

# MONTANA

## BOARD OF INVESTMENTS

### BOARD ADOPTED POLICY

**POLICY NUMBER:** 40.905

**EFFECTIVE DATE:** November 30, 2021

**TITLE:** Investment Objectives and Guidelines  
Montana Pole Superfund Site  
Settlement Fund

**SUPERSEDES:** April 20, 2021

**BOARD ADOPTION:** November 30, 2021

**REVIEWED:**

#### I. Appendix I: Trust Funds: Investment Objectives and Guidelines

- A. Schedule I-E: Investment Objectives and Guidelines Montana Pole Superfund Site Settlement Fund.
- B. Approved Date of Schedule: November 15, 2017.
- C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.

#### II. Introduction

- A. The purpose of the investment guidelines is to provide a framework for the Montana Pole Superfund Site Settlement Fund under the guidance of the board.
- B. The Montana Pole Superfund Site Settlement Fund was established in July 1996 through a Consent Decree among Montana Department of Environmental Quality (DEQ), the Environmental Protection Agency (EPA), Atlantic Richfield Company, Burlington Northern Railroad, Montana Resource, and others. Funds and earnings from settlement proceeds are used solely for remediating hazardous substance contamination at the Montana Pole Site. The fund is administered by the DEQ. The Policy may be modified by agreement of the DEQ and EPA.
- C. Funds for the Montana Pole Superfund Site Settlement Fund are held in MU14.

#### III. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  - 1. Establish the investment objectives and performance standards of the Montana Pole Superfund Site Settlement Fund.
  - 2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

#### IV. Investment Objective

- A. Strategic
  - 1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.
- B. Performance
  - 1. Success in achieving this objective will be measured by comparing the risk and return of the account to the Trust Funds Investment Pool (TFIP) benchmark, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings.

Adopted: November 30, 2021

Revised

Reviewed

C. Investment Guidelines

1. The Board will have full discretion to manage the Montana Pole Superfund Site Settlement Fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. Montana Pole Superfund Site Settlement Fund may only invest in the following:
  - a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
  - b) Corporate Securities rated A3/A- or better.
  - c) Agency Mortgage-Backed Securities.
  - d) TFIP.
  - e) STIP or any cash vehicle at the Custodial Bank.

E. Other Restrictions

1. A maximum of forty percent (40%) will be held in direct Government/Agency securities.
2. A maximum of twenty-five percent (25%) will be allowed in direct Agency Mortgage-Backed Securities. It is expected there will no allocation to this asset type.
3. A maximum of forty percent (40%) will be allowed in direct Corporate Securities. It is expected there will be no allocation to this asset type.
4. A maximum of eighty percent (80%) in TFIP.
5. A maximum of fifty percent (50%) in STIP.
6. The maximum maturity of Government/Agency and Corporate securities will be six (6) years.

- F. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

Authority: Montana Constitution, Article VIII, Section 13  
Section 2-15-1808, MCA  
Section 17-1-113, MCA  
Sections 17-6-201 through 17-6-205, MCA  
Montana Pole Superfund Site Consent Decree (1996)