

March 21, 2017

Senate State Administration

Room 152

8:00 am

HJ 18- Legislative interim study on tax increment financing

Summary: This bill appeared to have a lot of support from the committee. Multiple committee members said they wrote hearts at the top of the bill because they loved it so much and it had great content. There were no opponents to the bill.

Bill Sponsor Introduction: Adam Hertz HD 96- All of you have the background of what I think the necessity of HJ 18. There are a lot of benefits to tax increment financing (TIF) and some concerns that need reform and that's what is in HJ 18.

Proponents:

Tim Burton- League of Cities and Towns- I stand in support and urge a do pass.

Kevin Nelson- Bozeman- An additional study of TIF districts is needed and recommended. I support this bill.

Abigail St. Lawrence- Montana Building Industry Association- My members utilize TIF to revitalize certain districts. We look forward to hopefully being part of the conversation when it comes that point.

Opponents: None

Informational Witnesses:

Alyssa Soernson- Audit Division

Committee Questions:

Dunwell- A 2000 study and a 2007 study were conducted. Are those worth including?

Soernson- We do look at a lot of studies. I wasn't aware of those studies. We won't rehash every study ever done. We will do three parts. First, we'll look at how the Department of Revenue is implementing their TIF financing and what they are obligated to do by law. Next, we'll look at local government projects and see how they're doing and how their relationship with the government is. And the third part will be looking at how TIF actually increases employment.

Bill Sponsor Closing Statement:

I appreciate your consideration to HJ 18. I look forward to you passing this so we can have a lot of fun and discussion in the interim.

March 21, 2017

Senate State Administration

Room 152

8:00

HB 579- Referendum allowing counties to mill for local infrastructure projects

Summary: HB 579 has a \$250 million fiscal note and is not likely to pass the legislature. The intent of this bill is to give counties an option to collect up to 40 mills. No one spoke in favor of this bill but many spoke in opposition. Opponents say this bill would have a negative effect on the General Fund, cause conflicts in the 2019 session and tinker with a system that has been working for school equalization since 1989.

Bill Sponsor Introduction: Greg Hertz HD 12- This is a voter referendum to allow counties to collect up to 40 mill. Section 2 line 27 talks about eligible expenditures, including county infrastructure, drinking water, sanitary waste water system and solid waste disposal. These taxes right now are coming from taxpayers. I believe it would be easier if the community decides what they spend their dollars on.

With this bill, Beaverhead County would receive \$808,000 (looking at a handout with different counties to explain how much each county could receive). This revenue stream could be used to bond projects going forward. The next several pages have to do with the tax codes. Page 12 of the bill, if approved, would be effective July 1, 2018 (which is subject to change).

Amendments will be coming. If this is to pass, there will be a lot of work for the 2019 session. We would have to take some different steps and help backfill the General Fund. We need to discuss where we want this on the ballot.

Proponents: None

Opponents:

Eric Fever- MEA-MFT- We failed to equalize our schools. This bill assaults the schools. We are running out of time. We need to fund our schools. It is scary to think what our 2019 session will look like if this bill passes. We would have to figure out how to fill a huge hole in our budget. This is a very cynical proposition when you get down to it. I am not opposing infrastructure for our state. But we can't rebuild it while breaking down our schools. Schools would be eliminated with this bill. I urge you to table this bill.

Montana Schools Board Association- I agree with everything Mr. Fever said. Schools are funded out of the General Fund it is hard to pretend there is not a connection between HB 579 and schools. We are going to find ourselves extremely short in the next session. This bill is inappropriate and we hope you oppose this bill.

Kirk Miller- School Administrators of MT (SAM)- I stand in opposition to HB 579. The elimination to 40 mill from our schools would violate our local equalization of schools developed in 1989. This is a resolution bill supported by all SAM members. This bill is tied to the funding of schools. We oppose this bill for many reasons that have already been iterated. Taking away the 40mills from our schools would

backslide us to how things were before 1989. This would damage the education students receive. We hope you do your part to reject this poorly put together bill.

