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BOARD OF DIRECTORS MEETING

Date and Time: 3:00 pm on Wednesday, March 17, 2021

Location: Home Loan State Bank Community Room (Replay on our YouTube Channel)

Attendees:

Matt Rosenberg
Craig Springer
Quint Shear
Dusti Reimer
Janet Rowland
John Justman
Christine Madsen

Agenda:

- I. Call to Order at 3:04 pm.
- II. General Public Comment.
 - a. Craig Springer said prior to John's appointment to this board, we had met at different things, but I had never gotten the opportunity to get to know him and Francis. I got to know John much better because of his work on this board. He has made us better. He has always been a quality honest person. Interestingly enough, like all of us, he would come into an issue with an opinion, but he was always willing to discuss that, and there were sometimes maybe other board members went the other way and John went the way of other board members, but it was always an open flexible discussion that would make Mesa County better and the right thing to do. I will always remember John's penchant for the little guy. What makes us feel really good on this board is to build something big. To make that big contribution and make a difference with that entity, whatever it was. John not sometimes, not every now and then, always, every grant cycle, advocated for the small grants. The little ones. The one that can make a real difference. I remember a Saturday a few weeks ago, when we were going to our place above Somerset, we were between Whitewater and that subdivision out there. There was a lot of smoke in the valley and here comes a tanker with our logo on it. Here comes Lands End Fire Protection District coming for this fire, and I was advocating for a bigger grant or not doing anything at all, and John was advocating for that tanker. He

said it was used by all those fire departments. And I said, John Justman was right. That truck right there, if it hadn't been for John Justman, it would not be responding to that fire. Always advocating for the little guy, always trying to spread the wealth around to every corner of this county to make things better. Thank you for your service to this board, it has been greatly appreciated.

- b. John Justman said the thing that always impacted me was that one line the mandate that says the money should go to impacted communities. I always tried to remember the organizations that don't have a lot of money to spend. Like Lower Valley Fire. Every call, they have to respond. I would call to tell them I was going to burn, and the next day someone called it and said there was a fire. They would show up. I told them I called you and told you I was going to be burning, and they said it didn't matter, they had to respond. When you think about all the wear and tear and unnecessary mileage, they deal with on their equipment it all adds up. It was fun. And I thank you for all the Board members, and thanks for putting up with me.
- III. Approval of the February Meeting Minutes.
- a. C. Springer made a motion to approve. J. Rowland second. Voted. Approved.
- IV. Staff Report.
- a. D. Reimer said in February we did our traditional social media postings for the meeting minutes being posted, we uploaded our February meeting to YouTube and Facebook Live streamed the meeting. We also posted the March meeting details, along with the link for the RFPs for Audit Services and when they were due. We did not have any media at this time. We do not have any grants payable at this time either. Our invoices for February are for Dusti Reimer, invoice #156 for service and supplies for \$2,705.97, Dufford Waldeck invoice for service for \$199.50. Our upcoming events are the April 21 Board meeting, May 19th Board meeting and we should be starting our Audit soon. It will be due July 31st. May and June will be audit time for us.
 - b. J. Rowland made a motion to approve the invoices. C. Springer second. Voted. Approved.
- V. CSD Insurance and Special District Association Membership Review and Discussion.
- a. D. Reimer said last month we talked about the Philadelphia Insurance policy we renewed. It was for \$2,600. We were waiting on the Colorado Special District Association quote before we considered renewing our membership and we did receive our insurance quote from the CSD. As you can see on the screen it is considerably higher than the Philadelphia Insurance Policy. The estimated amount is \$4,100. If you are interested, we can still go that way. That also means we need to renew our SDA dues, because we were waiting on the proposal. The dues are based on the amount we make a year. It could be anywhere between \$400-\$1,000. My recommendation would

be to not go with this and also with the budget restraints, not continue on with the SDA for this year.

