

RESOLUTION NO. 21-03

BOARD OF DIRECTORS  
GARFIELD COUNTY FEDERAL MINERAL LEASE DISTRICT  
GARFIELD COUNTY, COLORADO

RESOLUTION AMENDING THE INVESTMENT POLICY OF THE GARFIELD COUNTY  
FEDERAL MINERAL LEASE DISTRICT.

- A. WHEREAS, the Garfield County Federal Mineral Lease District (“the District”) conducts its affairs through its board of directors (“District Board”), whose powers are defined by statute, §§ 30-20-1305.5, 30-20-1306, and 30-20-1307, C.R.S. (2020); and
- B. WHEREAS, on April 10, 2013, the District Board passed Resolution No. 13-02 Adopting the Investment Policy of the Garfield County Federal Mineral Lease District, becoming the first FML District in the state to do so, and on August 8, 2018, passed Resolution No. 18-02 Amending the Investment Policy; and
- C. WHEREAS, in conducting its annual review of its Investment Policy in compliance with §§30-20-1307(5) and (6) C.R.S. (2020), and in exercise of its fiduciary duty and sound business judgment, the District Board finds certain amendments to the Investment Policy are prudent and in the best interest of the District.

NOW, THEREFORE, BE IT RESOLVED as follows

- 1. The Investment Policy of the Garfield County Federal Mineral Lease District, as amended, is ADOPTED, and is attached here as Exhibit A.

DONE THIS 14<sup>th</sup> day of April, 2021, at Glenwood Springs, Colorado.


Voting:

Director G. Rippy: aye  
Director Samson: aye  
Director S. Rippy: aye

BOARD OF DIRECTORS GARFIELD COUNTY  
FEDERAL MINERAL LEASE DISTRICT

By:   
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary



Garfield County  
**Federal Mineral Lease District**  
— Established 2011 —

**INVESTMENT POLICY  
OF THE  
GARFIELD COUNTY FEDERAL MINERAL LEASE DISTRICT  
AS AMENDED APRIL 14, 2021**

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## I. THE DISTRICT AND ITS FUNDING

The Garfield County Federal Mineral Lease District (“District”) is an independent public body charged by the Colorado General Assembly with distributing financial resources it receives from the development of natural resources on federal lands within Garfield County, Colorado, to communities impacted by those activities. In doing so, the District exercises an essential public function, to alleviate social, economic, and public finance impacts resulting from federal mineral leasing activities.

The Federal Mineral Lease District Act, § 30-20-1301 *et seq*, C.R.S. (“the Act”), directs the District to maximize the long-term benefit of all funding it receives and to exercise sound financial practices to achieve this mandate. The District awards funds through grant programs, the administration of which results in funds that have been received by the District but, for numerous reasons, not yet distributed to Grantees. Investment of a reasonable portion of those funds is a sound financial practice consistent with the Act’s legislative intent.

Investment applies to those funds, if any, not yet distributed to Grantees, funds being saved in support of long-term projects as contemplated by the Act, and a portion of unspent administrative funds (“Surplus Funds”). Prudent investment of Surplus Funds, if any, is a sound financial practice because return on investment maximizes long-term benefit to future Grantees. Investment is expressly authorized under § 30-20-1307(5) C.R.S.

Investment is a means to an end, not an end in itself. Investment is merely the best financial management practice of Surplus Funds. The first mission of the District remains distribution of funding consistent with the Act.

This Investment Policy, first adopted on April 10, 2013,, and first amended on August 8, 2018, replaces any previous investment policy or investment procedures of the District.