Montana Education Coalition- We see HB 579 as an assault to what we have done. This is bad public policy and we urge you to not pass.

Mike Kadas- Department of Revenue- There will be a HUGE fiscal impact—\$250 million. That is putting a time bomb in front of the next session. This bill has the potential to damage a system that has held together for a long time.

Bob Story- Montana Tax Payers Association- The sponsor passed out how much money you can raise with this bill. I'm eager to see what the sponsor plans to do about the fiscal note.

Kevin Nelson- Billings- I oppose it because I believe those 40mills are constitutionally protected.

Heather O'Laughin- Montana Budget Policy Center- We urge opposition.

Informational Witnesses: None

Committee Questions:

Adam Hertz- We are talking about the revenue side of the equation. I'm confused as to why the schools won't get their money?

Greg Hertz- I did not go into this explaining how we are going to pay for this. We have a constitutional obligation to fund our schools and we will always fund our schools. We will have to find a new way to do this, perhaps from income taxes.

Fern- I want you to drill down. Would you be willing to amend this? Seeing this fiscal note is a little bit of a concern.

Hertz- I don't want to pin things down that could change. I want to give the taxpayers the choice to vote on this.

Fern- Let's say this goes through and there has to be some sort of tax shift. How do you see this playing out if the voters vote yes?

Kadas- I think you would have to look at what the types of inflation adjustments on the expenditure side and on the revenue side. A pay plan would have to be put in order. There are generally adjustments to fix cost of some departments' gasoline, heating things like that. I think this isn't taking in the full picture. We would have to find new revenue. You are pushing a big responsibility onto the next legislature.

Adam Hertz- Do you know the number of dollars coming back to counties and cities that taxpayers sent to the state and the state sent back?

Kadas-I do not know that off the top of my head but I can get that for you.

Bill Sponsor Closing Statement:

I am open to amendments I know this bill isn't perfect but I am will to work with people on this bill to make it better. I leave this bill in your hands and hope to see it pass.



Lorette Carter
Community Development
112 1st Street South
Shelby, MT 59474
(406) 424-8799
(406) 450-4067
Fax: (406) 424-8413
www.shelbymt.com

March 22, 2017

Dave Horner
Transa Tree
760 33rd Avenue NE
Great Falls, MT 59404

Re: City of Shelby Bid Announcement

Dave,

On behalf of the City of Shelby, I want to thank you very much for your bid for the planting materials for Shelby's Champions Park. We had 2 bidders on the project~ yourself and Forde Nursery.

Mayor Bonderud, City Superintendent Loren Skartved and myself reviewed the bid information on Tuesday, March 14th. Forde Nursery was the low bidder for this project. We truly appreciate the time and energy you put in to the bid and hope that we may be able to work with you in the future.

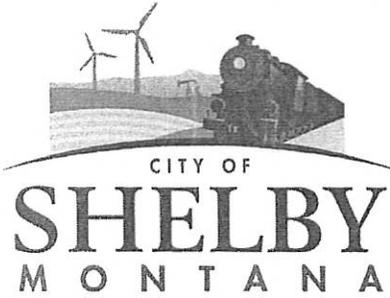
Thank you for your bid proposal.

Sincerely,

A handwritten signature in cursive script that reads "Lorette Carter".

Lorette Carter
Shelby Community Development Director

Cc: Larry J. Bonderud, Mayor
Shelby City Council



Lorette Carter
Community Development
112 1st Street South
Shelby, MT 59474
(406) 424-8799
(406) 450-4067
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www.shelbymt.com

March 22, 2017

Bruce Forde
Forde Nursery
2025 2nd Ave. NW
Great Falls, MT 59404

Re: City of Shelby Bid Announcement

Bruce,

On behalf of the City of Shelby, I want to thank you very much for your bid for the planting materials for Shelby's Champions Park. We had 2 bidders on the project~ yourself and Transa Tree.