- b. C. Springer said he is recusing himself from all discussion about this.
 - c. Q. Shear said the motion would be to discontinue our membership to the SDA association and go with the Philadelphia Insurance?
 - d. D. Reimer said we already did go with Philadelphia Insurance. You approved it last meeting and it was paid. This would be to not continue on with the SDA and not accept their insurance quote.
 - e. J. Rowland made the motion. Q. Shear second. Voted. Approved. Craig Springer recused himself from the vote.
- VI. Review submitted RFPs for Audit Services Discussion and Approval.
- a. Q. Shear said the background is as our income from DOLA has gone down, we requested from our service provider to look to cut their costs because we were bumping up against that 10% restriction. We asked Chadwick Steinkirchner to look at their audit and see if they could do it for less. We kind of got the run around from them. They were not interested in that. I did talk to Orville Peterson and asked them a chance to rethink that, and he said they were so busy and losing so much staff they didn't care if they kept our audit. We put it out for RFP. Were they late getting it out last year?
 - b. D. Reimer said they were right there on the cusp. Everything was last minute.
 - c. Q. Shear said if the RFP doesn't work out, Chadwick Steinkirchner said maybe they could do something.
 - d. D. Reimer said Lisa's response to the RFP was they couldn't do it any cheaper than they already were so they would have to pass on this.
 - e. Q. Shear said I understand they have lost a lot of their audit staff. Which means they probably have more business than staff. We did put them out for RFP.
 - f. D. Reimer said we received two responses. I did contact both of them, and one other one in town Dalby Wendland, and I emailed everyone, and I got two emailed responses from Sorenson, Donnelly and Patterson. The other response was from Paul Miller.
 - g. Q. Shear said I did talk to Danny at Eide Bailly, and they recommended, for small audits, they recommend to both those for small audits.
 - h. D. Reimer said they were both responsive and in fact had even asked this morning if there was an award yet. They are very on it. Patterson proposal said his audit fees would be \$3,500 to \$4,000 unless there were unexpected circumstances. They estimated between 23-27 hours of work between Dave and his auditing partner Willy to complete it. They have done GJEP, CASA, CMU Foundation and Habitat for Humanity. There was also a peer review letter written in support. Paul Miller, his proposal came back with showing he's done audits for Clifton Fire Protection, Glenwood Water and Sanitation, Clifton Sanitation. His rates are \$130 per hour and Paul would be on the

audit. HE proposed the first year would be \$5,000, the second year would be \$5,100 and the third year would be \$5,200.

- i. J. Rowland said with the first one and CASA using them, that they were very good. We were told that others could charge up to \$6,000-\$8,000 so it was a good deal. But what I will say with the second one, he has a lot of experience with special districts. It's unfortunate that his is that much more.
 - j. C. Springer said he is not familiar with either one of them.
 - k. Q. Shear said they are the small auditors of the town. I've been on three boards they have both audited and when the time expired with one, we went to the other. When I Was with Grand Valley Transit and they did both of them. They both have done the foundation and I know Dave has done GJEP. It was timely. They are pretty equal there. They've both been recommended by Danny. I don't see the need to spend the extra, I think they're both capable of doing the audit. Dave is precise about it. That is my thoughts on it. Did we get any others, Dusti?
 - l. D. Reimer no. But this is more than we got last time. Chadwick Steinkirchner was the only one that applied last time.
 - m. Q. Shear said Dusti went out a littler farther than last time and emailed some auditors before.
 - n. D. Reimer said I had never heard of them and they never showed up when I googled.
 - o. Q. Shear asked for a motion to choose an auditor and if there were any reasons not to use Dave Patterson?
 - p. J. Rowland made a motion to accept Sorenson, Donnelly, and Patterson auditors. C. Springer second. Voted. Approved.
 - q. Q. Shear asked when the audit was due.
 - r. D. Reimer said July 31st.
- VII. Review of Financials.
- a. C. Madsen said for our balance sheet as of February 28th we have \$931,809.67. For the permanent fund we have \$2,025,628.08. Under grants payable we have \$338,400. For net income we have \$15,621.01. For profit and loss, we had legal fees of \$503, contract services of \$2,666, dues and memberships of \$39.97 and insurance of \$2,601.00. Realized gain for the perm fund of \$30,486.51, with interest of \$0.13 and dividend income of \$948.80. Accounts Payable we have \$50,000 to the City of Fruita, \$88,400 to Colorado Mesa University, Grand Junction Police Department for \$150,000 and the Lower Valley Fire Protection District for \$50,000. For budget to actual, not much has changed, the only thing that changed was the contribution to the permanent fund, but everything else is still pretty much under the budget.
 - b. Q. Shear asked if they had any questions. Dusti what are we waiting on from the college?