## II. INVESTMENT OBJECTIVES

The District’s funds shall be invested in accordance with all applicable Colorado statutes and Federal regulations and in a manner designed to accomplish the following objectives, which are listed in priority order:

1. Safety of Funds: Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk in the following ways:

- a) Credit Risk: the District will minimize credit risk, the risk of loss due to the failure of the security issuer, by:
    - i) Limiting investments to those listed in Section VI, Eligible Investments and Transactions,
    - ii) Pre-qualifying the financial institutions with which the District does business, and
    - iii) Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
  - b) Interest Rate Risk: The District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:
    - i) Structuring the investment portfolio so that securities mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell securities on the open market prior to maturity, and
    - ii) Investing operating funds primarily in short- to intermediate-term securities, approved local government investment pools, approved money market mutual funds, and repurchase agreements.
2. Liquidity of Funds: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. To ensure that adequate funds are available to pay the District's projected financial obligations, investments will be purchased or deposits made that reasonably match the anticipated cash disbursements of the District.
- Since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets so that the potential for a realized loss, if an early liquidation of a security is necessary, will be minimized.
3. Performance Benchmarks. The District's portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles.

### **III. AUTHORITY BY RESOLUTION ONLY**

All investment decisions shall be made by resolution of the Garfield County Federal Mineral Lease District Board of Directors ("District Board"). All such resolutions shall include limited, express authority to one or more Directors or member(s) of the District professional staff to take only those steps necessary, and within a specified time period, to ensure the investment decision made by the Board is carried out.

### **IV. PRUDENCE AND FIDUCIARY DUTY**

The Board shall make investments in a manner that complies with the Uniform Prudent Investor Act § 15-1.1-101 *et seq.*, C.R.S. The standard of prudence to be used for managing the District's assets is the "Prudent Investor Rule," which states that a prudent investor "shall exercise the judgment and care, under circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital." *See* § 15-1-304, C.R.S., Standard for Investments.

The Board is a fiduciary of District funds, with fiduciary responsibility with respect to oversight of this investment policy. The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that no investment is totally without risk and that the investment activities of the District are a matter of public record. Accordingly, the District recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the District.

Assets may be sold at a loss only if a majority of the Board believes that the sale of the security is in the best long-term interest of the District. In the event an investment is sold at a loss, the Board shall indicate the reasons for the sale at the time the resolution concerning the investment decision is adopted.

The Board may engage the services of investment advisors, the selection of whom must be made following an open and competitive process. The Board shall carefully consider investment fees or other brokerage costs, which might reduce investment returns, and shall establish performance benchmarks for all investment advisors it may hire, and for all investments.

## V. ETHICS AND CONFLICTS OF INTEREST

The Board and individual Directors shall comply with applicable provisions of § 24-18-101 *et seq.*, C.R.S., Code of Ethics.

The District adheres to the Government Finance Officers Association's "Code of Professional Ethics" a copy of which is included in Appendix II.

## VI. ELIGIBLE INVESTMENTS AND TRANSACTIONS

District Funds not otherwise invested shall whenever possible be deposited in interest bearing demand deposit accounts, and consistent with the terms of this section.

All investments shall be made in accordance with the following Colorado Revised Statutes (C.R.S.):

§ 10.5-101 *et seq.*, C.R.S., Public Deposit Protection Act;

§ 11-10.5-101 *et seq.*, C.R.S., Public Deposit Protection Act;

§ 11-47-101 *et seq.*, C.R.S., Savings and Loan Association Public Deposit Protection Act;

**§ 24-51-206 *et seq.*, C.R.S., Investments (PERA);**

**§ 24-75-601 *et seq.*, C.R.S., Funds - Legal Investments;**

§ 24-75-603 C.R.S., Depositories;

§ 24-75-701 *et seq.*, C.R.S., Local Governments - Local Government Pooling;

§ 30-10-708 C.R.S., Deposit of funds in banks and savings and loan associations; and

**§§ 30-20-1307 (5) (concerning invested funds) and (6) (concerning investment policy) C.R.S. Board of Directors – Powers and Duties (emphases supplied).**

Any revisions or extensions of these sections of the C.R.S. will be assumed to be part of this Investment Policy immediately upon being enacted.