Mayor Bonderud, City Superintendent Loren Skartved and myself reviewed the bid information on Tuesday, March 14th. Forde Nursery was the low bidder for this project. We truly appreciate the time and energy you put in to the bid and look forward to working with you on this project.

Mayor Bonderud, Supt. Skartved and I are working on species numbers; supplies; and other planting materials that will be needed for the project. We will be in touch in the near future with our order and time frame for pick up by city personnel.

Thank you again. We look forward to working with you on this project.

Sincerely,

A handwritten signature in cursive script that reads "Lorette Carter".

Lorette Carter
Shelby Community Development Director

Cc: Larry J. Bonderud, Mayor
Shelby City Council

Lori Stratton

From: Larry Bonderud
Sent: Wednesday, March 22, 2017 8:12 AM
To: Lori Stratton
Subject: Fwd: Shelby change authorization

Packets.

Sent from my iPhone

Mayor Lar

Begin forwarded message:

From: "Abigail J. St. Lawrence" <astlawrence@helenalaw.com>
Date: March 22, 2017 at 7:16:42 AM MDT
To: Larry Bonderud <larry@shelbymt.com>
Cc: Jason Crawford <Jason.Crawford@klijeng.com>, Luke Osborne <LukeO@hydrosi.com>
Subject: Shelby change authorization

Mayor Bonderud-

Luke, Jason, and I had a call Monday morning to discuss your questions on the change authorization, specifically why the change in the place of use was temporary while the change in the points of diversion was permanent. During the call, I asked Luke to do some further review of the original applications and subsequent addendums. The change application as finally submitted to DNRC was for a 10-year temporary change authorization. In the review of the correspondence, the decision to apply for a temporary change was based on the uncertainty of what would happen with NCMRWA and the desire to be able to subsequently serve additional or different areas with the water rights that were the subject of the change application. As the change authorization was finally issued, the change in the place of use was temporary (for 10 years), while the change in the points of diversion was permanent. This actually makes sense, as regardless of what lands the water rights serve, the water is not going to be diverted from a different location. However, as the application was for a temporary change for everything, we could request that the change authorization be altered to reflect that.

During our call on Monday, Jason and Luke mentioned some potential future plans for additional changes to Shelby's water rights. Consequently I suggested that we all sit down again to discuss where Shelby's plans for water use are headed. What I am concerned about is that we may be getting the cart ahead of the horse, so to speak, in making plans for Shelby's water use without considering the legal requirements and limitations. I hate to be the rain on the parade, but I also don't want to see Shelby get into a bad situation with the regulatory entities. It is my understanding that Jason will be sending out a follow up email to find a time when we can all chat.]

If you do have any further questions or concerns that I can answer right now, please don't hesitate to let me know. I am not in the office often right now due to the legislature, but I can usually get to email, and my cell phone is glued to my hand during the day at the Capitol. If I am not in a hearing or meeting, I'm happy to take the call. That number is 431-9032. Thanks.

-Abby

Abigail J. St. Lawrence

BLOOMQUIST LAW FIRM, P.C.

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Helena, MT 59602

(406) 502-1244

www.helenalaw.com

This message may contain confidential privileged material, including attorney-client communications and attorney work product. This electronic transmission does not constitute a waiver of privilege. Please contact sender immediately if you have received this message in error. Thank you.

Jade Goroski

From: Kent, Ashley <ashleykent@montana.edu>
Sent: Thursday, March 23, 2017 2:56 PM
To: mmctfoa@sympa.montana.edu; mtmayors@sympa.montana.edu;
cmanagers@sympa.montana.edu
Subject: 2017 Municipal Institute - ELECTED OFFICIALS Registration now open!
Attachments: Elected Officials Agenda.pdf; 2017_Muni_Elected-Officials_Registration.pdf

Hi All,

The *2017 Municipal Institute Elected Officials Registration* is now open! We would really appreciate your help distributing this email and information to the mayors, city managers, and council members in your area.

