

SAN LUIS VALLEY DEVELOPMENT RESOURCES GROUP  
MONTHLY MEETING MINUTES OF THE EXECUTIVE BOARD  
May 15, 2017

A business meeting of the Executive Board of the San Luis Valley Development Resources Group, Inc., was held at the 610 State Avenue, Alamosa, Colorado. The following were present:

**EXECUTIVE BOARD**

Jeffrey Larson-Mayor of Creede  
Ken Anderson, Saguache County Commissioner  
Kent Curtis, First Southwest Bank-via telephone conference  
Lawrence Pacheco, Costilla County Commissioner-Secretary/Treasurer  
Michael Yohn, Alamosa County Commissioner  
Ramona Weber, Mineral County Commissioner  
Ty Coleman, Alamosa City Council-Chairman

**PROXIES**

Karla Shriver, Rio Grande County Commissioner  
John Sandoval, Conejos County Commissioner  
TJ Brown, Del Norte Bank-Vice Chair  
Tom Acre, Manager, Town of South Fork  
Preston Porter, San Luis Valley Board of Realtors

**STAFF**

Kevin Wilkins, Executive Director  
Anne Jones, Chief Financial Officer  
Sarah Stoeber, Director Business Development

**GUESTS**

Karla Willshau, CPA, Wall, Smith, Bateman, Inc.  
Kimberly Temple, CPA, Wall, Smith Bateman, Inc.

**MEETING MINUTES:**

CALL TO ORDER. Ty Coleman called the meeting to order at 5:07 p.m.; he welcomed everyone and asked if there were any additions or corrections to the agenda. The order of items on the agenda presented was changed to accommodate Wall Smith Bateman audit review later in the meeting per their request.

**Ken Anderson made a Motion to approve the Agenda for the May 15, 2017 meeting; Lawrence Pacheco seconded and the Motion carried.**

Ty asked if there were additions or corrections to the Minutes of the last meeting. There were none.

**Ramona Weber made a Motion to approve the Board Minutes from 4/17/2017; Mike Yohn seconded and the Motion carried.**

**PROGRAM REPORTS**

**Kevin Wilkins:**

Kevin reported that we have had a very busy month:

- o He met with Kiwanis and thanked Ty for that invitation. He was well received.
- o The SLV GO retreat went well last Friday.
- o The VIP Branding Initiative has selected a logo.
- o We are desirous of a 100% COG participation. Letters (copy included in packet) are going out tomorrow to the remaining entities who have not yet paid. Letter has invoices attached and is signed by Ty and Ramona. Kevin substantiated the 'how' local towns and the county of Conejos

already benefit from the COG: Enterprise Zone projects, Enterprise Zone tax credits of their local constituents, they are part of Region 8 unless they opt out which they can do. Dues were established by local government when COG came into creation.

Lawrence added that the COG is where he gets ideas to take back to his County. He went on to say COG meetings are where he gets specific issues addressed.

- Broadband meeting is this Thursday from 3-5:30 p.m.

**LOAN ACTIVITY REPORT**  
**May 15, 2017**

**LOANS IN PROCESS--2**

**CLOSED—1**

**PAST DUES—2**

**FUNDS TO LOAN AS OF 4/30/17**

Federal	\$448,475
Non-federal	\$1,754,430
<b>Total to loan</b>	<b>\$2,202,905</b>

Tonya will close on a loan Wednesday located in Mineral county. Special Assets has taken some time to work on as we are trying to clean up the “bad loans”. She attended a State board meeting for Colorado Community Action Association on Friday of last week. In addition to daily office upkeep, she continues to service her loan portfolio and work on new loans coming down the pipeline.

Sarah has had three inquiries for financing since we last met. She has closed and funded one loan. She has another file she hopes to have ready for LRB to review tomorrow. She has a third loan file to write up as soon as she gets this one approved. She is very busy with loans right now.

The DRG is looking at streamlining the loan origination process. The current system is very cumbersome and time consuming. Kevin stressed the two-fold purpose of the loan fund: 1) strengthen partnering bank files, 2) service customer.

