

Proceedings of the Board of Trustees  
Lockwood School District No. 26  
Yellowstone County, Billings, MT  
Special Meeting of November 30, 2007

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## CALL TO ORDER

The special meeting of the Board of Trustees of School District No. 26, Lockwood Schools, Yellowstone County, was duly held in the Board Room, 1932 U.S. Highway 87, Billings, Montana on Friday, November 30, 2007. Chairperson Susanne Vinton led those present in the Pledge of Allegiance and called the meeting to order at 1:00 p.m.

Trustees and officers present were Trustees: Jason Hamrick, Tim Sather, Teresa Stroebe, Becky Malenowsky, Susanne Vinton, Greg Bochy and Peter Freivalds; Superintendent Eileen Johnson and District Clerk Diane Brook were also present.

The registered guest present was Scott Turner, Finance Director for Yellowstone County.

The purpose of the meeting was discussion of the investment of bond proceeds.

Superintendent Eileen Johnson advised that Lockwood School has been part of the Yellowstone County investment pool for many years. The investment pool includes funds from Yellowstone County, all county school districts, and other county entities, such as fire or irrigation districts. Scott manages all county funds and oversees investment of these funds.

Scott explained that he made the decision to withdraw Yellowstone County funds invested with Montana Board of Investments Short Term Investment Pool or STIP due to some concerns he had with its investments in structured investment vehicles or SIVs, some of which are part of the defaulting subprime mortgage loans. He encouraged trustees to read information provided at Bloomberg.com out of New York. He mentioned that Florida is having some of the same problems.

The school bond proceeds had been invested through Yellowstone County in STIP. Recently, Diane asked Yellowstone County to also withdraw the \$12 million bond proceeds from STIP. The investments had performed well while in STIP, however Diane felt it was prudent to move the money at this time.

Bond proceeds are now deposited with county funds in Wells Fargo Bank. The funds are currently receiving 4.07 percent interest, collateralized at 102 percent, and backed by federal agency.

Mr. Turner said with public funds the priorities are: 1) Safety, 2) Liquidity and 3) Yield.

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Trustee Stroebe asked about other investment options, such as the Big Sky Investment Pool.

Neither Diane nor Eileen recommended moving school funds from Yellowstone County.

Diane advised that she plans to meet with Scott to reinvest the bond proceeds with a strategy for liquidity based on the construction payment schedule provided by Scott Chartier of High Tech Construction. They are hoping to get interest rates of 4.2% to 4.4% on these investments. It was noted that the bond proceeds will be expended within the next year.

Tim Sather moved to adjourn the meeting at 1:47 p.m. Greg Bochy seconded the motion. Jason Hamrick, Tim Sather, Teresa Stroebe, Becky Malenowsky, Susanne Vinton, Greg Bochy and Peter Freivalds voted yes; the motion passed unanimously.

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Sue Vinton, Chairperson

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Diane M. Brook, District Clerk