The District further restricts the investment of Surplus Funds to the following types of securities and transactions as authorized by § 24-51-206(2)(a-d) and § 24-75-601 *et seq*, C.R.S.:

1. Time Certificates of Deposit or savings accounts in state or national banks or in state or federally chartered savings banks, which are state-approved depositories per § 24-75-603 *et seq*, C.R.S. (as evidenced by a certificate issued by the State Banking Board), are insured by the FDIC, and have a maximum maturity of 18 months. Certificates of Deposit, which exceed the FDIC insured amount, shall be collateralized in accordance with the Colorado Public Deposit Protection Act. Certificates of deposit must comply with § 30-10-708 (1) C.R.S. The District shall purchase Certificates of Deposit only from financial institutions that meet the credit criteria set forth in the section of this Investment Policy, "Selection of Banks and Savings and Loans as Depositories and as Providers of General Banking Services."
2. Local Government Investment Pools authorized under § 24-75-701 C.R.S. and § 30-10-708(4) C.R.S., which: 1) are "no-load" (i.e., no commission fees shall be charged on purchases or sales of shares); 2) maintain a constant daily net asset value of \$1.00 per share; 3) limit assets of the fund to those securities authorized by state statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAAM or the equivalent by a NRSRO.
3. U.S. Treasury Obligations: Treasury bills, Treasury notes, Treasury bonds and Treasury STRIPS with maturities not exceeding five years from the date of trade settlement.
4. Government Sponsored Enterprises: Securities issued by the Federal Farm Credit Bank [FFCB], the Federal Home Loan Bank [FHLB], the Federal Home Loan Mortgage Corporation [FHLMC], the Federal National Mortgage Association [FNMA] or other GSEs that are authorized by legislation enacted by the United States congress with maturities not exceeding five years from the date of trade settlement. Subordinated debt shall not be purchased.
5. Corporate Securities issued by U.S. and non-U.S. corporations and banks denominated in U.S. dollars, that are rated at least AA- or the equivalent by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The maximum maturity of such securities shall not exceed three years from the date of trade settlement. Maximum Corporate Securities exposure is limited to 25% with no more than 5% in any given issuer.



6. Prime Commercial Paper issued by U.S. companies and denominated in U.S. currency with a maturity not exceeding 270 days from the date of trade settlement. Commercial paper shall be rated at least A-1 or the equivalent by at least two NRSROs at the time of purchase. If the commercial paper issuer has senior debt outstanding, the senior debt must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs. (Senior debt is defined as the most senior secured or unsecured debt of the issuer with an original maturity exceeding one year.) Furthermore, the issuer's commercial paper program's size shall exceed \$200 million.
7. Municipal Bonds with a maturity not exceeding five years from the date of trade settlement, issued by a state or local governments with a final maturity not exceeding five years from the date of trade settlement. Such obligations of Colorado issuers (or any political subdivision, institution, department, agency, instrumentality, or authority of the state) shall be rated at least "A-" or the equivalent at the time of purchase by at least two NRSROs. Such obligations of any other governmental entity shall be rated at least "AA-" or the equivalent at the time of purchase by at least two NRSROs. For obligations authorized in this section, The District shall limit the combined total of investments to no more than 15% of the Districts investment portfolio, and no more than 5% of the Districts investment portfolio may be invested in the obligations of any one issuer.
8. Investments may be made without limitation in the following:
  - a. Obligations of the United States government;
  - b. Obligations fully guaranteed as to principal and interest by the United States government;
  - c. State and municipal bonds;
  - d. Corporate notes, bonds, and debentures whether or not convertible.

The foregoing list of authorized securities shall be strictly interpreted. Any deviation from this list must be pre-approved by resolution of the District Board.

## **VII. INVESTMENT DIVERSIFICATION**

As stated in Section I. above, the first mission of the District remains distribution of funding consistent with the Act, not investment as an end in itself.

It is the intent of the District to diversify investments, if any, within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy, the securities market, and the Districts's anticipated cash flow needs.

District Funds not otherwise invested shall whenever possible be deposited in interest bearing demand deposit accounts, and Surplus Funds, if any, shall be invested, consistent with Section VI. above, only in the following:

- Time Certificates of Deposit
- Local Government Investment Pools

#### **VIII. INVESTMENT MATURITY AND LIQUIDITY**

The investment portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. To the extent possible, investments shall be matched with anticipated cash flows and known future liabilities.