Kevin is exploring special assets use in the creation of a 40,000 square foot parcel the DRG owns for tiny homes possibly made of hemp. This is in concert with the Blueprint 2.0 initiative. There is no cash attached. He has sent letter of support to the Film Industry and is willing to do the same for Tiny Homes projects.

On behalf of Hew Hallock, Kevin reported on website – Update on the SLVDRG’s new Website continues. Information about the “Organization”, which includes descriptions of SLVDRG, SLVCOG, SLV CAA, SLV GO, SLV TPR, SLV Regional Transit Council is now posted. The section “Programs” is updated with program descriptions, links and documents about CEDS, enterprise zone, business loan fund, research and data, community profiles, transportation planning, COG mini-grants, and events. The remaining sections to be completed are “Partners”, a listing of organizations SLVDRG often cooperates with; “About Us” will include membership of the DRG and COG boards, SDRG staff, minutes of meetings, newsletter, and media coverage; “Contact Us” is contact information; and lastly is “Donate” offering a way to contribute to DRG’s work.

Transportation – The SLV TPR met May 4 and approved the Memorandum of Agreement designating the SLVDRG as the responsible agency for managing and administering the TPR. Local governments have returned 14 signed intergovernmental agreements that establish the TPR. Only 2 were necessary to formally establish the TPR. We were the first TPR in the state to re-establish itself.

Economic activity tool – Picking up from the economic impact work done in 2016, the next step is to begin to apply the activity tool created by the researchers from CSU. Planning is underway to conduct training sessions on how to use the forecasting tool for those partners that assisted with the study.

A second application of the work done is to apply the tool to tourism in the Valley. We received financial support from DOLA to undertake this task and are in discussion with the research staff at CSU and other potential partners on how to best proceed.

Tomorrow, Tuesday, Kevin will attend the CDFA meeting in Denver and participate in the roundtable as a panelist. Then Wednesday Kevin is presenting to the local board of CPA's on the Enterprise Zone. Thursday is the Broadband meeting and an exciting value-added agriculture meeting with a potential borrower that same afternoon. More on that as it develops.

Kent Curtis queried Kevin as to his 'ask' when presenting at these meetings he attends. Kevin responded that he presents information on the DRG to answer the question many people have about what it is that we 'do' here.

There was significant discussion regarding tiny homes, no financing, no comps, code issues, zoning requirement, etc. Those who participated in the discussion were: Kent, Kevin, Ty, Jeff, and Lawrence. Each community discussed various stages of consideration of these new homes including benefits and down sides.

Kevin went on to say that Tonya, he, and Sarah attended the lending forum held last week at Adams State. It was well attended. Sarah attended the statewide BLF meeting last week in Burlington. She came back with a lot of pertinent loan-related information for our organization.

Lawrence and Jeff would like to thank Anne Jones for her incredible work on the financials and Kevin's leadership such that there were no findings and nothing for the auditors to report as significant. Lawrence and Jeff both served on the Audit Review Committee.

Karla Willshau and Kimberly Temple presented the audit conducted by Wall, Smith, Bateman, Inc. The independent auditors' report states that there are acceptable internal controls in place at the DRG. A risk assessment was conducted. This is an 'unmodified' opinion.

Page 3 shows the statement of financial position with \$2,681,172 in current assets and \$4,705,012 in noncurrent assets. Total net assets are shown at \$5,917,430. Page 4 shows a decrease in net assets by \$141,968. The reason for this decrease has been discussed on numerous occasions by Anne Jones at prior meetings and is due to staff turnover.