NOTE THESE IMPORTANT CHANGES:

- The elected officials conference runs from **Tuesday afternoon (May 9th) through Thursday (May 11th)**. There are NO sessions on Friday.
- This year the elected officials **reception will be on TUESDAY evening (May 9th)**, not Wednesday as it has been in the past.

[Click here to review the agenda, read the registration information packet, and access the registration link.](#)

Please let me know if you have any questions.

Thanks,
Ashley

Ashley Kent
Program Coordinator
Local Government Center
Montana State University Extension
Culbertson Hall
406-994-6657
ashleykent@montana.edu

The U.S. Department of Agriculture (USDA), Montana State University and the Montana State University Extension Service prohibit discrimination in all of their programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital and family status. Issued in furtherance of cooperative extension work in agriculture and home economics, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Jeff Bader, Director of Extension, Extension Service, Montana State University, Bozeman, MT 59717

WELCOME TO THE
Municipal Elected Officials Workshop

ELECTED OFFICIAL SESSION

ALTERNATE SESSION

May 9

TUESDAY

PRE-CONFERENCE SESSIONS

2:30 - 4:00 PM

FUNDAMENTALS OF HR MANAGEMENT
ANGELA SIMONSON, MMIA

An introduction to human resource management in municipal government with emphasis on the basic elements of sound and legally defensible policies that will meet the needs of the municipal government and the employee.

ANNUAL FINANCIAL REPORT
LOCAL GOVERNMENT SERVICES BUREAU

A review of the legal requirement for and preparation of the Annual Financial Report (AFR) and a discussion of best practices by a panel of experienced municipal finance officers.

4:00 - 5:00 PM

MAKING MUNICIPAL LAW
SAM PAINTER & LONI HANSON, RED LODGE

A review of the legal and format requirements of municipal law.

GASB ACCOUNT REQUIREMENTS
LOCAL GOVERNMENT SERVICES BUREAU

A review of the changes imposed by the Governmental Accounting Standards Bureau (GASB).

5:30 - 6:00 PM

REGISTRATION & RECEPTION

6:00 - 7:30 PM

OPENING REMARKS & INTRODUCTION

7:30 - 9:00 PM

MAYORS FORUM

May 10

WEDNESDAY

7:00 - 8:00 AM

BREAKFAST

8:00 - 9:30 AM

FUNDING CAPITAL REPLACEMENT

MSU LOCAL GOVERNMENT CENTER

An overview of establishing and funding a municipal capital improvement program (CIP). By the end of this session, participants will understand the importance of adopting and funding a Capital Improvement Program (CIP) and the legal requirements involved in implementing a CIP.

9:30 - 10:30 PM

ADDRESSING LIVESTOCK AND PET WELFARE IN EMERGENCY AND DISASTER PREPARATION

DR. JEANNE RANKIN AND TOM BASS, MSU EXTENSION

An overview of the importance of creating an emergency preparedness plan for livestock and domestic animal welfare. Participants will learn about Community Animal Response Teams (CARTs), threat identification, risk assessment, and developing a resource list.

CHOICE OF ALTERNATE SESSIONS

10:30 AM - NOON

**RISK REDUCTION STRATEGIES
IN PERSONNEL MANAGEMENT**

ANGELA SIMONSON, MMIA

An intensive review and application of policies and practices to reduce risk exposure in managing municipal employees.

**FINANCIAL RISK
MANAGEMENT**

TBD

A session on identifying and understanding interest rate risk, call risk, and credit risk.

ADVANCED CASH FLOW ANALYSIS

TIM MAGEE

A session to explain in-depth cash flow management by studying the cycle of cash inflows and outflows with the purpose of maintaining adequate cash flow.