#### **IX. SELECTION OF BANKS AND SAVINGS AND LOANS AS DEPOSITORIES AND AS PROVIDERS OF GENERAL BANKING SERVICES**

Banks and savings and loans shall be approved by written resolution by the District Board to provide depository and other banking services for the District. To be eligible for authorization, a bank or savings and loan shall be a member of the Federal Deposit Insurance Corporation, shall qualify as a depository of public funds in Colorado as defined in § 24-75-603 C.R.S., and shall meet the minimum credit criteria of credit analysis provided by a commercially available bank rating service, or any other similar, reasonable means. Banks failing to meet the minimum criteria, or in the judgment of the Board no longer offering adequate safety to the District, will be removed from the District's list of authorized banks. A list of approved banks and savings and loans is included in Appendix I.

#### **X. SAFEKEEPING AND CUSTODY**

The District Board shall consider one or more financial institutions to provide safekeeping and custodial services for the District. Custodian banks shall be selected on the basis of their ability to provide service to the District's accounts and the competitive pricing of their safekeeping related services. A District-approved Safekeeping Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. To be eligible for designation as the District's safekeeping and custodian bank, the institution shall qualify as a depository of public funds in the State of Colorado as defined in § 24-75-603 *et seq*, C.R.S., and be a Federal Reserve member financial institution.

**XI. PERFORMANCE AND REPORTING**

The District's portfolio shall strive to achieve a market value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements.

The performance of the investment program will be reviewed at Regular Meetings of the District Board no less frequently than annually, and as needed.

Accounting and reporting on the District's investment portfolio shall conform to Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB) recommended practices.

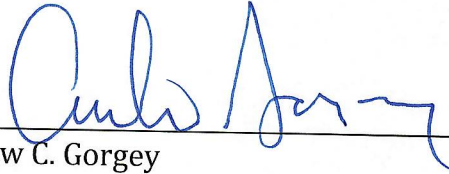
The preparation and publication of the District's annual financial statements shall include, at minimum, information regarding starting balances, contributions (annual appropriations), investment income, and losses, if any, and any investment fees incurred.

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**XII. POLICY REVISIONS**

This Investment Policy shall be reviewed at the Annual Meeting and may be amended as conditions warrant. Appendices to this Investment Policy may be updated as necessary, provided the changes in no way affect the substance or intent of this Investment Policy.

Prepared by and approved as to legal form:



\_\_\_\_\_  
Andrew C. Gorgey  
General Counsel  
Garfield County Federal Mineral Lease District

Approved:



\_\_\_\_\_  
Gregg P. Rippey, President  
Garfield County Federal Mineral Lease District  
Board of Directors

Date: April 14, 2021

First Adopted: April 10, 2013  
Amended: August 8, 2018  
Amended: April 14, 2021

## **Appendix I**

### Approved Depositories and Custodian Banks

The following depositories have been approved by the Garfield County Federal Mineral Lease District.

Alpine Bank  
ANB Bank  
Bank of Colorado  
FirstBank of Colorado  
U.S. Bank, N.A.  
Vectra Bank Colorado, N.A.  
Wells Fargo, N.A.

## Appendix II

### GOVERNMENT FINANCE OFFICERS ASSOCIATION CODE OF ETHICS

We, the government finance officers of the United States and Canada, have a deep and abiding desire to show that we are worthy of the special trust that the communities we serve have placed in us. As a member of my government's finance office, I commit to living the following values to show that I am worthy of that trust.

#### **INTEGRITY and HONESTY**

Integrity and honesty are the foundation on which trustworthiness is built. I, as a member of a public finance office, am in a unique position where my influence over the allocation of limited resources and the fiscal future of my community requires the highest standard of integrity and honesty. It means people can believe what I say, I act in accordance with my deepest values, I put principle ahead of my own ego, and I do the right thing even when it is hard.

