ludlam opened up public comment.
- x. Benita Phillips restated her investment about question.
- y. D. Ludlam said about a year ago they had asked C. Springer to come up with an investment plan. It would be a small portion of the money would go into a fund.
- z. B. Phillips said that a return of 6% would be an amazing return. Does the district really need an investment company to make these decisions, or can't the board do it.
- aa. C. Springer-no, we would not be the people you want choosing the investments. The board is not the investors, we would have to draft the investment policy and get the reporting from the investors to make sure everything is going well.
- bb. B. Phillips said she was just concerned that the board might be complicating their lives with this, but you have been looking at this for a year.
- cc. C. Springer said we would be looking to add more work, but this could be really, really good for the community.
- dd. B. Phillips is this something that only our district will be able to do?

- ee. D. Ludlam actually this would be available for the other districts as well. D. Ludlam asked D. Reimer to go ahead and contact the other mineral lease districts and the Special District Association and let them know that there is this bill looking to get introduced to have them on board as well. What are the next steps to get this moving.
 - ff. C. McAnany stated we have a few days left to get this done. This has to be introduced by January 30th, for consideration. There are a few updates to this he will do to the bill since we've had this discussion-remove the investment cost being counted as part of the 10% cap and changing of the investments listed, and tighten up the reporting language like C. Springer had suggested to at least quarterly statements with no less than an annual review of investments. C. McAnany said he would circulate a relined draft with these changes before submitting to legislative council.
 - gg. D. Ludlam asked D. Reimer to contact the districts and the special district association in regards to this bill and if they have questions to reach out to us directly. The board has also done their due diligence in notifying to the public-they met with the commissioners, had three meetings discussing these items, and also had a workshop discussing these items. We also would like to schedule an editorial with the local newspaper to discuss this new legislation we are trying to introduce.
 - hh. D. Reimer said she had contacted Rep. Willett, but that he could not attend this meeting because today was opening session. He would be open to calling in maybe in February.
 - ii. S. Olsen has the budget resolution that needs to be signed by the board so it can be submitted to the state.
 - jj. D. Ludlam stated that D. Reimer had submitted a work template, but misspoke and we need a workplan put together for her scope of work.
- VII. Unscheduled business.
- a. C. Springer said his term expires within a couple of days from now. We need the county to do whatever they need to do to replace or re-appoint him. We also need to elect officers at the next board meeting.
 - b. D. Ludlam asked D. Reimer to follow up with the county to make sure they follow up with the board appointments
- VIII. Motion to adjourn from C. Springer, second by J. Justman. Voted. Approved.
- IX. Adjourned at 3:10 p.m.