

# MONTANA

## BOARD OF INVESTMENTS

### BOARD ADOPTED POLICY

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POLICY NUMBER: 40.910

EFFECTIVE DATE: November 30, 2021

TITLE: Investment Objectives and Guidelines  
Coal Tax Park Trust Fund

SUPERSEDES: April 20, 2021

BOARD ADOPTION: November 30, 2021

REVIEWED:

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

- A. Schedule I-J: Investment Objectives and Guidelines Coal Tax Park Trust 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 objectives and guidelines is to provide a framework for the Coal Tax Park Trust Fund account under the guidance of the Board.
- B. The Coal Tax Park Trust Fund was established under Section 15-35-108, MCA, as a non-expendable trust fund for parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in Section 23-1-102, MCA.

#### III. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  1. Establish the investment objectives and performance standards of the Coal Tax Park Trust Fund account.
  2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

#### IV. Investment Objective

- A. Strategic
  1. The objective of the Coal Tax Park Trust Fund portfolio is to attain above benchmark total return 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 and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. Coal Tax Park Trust Fund is a permanent account. The Board expects to meet or exceed all objectives over a long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts of the Board may lead to unfavorable but expected deviation from these objectives.

D. Investment Guidelines

1. The Board will have full discretion to manage the Coal Tax Park Trust Fund portfolio 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.

E. Permitted Investments

1. Coal Tax Park Trust fund may only invest in the following:
  - a) TFIP.
  - b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.

- G. 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 15-35-108, MCA  
Section 17-1-113, MCA  
Sections 17-6-201 through 17-6-205, MCA