- c. D. Reimer said we aren't waiting on anything, they just have to submit their paperwork for reimbursement. The police department and CMU have two years for reimbursement.
- d. C. Springer made a motion to approve the financials. J. Rowland second. Voted. Approved.

VIII. Review of the Investment Accounts.

- a. M. Rosenberg said the current balance as of close today is \$2,073,000. We are just shy of two percent and 8.2% since inception and equity allocation is about 62.5% percent right now. I'll leave it at that unless there are questions.
- b. Q. Shear said thank you.
- c. M. Rosenberg said the fed met today and announced interest rates and where they are and don't anticipate a raise until 2023. It's interesting because there is stating to be the discrepancy where people always thought the fed controlled the interest rate which is what most people know that isn't the case, but the market always felt that way and now you're starting to see interest rates still creep up and they re committed to keeping them low. It will be interested to see if they implement the bond by back program that they committed to earlier.
- d. Q. Shear asked if there was any other risk he foresees in the next few years?
- e. M. Rosenberg said we index a lot and so I think it's been a good thing to do for sure for the last 15-20 years, but the tech sector, I'm not going to say those companies are way over value, but many will take a long time to see realize that value. A lot are selling for 100-200 times their sales which is where some of those are right now, you know they may be good companies, but if you buy it at that price it will take a long time to realize that value. I guess the value is probably the play right now, but that's where people are going is just more value. And you start seeing inflation with Coca-Cola, McDonalds, General Mills these are basic consumer staples, there are energy and things I don't like to bet a lot on in portfolios. Once people start flying again and traveling over the summer, I think energy will be back. It's already at \$63-64 a barrel. Those companies are way cheaper than the tech stuff. It kind of make the case to start beta replicating the portfolios. Right now, it takes tech makes up 22% and tats a mark cap waiting, because they're so expense and take up a higher percentage and I think it should be less and knocked down to 12%. Where energy is only 2.5% and that's crazy to me, they should be 5-6%. I think there is a lot of tech stocks that will change the way we live, but some of them will realize that and some wont. And I don't want to be caught in the shot gun approach and buy them all. I guess the one thing would be the value. The other one is with interest rates on mortgages backs. I think they have a perceived level of safety. But a mortgage back duration looks like it's really short, but that's because people have been refinancing their mortgages every 2-3 years. For the last 6 months we have been

trying to get out mortgage backs, because rates, you know is not going to be an advancement in the marketplace. Mortgage backs looks like 3-4 duration right now, can't wait until next year or five years from now when you know they look more like 15-20-year duration securities. We are reduction exposures to treasuries. Mortgage backs take up 20% of the bond market. I think in our portfolio they are about 2-2.5% so we are way underweight, but I think that's good. We have replaced that with TIPS. The total bond we use is a blend of corporate high yield referred, tips and some mortgage backs. If the total bond market, treasuries are 40% of the market. I think that's riskier going forward.