1:00 - 2:00 PM

BUILDING AND MAINTAINING CASH RESERVES TBD

A review of the legal and format requirements of ordinances and resolutions.

1:00 - 3:00 PM

COMMUNICATION MATTERS MARK WILLMARTH, VISION WEST MONTANA

Communicating with others, especially in our communities, requires the ability to understand and appreciate different perspectives without having to agree. Asking the right questions, listening for understanding and responding appropriately is challenging when we are dealing with challenging people. Learn the importance of remaining calm, getting curious and asking questions that matter to others.

2:00 - 3:00 PM

PROPERTY COVERAGE SCHEDULES LAURA WIGEN, MMIA

At first glance, property coverage schedules seem fairly straight forward – the municipality pays the premium and the insurance carrier will pay a claim when it occurs. However, it is not always that simple. The coverage schedule is only effective if regularly updated to ensure adequate coverage. This session will review property coverage basic information and best practices.

OPERATING POLICIES & PROCEDURES NIKKI BRUMMOND, CITY OF LEWISTOWN

A discussion and practicum in the development of municipal operating policies and procedures. At the conclusion of this course, the participant will be able to develop and maintain workable operating policies and procedures.

3:00 - 5:00 PM

HOW WILL THE 2017 LEGISLATIVE SESSION RESULTS AFFECT MY OFFICE? MONTANA LEAGUE OF CITIES AND TOWNS

An overview the ways the Montana Code Annotated changed as a result of the 2017 legislative session, and how those changes will affect the daily operations of municipal governments in Montana.

7:00 - 8:00 AM

BREAKFAST

8:00 - 9:00 AM

ETHICS IN LOCAL GOVERNMENT

MSU LOCAL GOVERNMENT CENTER

An in-depth review and discussion of the Montana Code of Ethics as it relates to elected and appointed municipal officials.

9:00 - 10:00 AM

MAXIMIZING SOCIAL MEDIA

AIMEE BRUNKHORST, CITY OF KALISPELL

This course will provide an overview of the risks and opportunities provided through various social media options and provide guidelines on potential office policies.

ANALYZING UTILITY RATES

DAN KRAMER, MONTANA RURAL WATER SERVICES

An overview of analyzing utility rates to meet bond requirements and maintain a stable utility fund. At the conclusion of this course, the participant will know resources available to analyze utility rates, understand the concepts used to analyze utility rates, and be able to use the concepts presented to analyze utility rates.

10:00 AM - NOON

REASONABLE SUSPICION TESTING ASSOCIATED EMPLOYERS

An overview of the federal and state regulations of reasonable suspicion testing including a discussion of the signs, symptoms and effects of alcohol or controlled substance use, how to approach an employee and initiate reasonable suspicion testing, documentation and handling difficult situations.

DOCUMENTATION ANN KOMAC, MMIA

A session to review the types of documents required by insurance providers to protect municipalities from potential wrongful claims.

ADVANCED INVESTMENT MANAGEMENT TBD

A discussion about the best practices and guidance monitoring investments, managing banking relationships, and using technology when managing investments including the use of forecasts, financial models, key performance metrics and benchmarks, and how to use them to make decisions.

May 11

THURSDAY

2:00 - 3:00 PM

**CREATING A CULTURE OF CIVILITY
& REMAINING APOLITICAL
MSU LOCAL GOVERNMENT CENTER**

A session to learn how to maintain an unbiased position and promote civility in your workplace.

**ADVANCED MEDIA HANDLING
MARNA DALEY, US FOREST SERVICE**

A session to learn about the changing media landscape and deliver the essential skills necessary to effectively handle all types of media inquiries, from traditional print to online. Using case study scenarios to outline different ways of building and delivering messages to different target groups, as well as managing relationships with journalists. By attending the workshop, participants will thus gain a more in-depth understanding of the current media environment and develop the practical techniques to meet the described learning objectives.

