

Finance Committee Meeting

July 18, 2019

The Finance Committee met Thursday, July 18, 2019 at 6:00 p.m. in the City Hall Conference room. Present were Committee Members Susanne Galbraith, Dwayne Andrews, and Rick Huber. Committee Member Brant Kassner was excused

Also present were: Public Utilities Director Tom Speelmon and Clerk/Recorder Lorrie Pearce.

Chairperson Galbraith called the meeting to order.

1. Request of Citizens and Public Comment:

None

2. Discussion and Recommendation on Stockman Bank's proposal to change from Bond to Letter of Credit from Federal Home Loan Bank

Stockman Bank Market President Stanley Markuson and CFO Jerry Anderson explained the current arrangement that the City has with Stockman. The City's money is held in a repurchase agreement, which is fully collateralized by eligible securities that are defined by state code (buy bonds that are fully protected). The interest rate on repurchase agreement is tied to federal funds. Stockman Bank representatives proposed that the city's money be held in a deposit account (in lieu of bonds it would be fully collateralized by "letter of credit") from the Federal Home Loan Bank- DesMoines, which is an eligible form of collateral under state code. Interest rates on deposit accounts are tied to federal funds. The following were the reasons why the City should change.

- Beneficial to Miles City and the Community at large. Stockman Bank would use the City's dollars to reinvest locally
- Ensure favorable pricing
- Interest rate would not change
- No additional risk to the City
- Simple conversion process- Money would be rolled over and account numbers would not be changed
- No charge for the letter of credit- Stockman Bank would pay for it.

Chairperson Galbraith asked what would happen if Stockman Bank failed, what would protect the City? Mr. Markuson said that if the letter of credit became insolvent and the Federal Government did not step in, then Stockman Bank would take the bonds and pay the City. He has heard of 2 failure cases and the Federal Government stepped in.

Mr. Anderson felt that there would be tell tale signs way before an insolvency

would occur and Stockman Bank would repledge the bond issue to not allow the city to be at risk.

****** *Chairperson Andrews moved to recommend to Council to approve moving the City's money from bonds to letter of credit, Committee Member Huber seconded the motion. On a Roll Call vote the motion passed, 3-0*

Stockman Bank Cash Management Specialist Dianne Etzel talked about Positive Pay and how it would protect the City from Check Fraud.

3. Discussion and Approval on Concrete Crushing Project

Director Speelmon said two quotes were received to crush the concrete pile at the end of Montana Ave. The concrete that is to be crushed has rebar in it. Quotes received were: Muggli Contracting- \$60,000 and Montana Civil LLC- \$263,000. Griffith Construction did not want to bid the project. He added the expense is in the FY19/20 budget.

****** *Committee Member Andrews moved to approve Muggli Contracting's quote received to crush 12,000 tons of concrete, Committee Member Galbraith seconded the motion. On roll call vote the motion passed 3-0*

4. Discussion on New Fire Contracts Increase and Discussion on how to Handle Buildings with no Taxable Value available (City, State and Federal)

The consensus of the Committee was to raise the discussed contracts twenty percent as suggested by Fire Chief Stevens.

5. Review and Discuss FY19/20 Budget

After a brief discussion on cuts, more information is needed and will be discussed at a later meeting.

6. Adjournment

*******Committee Member Huber moved to adjourn the meeting, seconded by Committee Member Andrews and passed unanimously, 3-0.*

The meeting was adjourned at 7:30 p.m.


Susanne Galbraith, Chairperson


Lorrie Pearce, Recorder