- f. Q. Shear said unfortunately Craig and I have been around long enough to see what happens to mortgage backs and tech stocks. We've seen that before.
 - g. C. Springer said same movie.
 - h. M. Rosenberg said they say the four dangerous words in finance are, "but it's different this time."
 - i. Q. Shear asked if there were any other questions for Matt. There was none.
- IX. Discussion of Op Ed.
- a. Q. Shear said he has to apologize. He was out of town when the discussion was going on in the emails back and forth. I wasn't ignoring you, but your emails were also in my junk email. I was getting this one-sided conversation from Dusti.
 - b. D. Reimer said it's an overwhelming discussion I could use your input. Janet and I had sat down and talked about some issues and it's not cut and dried like I would like it to be. So, I'm not quite sure how to steer it and where to go and what to include, what to take out and where to go. I have a rough draft that's all-word vomit.
 - c. J. Rowland said it was well written word vomit.
 - d. D. Reimer said it was confusing to read. I don't like reading policy.
 - e. J. Rowland said it was suggested by Rose to show the impact of the Governors and President decisions and edicts and how it affects us locally and the fire departments and things like that. The target audience being the average voter, to which there is not much they can do about it either way. They could call the governor. I'm kind of stuck at this, it's really hard to explain and what will be the value of what comes out of us doing this.
 - f. Q. Shear said you know to avoid the entity from becoming too political I think all we can do is talk about the benefits that come from what we're doing with that money. Unfortunately, you can say this is all caused by politics, some of our decreased in funds, is not necessarily too. Some of it is commodity pricing, but it will affect us down the road if this doesn't change. I think a good Op-Ed about the benefits that have come from the Federal Mineral Lease Act. States and municipalities get 38% of that money. The rest goes back to the Department of Interior.

- g. D. Reimer said I saw that was a 50/40 percentage.
- h. Q. Shear said we can talk about that money that comes to us as a District and as the state.
- i. C. Springer said I agree. I think that's good.
- j. Q. Shear said we get too far into politics and regulatory environment we'll get ourselves down in a rabbit hole. Now that I'm back in tune with what's going on and you want some more input, I will provide that.
- k. J. Rowland said maybe focusing on fire departments and schools because everybody utilizes those.
- l. D. Reimer said 22 of the 66 grants have gone to fire departments. So, 1/3 of our grants have been awarded to local fire departments.
- m. Q. Shear said one thing you could focus on are projects that have been funded that are currently on leased land like the Palisade Plunge. It goes through lands that are currently leased out. Not only did we provide parking, or provide funding for that trail from lease money, but that is currently leased, and that company provided their EPA study to save them two years' worth of time and money. Did we ever provide funding for those 18 Rd. trails?
- n. C. Springer said no.
- o. Q. Shear said a lot of that is on leased land.
- p. D. Reimer said but the fire departments that service those injured bikes received mineral lease money.
- q. Q. Shear said that's right. We look at the majority of the lands around Mesa County have the federal mineral that have been leased at one time or another and have surface use.
- r. J. Rowland asked how long the district has been around-2011?
- s. D. Reimer said 2011.
- t. J. Rowland said if we aren't taking a political stance, maybe do a story that's a little more interesting.
- u. C. Springer said that's a great idea.
- v. D. Reimer said that would be a lot better.
- w. Q. Shear said that sounds like the right direction.
- x. C. Springer said I'm trying to remember-I don't remember we ever funded the Palisade Plunge. I remember the City of Palisade had a grant request out there for the parking area at the end of it. But we didn't fund that.
- y. D. Reimer said we didn't fund that, but DOLA did. I believe there is still money that came to the County. The County had to be the receiver for the money for the Palisade Plunge.
- z. Q. Shear said yes.

- aa. D. Reimer said I thought you were going that oil and gas monies did fund it.
 - bb. C. Springer said they did request money for the parking lot.
 - cc. D. Reimer said yes and the lower part of the trail, because they could still ride it as the rest was being built.
- X. **Unscheduled Business.**
- a. None
 - b. C. Springer made motion to adjourn. J. Rowland second. Voted. Approved.
 - c. Adjourned at 3:46 pm.