3:00 - 5:00 PM

**FUTURE'S GAME
MSU LOCAL GOVERNMENT CENTER**

An interactive game that explores how regional and local decisions can shape long-term economic, environmental and community well being.

THE MSU LOCAL GOVERNMENT CENTER

INVITES YOU TO ATTEND THE

Municipal Elected Officials Workshop

THE PURPOSE

To enhance the capacity of local government officials to serve effectively, professionally and efficiently in municipal government.

The workshop will help mayors and council members learn about their roles and responsibilities as elected officials and provide pertinent information about emerging issues and opportunities of importance to local governance. The program is held in conjunction with the Montana Municipal Institute for Clerks, Treasurers and Finance Officers and also the Jim Tillotson Service Program for City Attorneys, which allows for interaction between city attorneys and officials for both the executive and legislative branches of local government.

DEADLINE

Wednesday April 26, 2017

If you have any questions, please contact Ashley Kent at the Local Government Center: 406.994.6657 or ashleykent@montana.edu.

FEES

\$180 for each Elected Official

Includes: Pre-Conference session;
all instructional materials;
the Tuesday evening reception;
breakfast and lunch on Wednesday;
and the Thursday afternoon banquet honoring graduating Clerks, Treasurers and Finance Officers.

\$25 guest tickets available
(Western BBQ buffet)

ONLINE REGISTRATION

1. Go to www.msulocalgov.org.
2. Click the Municipal Institute banner.
3. Click through the Elected Officials option.

HOTEL ACCOMODATIONS

Red Lion Hotel (formerly Billings Hotel)

Participants are responsible for their own housing arrangements. A block of rooms is reserved at the estate rate at the Red Lion Hotel. Please refer to the block code MT Municipal C&T when making your reservation as the majority of the rooms in the hotel are being held within this block.

Reservations may be made online at www.billingshotel.net or by calling 406.248.7151.

The release date for this block of rooms is April 26.

CANCELLATION POLICY

*If notice of cancellation is received by the Local Government Center by **Wednesday, May 3, 2017**, the total registration fee will be refunded. No refund will be made for cancellations received after this date. Substitute participants may be made at any time.*

G. ANDREW ADAMEK
CHAD E. ADAMS
DANIEL J. AUERBACH
KIMBERLY A. BEATTY
TROY L. BENTSON
SARA S. BERG
LEO BERRY
LAURA K. BUCHHOLTZ
CARLO J. CANTY
MARK D. ETCHART
STEVE J. FITZPATRICK
OLIVER H. GOE
J. DANIEL HOVEN



**BROWNING KALECZYC
BERRY & HOVEN P.C.**
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JUDD M. JENSEN
CATHERINE A. LAUGHNER
CHRISTY SURR MCCANN
MICHAEL L. RAUSCH
BRIAN P. THOMPSON
EVAN M. THOMPSON
W. JOHN TIETZ
STEVEN T. WADE
LAURA E. WALKER
LEO S. WARD
MORGAN M. WEBER
R. STEPHEN BROWNING - RETIRED
STANLEY T. KALECZYC - OF COUNSEL

MEMORANDUM

TO: Alan W. Hulse
FROM: Steven T. Wade
DATE: March 23, 2017
RE: Town of Brockton

The following is an analysis under the MMIA's Liability Program Agreement and the Memorandum of Liability Coverage of the impact of the Town of Brockton's shuttering of its operations with the apparent intent to un-incorporate as a municipality. Brockton is a member of the MMIA's Liability Program, and based on correspondence from the Roosevelt County Attorney's Office provides no municipal services other than clerical water billing, rather the County and the Tribe are now providing a variety of municipal services.

It is clear that once Brockton un-incorporates it is no longer eligible to be a Member of the MMIA. According to the County Attorney's office the plan is to un-incorporate by utilizing the statutory provision for un-incorporating by ceasing to act for a period of two years. Absent an earlier termination from the MMIA Program, it is this time period for which the MMIA may have exposure.