#### How I Show Integrity and Honesty

Manage public finances honestly and transparently. I will: exercise prudence in the management of public funds; disclose the information needed for local officials and the public to understand the financial condition of their community; uphold the letter and the spirit of the law; avoid conflicts of interest; refuse gifts or favors that could be perceived to influence my professional duties; and not seek personal gain in conduct of the public's business. I will develop the policies, procedures, and systems necessary to ensure honest and transparent financial management in my government.

Stand for my values. Integrity is the integration of my values with my behavior. I will define the values that drive how I conduct financial management in service to my community and be prepared to give voice to those values when faced with pressure to do the wrong thing. I will also be prepared to give voice to those values when I see others conducting themselves in a way that is detrimental to the future of the community I serve.

Be open to new ideas. Openness is essential to integrity. Openness means I am willing to admit that I may not always be right. I am willing to consider new information or ideas – they could prove essential to the continued safety, livability, and vitality of my community.

## **PRODUCING RESULTS FOR MY COMMUNITY**

Public finance offices have an important job. Doing that job well honors the trust the public has placed in me. When I show I am well informed and knowledgeable and can produce the results my community expects, I build trust.

### How I Produce Results for My Community

Do high-quality work. When I produce results that meet the needs of my local government, I gain the confidence of the public and my colleagues.

Hone my expertise. Continually refining my knowledge, skills, and abilities assures people that I can to produce results for my community now and in the future.

Exercise good judgment. Judgment is the application of my knowledge, skills, and abilities. Sound judgment requires testing my intentions, motivations, and exercising constant self-awareness. By paying attention to the effect that conflicting demands, pressing deadlines, and other biasing factors may have on my decision-making, I am more likely to choose in the best interest of the community I serve rather than my own personal interest.

## **TREATING PEOPLE FAIRLY**

Local governments depend on trusting relationships between people. If people feel unfairly treated, relationships break down, and they may withhold their support from my local government. This makes it more difficult for my local government to maintain a strong financial foundation. Therefore, I will treat people fairly and develop processes and procedures that are fair.

### How I Treat People Fairly

Respect the rights of others. Public finance offices are in a position of power. When using that power, the rights of other people must be respected. This includes providing equal treatment and opposing discrimination, harassment or other unfair practices

Develop processes and procedures that are fair. When employees and citizens believe that decisions are fact based and take all concerns into consideration, they are more likely to support those decisions – even if a decision is not in favor of their preferred outcome.

## **DIVERSITY and INCLUSION**

Communities across the country are constantly changing. Embracing diversity and fostering inclusiveness helps finance offices cultivate organizations and promote policies that reflect the communities they serve. When people feel included, they will see that I am concerned for their wellbeing, and that shows I am worthy of their trust.

### How I Value Diversity and Foster Inclusion

Provide people with opportunities to be part of decisions that impact them. Public finance decisions often have big implications for people outside the finance office. If these people are part of the decision-making process, they are more likely to feel fairly treated and thereby regard the people who work in finance office as trustworthy.

Support equity in service provision. Local government services are critical to the lives of our citizens. Finance offices, because of their resource allocation role, can impact the quality of services and how and where services are provided. I commit to valuing diversity within my organization and within my community, recognizing my own biases, and calling out unfair discrimination of any kind.

## **RELIABILITY and CONSISTENCY**

When others can count on me, I prove my trustworthiness. When I consistently apply my standards – especially to myself – I honor my commitment to the community I serve and make it easier to do the right thing even when faced with challenging circumstances.

### How I Show Reliability and Consistency

Develop strong financial policies. Financial policies provide the “rules of the road” and a standard of performance against which my community can judge its finances.

Produce reliable information. People rely on information produced by the finance office to make important decisions for the community. That information should be accurate and free of material misstatements or omissions. It should also be objective and free from personal biases.

Provide timely information. Set clear expectations for when work will be accomplished and live up to those expectations. Timely financial information allows decisions that rely on that information to also be timely.