Pages 9 & 10 references loan notes and past due status compared to prior year. Page 12 shows information about Proximity Malt which is a DRG loan. Page 13 is information on each loan program the DRG offers. Page 15 shows assets released from restrictions which total \$279,466 for 2016. Page 16 shows a statement of activity—schedule of expenses broken out by program, management and totals for 2015 and 2016. Page 17 contains a note regarding PERA, the defined benefit pension plan. Pages 26-28 is a supplemental schedule of activities as related to unrestricted funds. Page 29 is an accounting of the EDA grant. Page 30 is a reconciliation of actual loans. Page 31 is a schedule of federal awards. Page 37 is the schedule of findings and questioned costs for the organization. The audit is 'unmodified' with 'no findings'. There were no material weaknesses or deficiencies on compliance.

Karla congratulated both Anne and Kevin stating that the chart of accounts is very long.

Kent asked if they audited CDBG and the auditors responded 'no'. This year the focus of federal loan program audit was on EDA. Sarah commented that CDBG files are audited by the State. Bob Todd comes down and conducts an audit when a contract is closed out. Kent went on to congratulate Anne and Kevin of a very good job. He asked whether the organization was conducting a review of personnel policies. Kimberly Temple responded that she recommends all organizations undergo a review of this kind when there is staff turnover. Kevin said with the help of Mountain States we will review these policies.

Ty thanked the auditors, review committee and asked for a round of applause for Anne Jones for a job well done.

**Ken Anderson made a Motion to approve the 2016 Audit as presented; Mike Yohn seconded and the Motion carried.**

**Anne Jones:**

Anne reported on the financials. She said loan income and origination fees are both down, but loan volume is picking up so we see these rising as production increases. Net income is up by \$14,000 which is 100% increase over last year at this time. Kevin and Anne have made many adjustments to spending with hopes that the organization will be in the 'black' going forward.

There are grant funds coming in from EDA, CDOT, EZone, and CAA with not many changes over last month's financials. However, we did receive a \$50,000 SLVGO grant which will give Mick operating funds into June of 2018.

**Kent Curtis made a Motion to approve the financials; Lawrence Pacheco seconded and the Motion carried.**

A Conflict of Interest Resolution was read out loud. This references back to loan origination and approval. Kevin feels we have enough arms-length controls in place within the organization to protect ourselves, but would like to ask the Secretary, Lawrence Pacheco to sign the Resolution for further insulation.

Ty interjected that the Resolution helps the DRG remain transparent and protects our integrity.

**Kent Curtis made a Motion to allow the Secretary to sign the Conflict of Interest Resolution on behalf of the DRG; Ken Anderson seconded and the Motion carried.**

Sarah discussed the EDC funds that Region 9 is tasked with administering for the State BLF organizations. It was suggested at the BLF meeting that governing boards of directors offer a vote allowing their organization to enter into a MOU with Region 9 once this document is finalized and funds become available. Doing so now can prevent delays in funding later.

**Ken Anderson made a Motion authorizing the DRG to enter into an MOU with Region 9 for use of EDC funds by the DRG; Mike Yohn seconded and the Motion carried.**

**Updates Around the Region**

Lawrence Pacheco reported that Costilla county has a lot of water. It is the topic of continual discussion.

Kent Curtis said First Southwest Bank was likewise awarded some of the EDC money through the non-profit they run.

Ken Anderson mentioned that their excise tax is coming in on marijuana. They have hired a code enforcement officer.

Ramona Weber said that one of their employees for Mineral county from Road and Bridge department was seriously injured, but is recovering in hospital in Alamosa.

Jeff Larsen said the Town of Creede has moved the gazebo out of the park; they are working on the flume and June 10<sup>th</sup> is Creede's birthday party. Please come.

Mike Yohn related that Alamosa County is re-vamping the E911 Authority at a cost of \$300,000 in updating equipment.

Ty mentioned that the City of Alamosa will begin displaying art from local artists around town. He encouraged the board to support one another's events to show we all care about all the communities in the Valley.

The meeting was adjourned 6:25 p.m.

The next meeting will be on Monday, 19<sup>th</sup>, 2017, 5 p.m. at the upstairs boardroom at the Depot.

Respectfully submitted,

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Sarah Stoeber, Director of Business Development

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Lawrence Pacheco, Secretary/Treasurer