A. Liability Program Agreement

Under Section 2.1 of the Program Agreement, Brockton is obligated to, among other things, implement and follow MMIA's risk management programs, guidelines and policies; and pay "when due Assessment for and accept the Coverage as described . . . upon the terms and conditions set forth herein." In addition, under Section 2.1(g), Brockton is to "keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed [by law]. . . as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Member Entity, including the right to exist and carry on business as a municipal corporation or other local government agency, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired."

Setting aside the issue of whether Brockton has paid its Assessment, the Chief Executive Officer may find Brockton in breach of the Program Agreement for abandoning its right to carry on business as a municipal corporation or other local government agency. Section 6.5(a) provides that the "Authority may suspend or expel a Member Entity from the Program (i) if the Member Entity is in default under the terms of this Agreement or (ii) when, in the determination of the Chief Executive Officer, a Member Entity has engaged in conduct, other than a default under this Agreement that warrants expulsion from the membership in the Program. Suspension, termination or expulsion is subject to the conditions provided in Section 6., herein."

Under the Program Agreement, the MMIA can either continue to operate with Brockton as a Member and thus provide coverage under the Memorandum of Liability Coverage. Alternatively the MMIA could evaluate Brockton's actions or inactions under the Program Agreement to determine if it is in default and pursue suspension or expulsion from the Program.

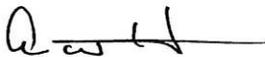
B. Memorandum of Liability Coverage

Notwithstanding any potential exclusion that may be applicable to the specific circumstances of a given claim, the Memorandum of Liability Coverage provides coverage for an Occurrence which in pertinent part means "an accident or event, including injurious exposure to conditions, which results in Bodily Injury, Property Damage, Personal Injury or Automobile Liability . . . neither expected nor intended from the standpoint of the Covered Party . . ." To the extent the Brockton's failure to operate as a municipality could result in a Claim under the Memorandum, such a claim may not be a covered Occurrence. Such a determination will turn on whether it is concluded that the injury or damage could be expected by Brockton by its failure to act.

In the event Brockton remains a Member of the MMIA Liability Program, we recommend putting the City on notice that there may be coverage issues in the event a claim arises as arguably Brockton can reasonably expect certain damages or injuries to occur by no longer operating. In the event claims are made they would need to be evaluated on a case by case basis, but Brockton should be on notice that there could be coverage issues.

MEMORANDUM

TO: MMIA Board of Directors

FROM: Alan W. Hulse, CEO 

DATE: March 24, 2017

RE: Retro Distribution MMIA Liability/Workers Compensation Programs

As you are all aware, in 2013/2014 MMIA Board of Directors put in place Target Equity Policies for MMIA Liability Program and Workers Compensation (WC) Program respectively. The purpose of these policies is to give guidelines to the Board in making decisions on program funding and risk assessment adjustments for both of these programs. In essence, both policies provide metrics or ratios to guide the Board on adequacy of the net position for each of these programs. A copy of these policies are included in your packets.

In addition to establishing a target equity range for both the Liability Program and WC Program, the policies provide guidelines for the Board to use if the equity of either program drips below the range or rises above the range. The philosophy established in these two policies is that MMIA wants to operate within these ranges, and to take a conservative approach when equity falls outside the ranges by working quickly to raise equity if we fall below the range, and working slowly to lower equity if we are above the range.

We are currently in a position where equity in both the Liability and WC Programs exceed the upper metric of the range. I will address staff's recommended approach to each program separately.

