

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.950

EFFECTIVE DATE: October 11, 2023

TITLE: Investment Objectives and Guidelines
Montana Housing Infrastructure Revolving
Loan Fund

SUPERSEDES: June 22, 2023

BOARD ADOPTION: June 22, 2023

REVIEWED: October 11, 2023

I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana Housing Infrastructure Revolving Loan Fund under the guidance of the Board.
- B. All Separately Managed Accounts are governed by the Separately Managed Accounts Investment Policy Statement, Policy 40.900.
- C. The Montana Housing Infrastructure Revolving Loan Fund was established by the 2023 Montana Legislature. HB 819, Section 10 states “increase home ownership and provide more long-term rental opportunity; increase housing supply and offer diverse housing types to meet the needs of population growth; and to create partnerships between the state, local governments, private sector developers, and applicants for residential development to finance necessary infrastructure for housing.”
- D. The Board will have full discretion to manage the Montana Housing Infrastructure Revolving Loan Fund consistent with this policy. 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. 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 situations where 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.

II. Statement of Purpose

- A. The purpose of these objectives and guidelines are to:
 1. Establish the investment objectives and performance standards of the Montana Housing Infrastructure Revolving Loan Fund; and
 2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

III. Investment Objectives

- A. Strategic - Meet the statutory objectives of increasing homeownership, provide more long-term rental opportunities, increase housing supply and attain sufficient total return for all investments within the parameters established in this policy.
- B. Performance - Success in achieving this objective will not be measured relative to an investment performance benchmark.

IV. Permitted Investments

A. The Montana Housing Infrastructure Revolving Loan Fund may only invest in:

1. STIP;
2. Loans to local governments or residential developers for infrastructure or the demolition thereof as allowed in HB 819 section 14(1) (substitute MCA reference once available);
3. Securities issued by local governments for infrastructure as allowed in HB 819 section 14(2) (substitute MCA reference once available);
4. Fully collateralized, interest-bearing Demand Deposit Accounts at Montana domiciled banks and credit unions; and
5. United States Treasury Securities.

V. Other Restrictions

- A. Loans may not exceed \$1 million or 50% of the projected project cost.
- B. Securities purchased may be no more than 50% of the amount issued.
- C. The term of a loan may not exceed 20 years.

Authority: Montana Constitution, Article VIII, Section 13
Montana Constitution, Article IX, Section 5
Section 2-15-1808, MCA
Section 17-1-113, MCA
Sections 17-6-201 through 17-6-205, MCA
Section 17-6-308, MCA
Chapter 774, Laws of 2023 (House Bill No. 819)