The current net position in the WC Program is \$17.3M. The range established by the WC Target Equity Policy spreads from \$7.5M to \$15.2M. Staff is recommending no action at this time by the Board even though the current equity exceeds the upper metric of the range. There are several reasons for this recommendation. First, MMIA WC Program is coming out of a long-term reserve strengthening cycle where equity dipped significantly, and we have been steadily building it back up for the past several years. Second, because of this recent cycle we are coming out of, there has been heightened concern we have been engaged in ongoing discussions with our regulator the Montana Department of Labor. I would like to see few years of stability prior to discussing lowering equity with them. Finally, WC claims have an extremely long tail,

http://helenair.com/news/politics/gop-to-introduce-infrastructure-bill-as-soon-as-wednesday/article_fe4f9db3-9d6c-5819-87a8-adb67f13d17a.html

TOP STORY

GOP to introduce infrastructure bill as soon as Wednesday

MATT VOLZ Associated Press Mar 21, 2017 Updated Mar 21, 2017

Fred_Thomas-9598.jpg



Thomas

Contributed Photo

Republican legislative leaders are breaking up Montana Gov. Steve Bullock's \$157 million bonding bill for state infrastructure projects, with plans to unveil their own legislation as early as Wednesday.

GOP leaders were working up to the last minute to figure out just how far into debt lawmakers within their party would be willing to put the state to pay for public works and building projects.

Senate Majority Leader Fred Thomas, a Stevensville Republican, passed out a chart to his caucus showing what the state's financial obligations would be if \$115 million worth of projects were funded through bonding. That \$115 million is only a starting point, he said.

"You don't force anybody into this," Thomas said. "You're not going to tell anybody what to do, but you need to have a consensus."

House Republicans would likely balk at a \$115 million bonding bill, which would require 67 of 100 House votes for it to pass.

"We've told the Senate that we don't think we have the votes to do that over here," Republican state Rep. Greg Hertz, of Polson, said. "We can't get to 67 with that big of a package."

House Republican leaders were still working within their caucus to determine their sweet spot for a bond bill. "We'll probably know that by Wednesday," Hertz said.

Bullock and the Republican-led Legislature are under pressure to pass an infrastructure package this session after failing to do so the previous two. In 2013, Bullock vetoed a package that arrived on his desk after the Legislature adjourned. In 2015, the legislation failed to get enough votes with Republican lawmakers concerned about state debt and some of the building projects it contained.

The governor's bill, carried by Democratic state Rep. Jim Keane, of Butte, would use bonds to fund numerous infrastructure projects that are normally paid for with cash from special revenue accounts. That cash would be moved into the state's general fund instead, to help close a budget shortfall.

Hertz said that proposal "was never going to happen."

The governor's bill also contains projects previously rejected by the Legislature, such as a \$27 million Montana Historical Society museum, \$25 million in renovations to Montana State University's Romney Hall and \$11 million for a veterans' home in Butte.

Republican legislative leaders say their focus is on "essential infrastructure" — roads, bridges and water and sewer systems. Hertz said any bonding proposal would be a small percentage of the overall state funding for those infrastructure projects across the state.

The House Appropriations Committee began stripping the governor's bill on Monday, with plans to move the cash projects into other infrastructure legislation. That would segregate the projects funded by bonding, some of which will be included in the bill to be introduced this week.

Bullock said in a statement that he doesn't care who gets the credit, so long as an infrastructure bill passes. However, Bullock budget director Dan Villa told House Appropriations Committee members that the burden has shifted to them now that they decided to dismantle the governor's bill.

"We recommended a broad, sweeping infrastructure proposal," Villa said. "It has changed and it is in your hands."

House Minority Leader Jenny Eck, a Helena Democrat, is drafting legislation to pay for the Montana Historical Society museum by increasing the state's lodging tax instead of using bonds. Eck said the Helena delegation is unlikely to vote for an infrastructure package if the historical society project doesn't pass in some form.

If the historical society project is paid for by a different funding source, nearly all of the other capital and school projects in the governor's bill could be paid for under the \$115 million bond proposal that Thomas and the Senate Republicans are floating as a trial balloon.



Photos: 8 decades of New York's St. Patrick's Day parade